

## Investor Presentation – Acquisition of CYCL

20 November 2019

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## LiveTiles to extend its global leadership position in the intranet software market via acquisition of CYCL

### Summary

- LiveTiles has reached an agreement to acquire CYCL AG, a leading intelligent intranet software business
  - Complementary technology to LiveTiles' Intelligent Workplace offering
  - Geographic expansion into Switzerland and Germany, extending LiveTiles' global market leadership
  - Creates significant opportunity to cross-sell LiveTiles technology to large enterprises
  - Sales pipeline expansion
  - Total revenue of \$14.1m in year to 30 September 2019
  - EBITDA and cash flow positive business

### Purchase price

- Maximum total purchase price of CHF21.9m (\$32.2m<sup>(1)</sup>):
  - **Upfront purchase price:** CHF12.9m (\$19.0m)
    - > \$6.3m cash + \$12.6m stock<sup>(2)</sup>
    - > Represents attractive EV / Total Revenue multiple of 1.3x<sup>(3)</sup>
  - **2 year earn-out:** Maximum of CHF9.0m (\$13.2m)
    - > 25% cash (maximum of \$3.3m) and 75% LiveTiles shares<sup>(4)</sup>
    - > Refer to slide 13 for further details

1. AUD equivalents are based on AUDCHF exchange rate of 0.68.

2. 42.6 million shares at an issue price of \$0.30 per share (20 day VWAP prior to the date of the Sale and Purchase Agreement).

3. As at 30 September 2019.

4. Issue price of earn-out shares will be equal to the 20 day VWAP prior to 31 December 2020 and 31 December 2021 respectively.

## 1 Highly complementary technology

- The combination of joint capabilities between CYCL's MatchPoint product, LiveTiles and Wizdom creates an enhanced Intelligent Workplace offering which will open up greater enterprise opportunities
- Enhanced Intelligent Workplace offering will help attract more and stronger partners given the increased opportunity for services with enterprise customers

## 2 Unique and highly scalable SaaS offering

- Unlike full-service intranet software that requires bespoke implementation services, CYCL's recently developed Condense is a mobile-focused cloud SaaS product enabling organisations to rapidly configure and launch an employee app (a 'pocket intranet') to increase employee engagement
- Opportunity to leverage the Condense technology to speed up sales process
- Expands total addressable market – Condense is aimed at organisations with large front-line (deskless) workforces and smaller organisations

## 3 Extends LiveTiles' market leadership position

- Extends LiveTiles' leadership position in the global intranet software market
- Next largest competitor estimated to be less than one fifth the size of LiveTiles on a revenue basis
- CYCL's leading position in Switzerland and Germany further strengthens European footprint

## 4 High-quality customer base

- 156 customers including PwC, Roche, Shell, Siemens, SwissLife, United Nations
- Strong credentials across financial services, government and international bodies
- Clear opportunity to cross-sell broader LiveTiles product suite

## 5 Financial benefits

- Profitable and cash flow generative - accelerates LiveTiles' path to breakeven cash flow
- Attractive acquisition multiple (1.3x revenue<sup>(1)</sup>)
- Strong alignment of incentives via meaningful stock consideration and earn-out

## 6 Highly experienced leadership team

- Highly experienced senior management team
- Strengthens and diversifies LiveTiles' senior management and product development resources

Intranets are the home page for employees and an increasingly important part of the evolving 'Intelligent Workplace'

## What is an Intranet?

- An Intranet is a solution deployed across an entire organisation, designed to be the primary tool employees use day-to-day to gather all the relevant information for each person to do their job most effectively
- The Intranet includes capabilities like corporate communications, employee search, collation of links to other key systems and enterprise search

## Why are Intranets important?

- Intranets are considered to be the employees' home page within an organisation
- Intranets are one of the few systems outside email that every connected employee touches
- An effective Intranet promotes employee communication, collaboration and productivity
- Without an effective Intranet, employees can struggle to navigate through an increasingly complex and chaotic workplace with many disparate applications and systems
- A connected Intranet, powered by Intranet software, is the key hub within the evolving **Intelligent Workplace**
- **The addition of CYCL's Condense and MatchPoint technology further enhances LiveTiles' Intelligent Workplace offering**

CYCL empowers organisations across all industries to realise their intelligent workplace strategy

### Snapshot

- Headquartered in Basel, Switzerland with offices in Bern, Zurich and Boston
- 156 customers including many global brands and multinationals
- 56 staff
- 2 software products: Condense & MatchPoint
- Highly regarded services capabilities
- 10 active reseller partners
- Highly experienced senior management team
- Expertise in managing a high quality, low cost “nearshoring” product development team
- Substantial pipeline of sales opportunities
- Close alignment with Microsoft (Gold Partner)
- Very high customer retention (negligible churn)

### Industry recognition



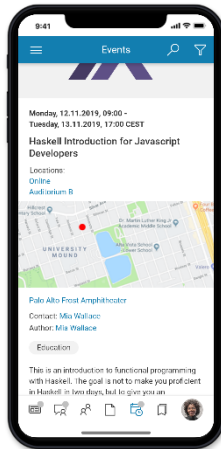
CYCL has a high-quality and diversified customer base of over 150 organisations across Europe, with particular expertise in financial services and the public sector

### Representative enterprise customers



## Two highly complementary and differentiated intelligent intranet products

### Condense



- Mobile-focused cloud SaaS product enabling organisations to rapidly configure and launch a 'pocket intranet'
- Primarily targeted at front-line (deskless) workers
- Provides content authoring and publishing, a native employee app and enterprise grade connectivity and security
- Drives employee engagement and corporate culture
- Enables customers to produce and target more relevant communication and increase employee engagement through user generated content and social interactivity
- Low-touch deployment and roll-out

### MatchPoint



- Award-winning turnkey intranet solution
- Aimed at enterprise-wide deployments: particular strength in financial services and public sector (including on-premise deployments)
- Empowers modern businesses across the globe to communicate, collaborate and be more productive
- Frictionless collaboration across organisational boundaries
- Contextual search across information silos
- Enables customers to get the most out of their Office 365 investment

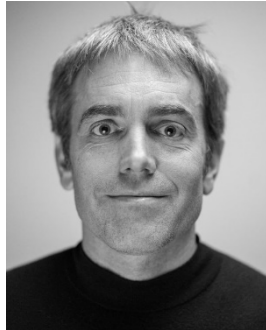


### CYCL's founders and management team will continue to lead the business post-acquisition



**Patrick Püntener**  
CEO & Co-Founder

- Co-founded CYCL in 1999
- 25 years of experience in IT, consulting, project management, people management, leadership and strategy



**Matthias Walter**  
CFO & Co-Founder

- Co-founded CYCL in 1999
- 25 years of experience in software development and consulting



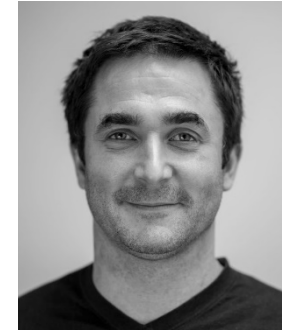
**Thomas Brunner**  
Chief Operating Officer

- Joined CYCL in 1999
- 20 years of experience in leadership, people management, consulting and IT



**Urs Wermelinger**  
Chief Marketing Officer

- Joined CYCL in 2019
- Over 25 years of international experience in marketing, sales and business development in the IT/software sector



**Matthias Weibel**  
Head of Product Development

- Joined CYCL in 2007
- 15 years experience in software engineering, architecture, development process, product management, IT, leadership and people management

CYCL's business model comprises software subscriptions and associated support and services

## Business model overview

Revenue Type	Components	Comments
<b>1. Recurring Revenue</b>	Software subscriptions	<ul style="list-style-type: none"> <li>▪ 110 customers</li> </ul>
	Support services including software maintenance	<ul style="list-style-type: none"> <li>▪ Predominantly annual subscriptions</li> <li>▪ Includes several multi-year contracts with high-quality Swiss-based NGOs and corporates</li> </ul>
<b>2. Other Revenue</b>	Project-related and other professional services	<ul style="list-style-type: none"> <li>▪ Strong services capability to drive software sales, quality implementations (both directly and with partners), ongoing services and high customer retention</li> <li>▪ Unique expertise in complex on-premise implementations, responding to market need in financial services and the public sector</li> </ul>
	Upfront component of perpetual software licence sales	

## CYCL is poised for strong revenue and EBITDA growth as part of the LiveTiles Group

### Overview

- ARR of \$4.7m as at 30 September 2019
- Aggregate future committed recurring revenue of over \$19m, including several multi-year contracts
- Average ARR per customer: \$43k
- EBITDA and cash flow positive
- Sales operations in the United States recently established
- Opportunity to rapidly scale low-touch Condense employee app via LiveTiles' global sales channels
  - Significantly expands LiveTiles' total addressable market by including front-line (deskless) workers
- Strong alignment of interest between LiveTiles and CYCL, with earn-out conditional upon achieving strong recurring revenue growth and positive EBITDA:
  - Achievement of earn-out requires 69% software ARR growth in the 2 years to 31 Dec 2021
  - Refer to slide 13 for earn-out details

### Summary P&L

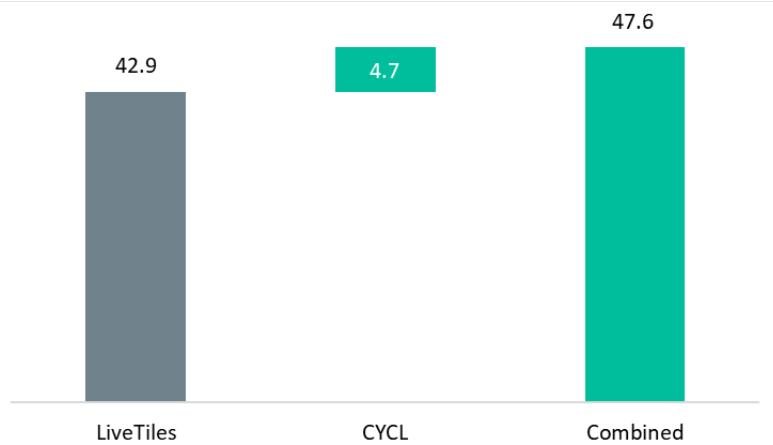
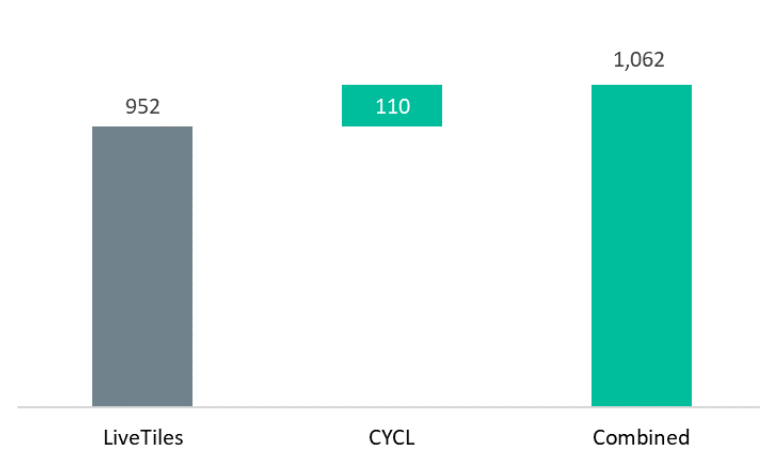
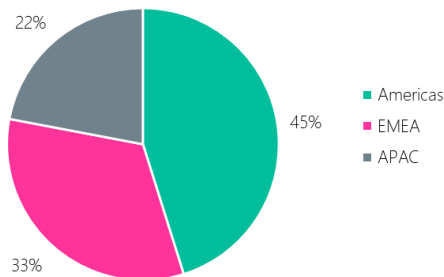
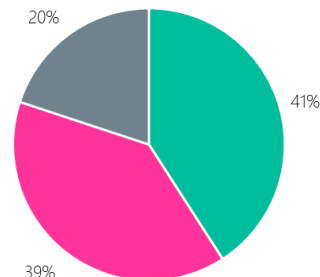
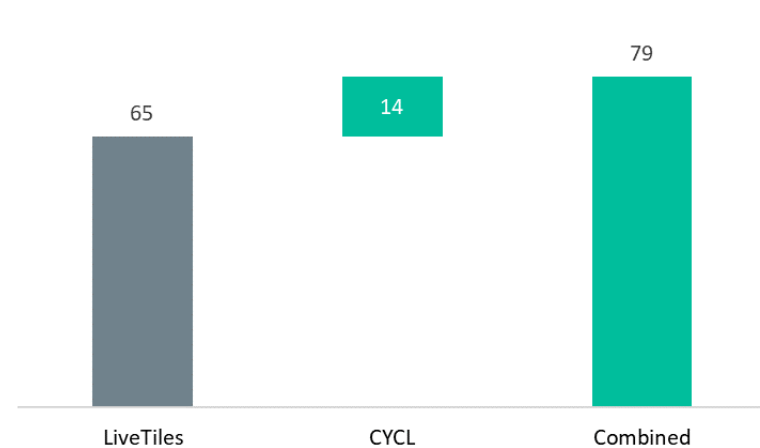
<i>A\$m</i> <sup>(1)</sup>	12 months to 30 Sept 2019
<b>Revenue</b>	
Recurring revenue <sup>(2)</sup>	4.71
Other revenue <sup>(3)</sup>	9.39
<b>Total revenue</b>	<b>14.10</b>
Operating expenses	(14.06)
<b>EBITDA</b>	<b>0.04</b>

- Historical financials for earlier periods are not comparable due to the merger of the software and services businesses in late 2017 and the shift in business model from predominantly perpetual licensing to predominantly annual subscriptions

1. Unaudited management accounts. Based on AUDCHF exchange rates of 0.68.

2. Comprises recurring software subscriptions and support services.

3. Other revenue comprises project-related and other professional services and the upfront component of perpetual software licence sales.

**ARR<sup>(1)</sup> (\$m)**

**Paying Customers<sup>(1)</sup>**

**ARR by Region<sup>(1)</sup>**
**Pre-CYCL**

**Post-CYCL**

**Run-Rate Operating Expenses<sup>(2)</sup> (\$m)**


1. As at 30 September 2019. Represents CYCL's ARR customers.

2. LiveTiles run-rate operating expenses represent the December 2019 quarter estimate of operating expenses provided in the Company's Q1 FY20 Appendix 4C (multiplied by 4).

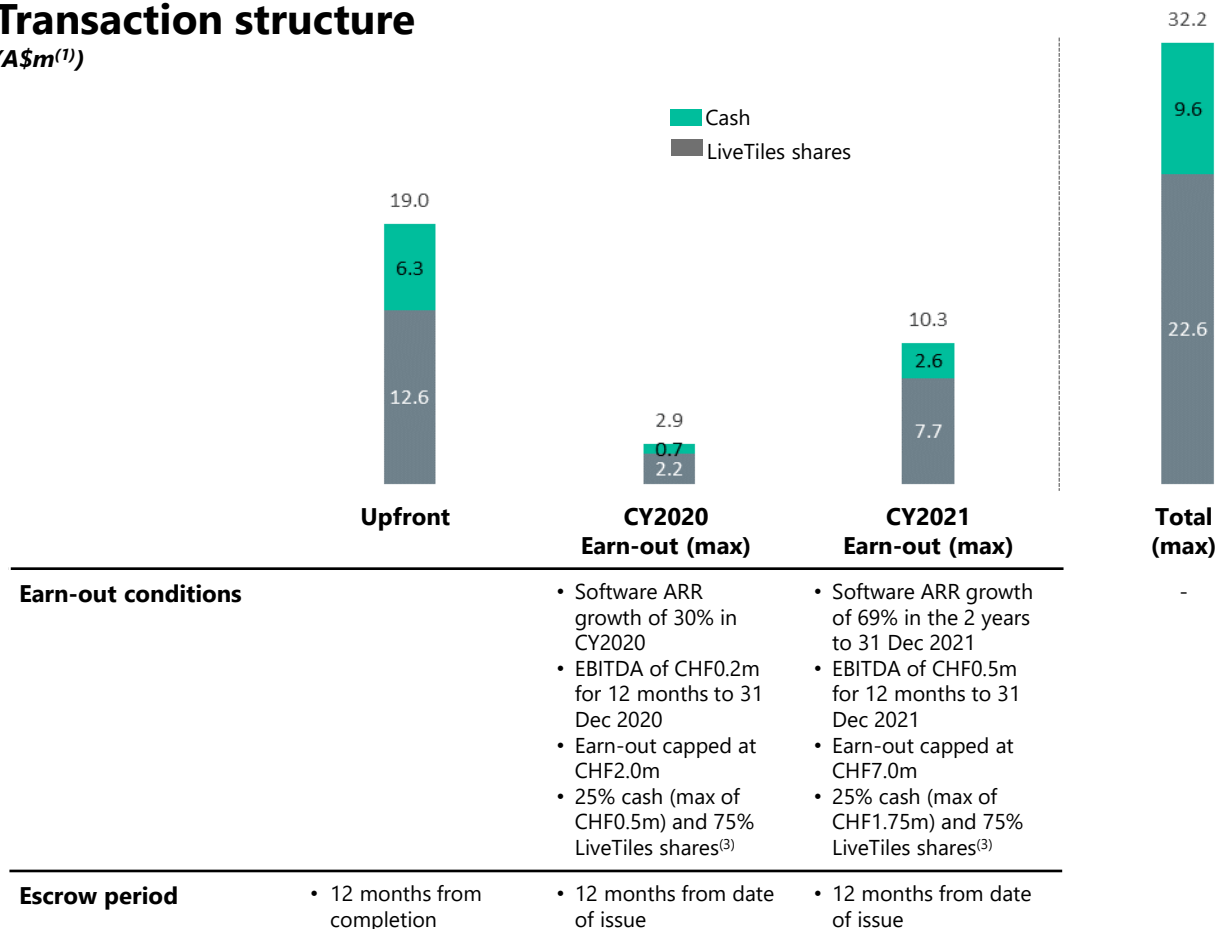
## Majority stock-based transaction structure with substantial earn-out component and attractive acquisition multiple

### Comments

- Attractive upfront acquisition multiple of 1.3x total revenue<sup>(4)</sup>
- Purchase consideration weighted substantially towards equity
- Earn-out contingent on both substantial ARR growth and profitability
- Earn-out capped at CHF9.0m across CY2020 and CY2021 (in aggregate)
- Acquisition expected to complete on 2 December 2019<sup>(5)</sup>
- Customary post-close net working capital adjustment
- Cash component to be funded from existing cash resources

### Transaction structure

(A\$m<sup>(1)</sup>)



1. Based on AUDCHF exchange rate of 0.68.

2. 42.6 million shares at an issue price of \$0.30 per share (20 day VWAP prior to the date of the Sale and Purchase Agreement).

3. Issue price of earn-out shares will be equal to the 20 day VWAP prior to 31 Dec 2020 and 31 Dec 2021 respectively.

4. As at 30 September 2019.

5. Completion is conditional upon the Company's placement capacity under Listing Rule 7.1 being refreshed at the AGM on 26 November 2019.