APPENDIX 4D
HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A.3

RESULTS FOR ANNOUNCEMENT TO THE MARKET

LIVETILES LIMITED
ABN 95 066 139 991

6 MONTHS ENDED
31 DECEMBER 2020

The information provided in this report should be read in conjunction with the most recent annual financial statements and ASX announcements.

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2020

Company details

Name of entity:	LiveTiles Limited
ABN:	95 066 139 991
Reporting period:	6 months ended 31 December 2020
Previous period:	6 months ended 31 December 2019

Results for announcement to the market

Key information	**6 months ended 31 December 2020 $**	**6 months ended 31 December 2019 $**	**Change %**
Revenue from ordinary activities	20,253,137	17,927,922	13%
Loss after tax from ordinary activities attributable to members	(21,511,291)	(21,544,354)	0%
Loss attributable to members	(21,511,291)	(21,544,354)	0%

Dividends paid and proposed	**Amount per Security (cents)**	**Franked Amount per Security at 30% of Tax (cents)**
Ordinary shares:		
Dividend for the 6 months ended 31 December 2020	Nil	Nil

Explanation of key information and dividends

An explanation of the above figures is contained in the "Operating and financial review" included within the attached directors' report.

Net tangible assets per share

	31 December 2020 Cents/Share	**31 December 2019 Cents/Share**
Net tangible assets per share	(1.14)	0.01
(net of intangible assets and pension actuarial liabilities)		

Investments in associates and joint ventures

Equity accounted associates and joint ventures	Nil
Aggregate share of profit/(losses) of associates and joint ventures	Nil

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2020

Audit qualification or review

The financial statements were subject to a review by the auditors and the unmodified review report is attached as part of the Interim Report.

Attachments

The Interim Report of LiveTiles Limited for the 6 months ended 31 December 2020 is attached.

Signed

Karl Redenbach

Executive Director and Chief Executive Officer

25 February 2021

Melbourne

LiveTiles Limited

ABN 95 066 139 991

Interim Report - 31 December 2020

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity consisting of LiveTiles Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (the 'Consolidated Group' or Group') at the end of, or during, the 6 months to 31 December 2020 (the 'period').

Directors

The names of directors who held office during or since the end of the period:

Dr Marc Stigter	Non-executive Chair (appointed 11 September 2020)
Karl Redenbach	Executive Director and Chief Executive Officer
Peter Nguyen-Brown	Executive Director and Chief eXperience Officer
Andy McKeon	Non-executive Director
David Lemphers	Non-executive Director (resigned 11 September 2020)
Dana Rasmussen	Non-executive Director (appointed 27 September 2019)

Principal activities

The Group's principal activity during the year was the development and sale of employee digital workplace software solutions via subscription agreements and the provision of related services. LiveTiles is the global leader in intelligent workplace software for employee collaboration and communications, creating and delivering solutions that drive digital transformation and productivity in the modern workplace. LiveTiles' over 1,100 enterprise customers represent a diverse range of sectors across 30 countries. LiveTiles' operations span North America, Europe, Asia and Australia.

Operating and financial review

For the 6 months to 31 December 2020, total revenue and other income was $20,545,155 (2019: $18,335,367), including subscription and services related to software revenue of $20,253,137 (2019: $17,927,922) and government grant income of $170,484 (2019: $213,200). In addition, unearned revenue (a balance within the Statement of Financial Position) was $13,509,775 (31 December 2019: $11,734,171). Unearned revenue arises as a result of invoicing customers in advance of their subscription period, a feature of Software as a Service (SaaS) business models.

Annualised Recurring Revenue (ARR) grew $5.4m and 10% year-on-year on a reported currency basis to $58.1m as at 31 December 2020 (2019: $52.7m), comprising 1,132 paying customers (2019: 1,031 paying customers). ARR represents revenue, normalised on an annual basis which is expected to continue to be received for providing customers with products and services, it includes committed recurring subscriptions and support services, it excludes revenue deemed unlike to be recurring in nature.

LiveTiles recorded a loss after tax of $21,551,291 (2019: $21,544,354) for the period. Included within this loss are non-cash expenses of $3,030,424 (2019: $5,655,701) and non-recurring litigation expenses of $12,408,256 (2019: $0). Excluding non-cash and non-recurring expenses, the Company was able to achieve a +58% improvement in the loss before tax to $6,521,343 (2019: $15,888,651) driven via strategic cost initiatives and continued revenues growth.

DIRECTORS' REPORT

Operating and financial review (continued)

The table below summarises the Company's statement of profit or loss and other comprehensive income for the period, including non-cash expenses:

	Notes	6 mths ended 31 Dec 20 ($'000)	6 mths ended 30 Dec 19 ($'000)	Movement
Subscription revenue		14,787	15,134	-2%
Services revenue		5,466	2,794	96%
Total revenue and other income		20,253	17,928	13%
Government grant income		170	213	-20%
Other income		121	194	-38%
Total revenue and other income		20,545	18,335	12%
Total operating expenses		(23,009)	(31,720)	27%
Loss before income tax expense, non-cash items, amortisation and non-recurring expenses		**(2,464)**	**(13,385)**	**82%**
Amortisation of development costs	(a)	(2,439)	(1,246)	-96%
Depreciation		(605)	(594)	-2%
Finance charges	(b)	(1,012)	(211)	-379%
Loss before income tax expense, non-cash items and non-recurring expenses		**(6,521)**	**(15,436)**	**58%**
Non-cash expenses				
Amortisation of software IP and customer contracts	(c)	(3,002)	(2,161)	
Share based payments - Management Incentive Plan		(55)	(79)	
Share based payments - Long Term Incentive Plan		(168)	(165)	
Share based payments - post combination services for Wizdom A/S	(d)	-	(3,250)	
Unrealised currency gain / (loss)		195	(655)	
Non-recurring expenses				
Litigations costs	(e)	(12,408)	-	
Loss before income tax expense per statutory accounts		**(21,960)**	**(21,746)**	**1%**
Income tax benefit		449	202	
Loss after income tax expense per statutory accounts		**(21,511)**	**(21,544)**	**0%**

(a) Relates to the capitalised development costs which were cash settled during the period
(b) Relates to identifiable intangible assets resulting from the acquisitions of Hyperfish Inc, Wizdom A/S and CYCL AG.
(c) Non-cash contingent payment relating to the acquisition of Wizdom A/S, deemed to be a share-based payment.
(d) Relates to non-recurring expenses incurred in connection with the settlement of litigation during the period, see note 4 to the financial statements.
(e) Relates to revaluation of provision for business combination to net present value.

The Group's cash balance as at 31 December 2020 was $19,397,575 (30 June 2020: $37,791,314). The decrease in The Group's cash balance during the period reflecting the non-recurring litigation costs and settlement charges and the current period operating cash deficit, which continues to reduce from prior periods as the Company continues to execute against its stated growth strategy whilst implementing cost reduction measures.

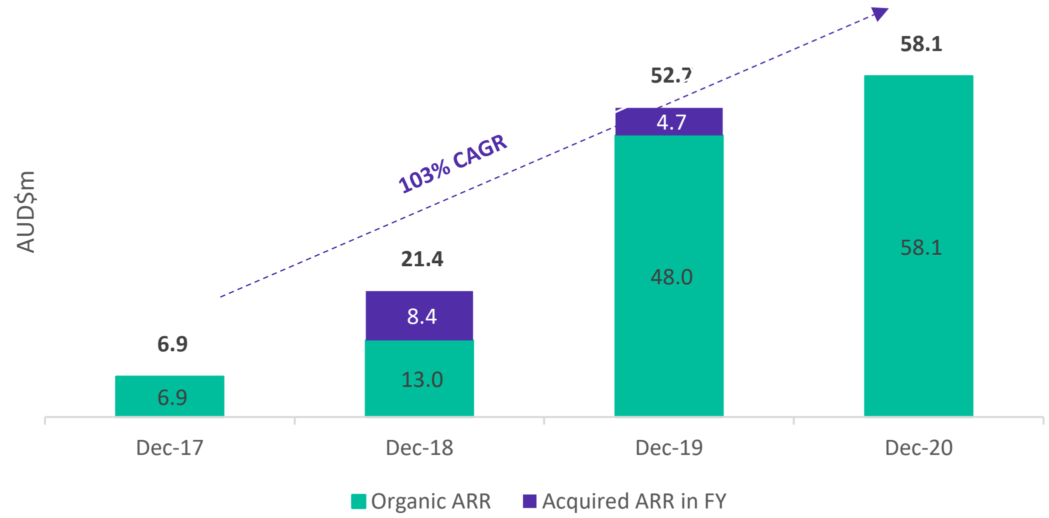
Highlights

During the period, LiveTiles invested in growing its sales, marketing and customer success teams. Investments that were possible after turning net operating cash positive (excl. non-recurring items) in the trailing 6 months up to 30 September 2020. During the December quarter alone, the business increased its customer facing resource capacity by 43% over the prior quarter. These investments combined with new COVID-era marketing initiatives (e.g. Love Your Work Conference) and new strategic partnership announcements has contributed to help grow the customer sales pipeline.

Annualised Recurring Revenue (ARR) grew $5.4m over the period to $58.1m up 10% on December 2019 $52.7m. ARR growth was driven by the Company's internal sales and marketing channels, development of the Company's partner channel, strategic partnerships, ongoing product innovation and strengthening brand awareness. Over the last 4 Years, LiveTiles ARR compounding growth has been at over 100%.

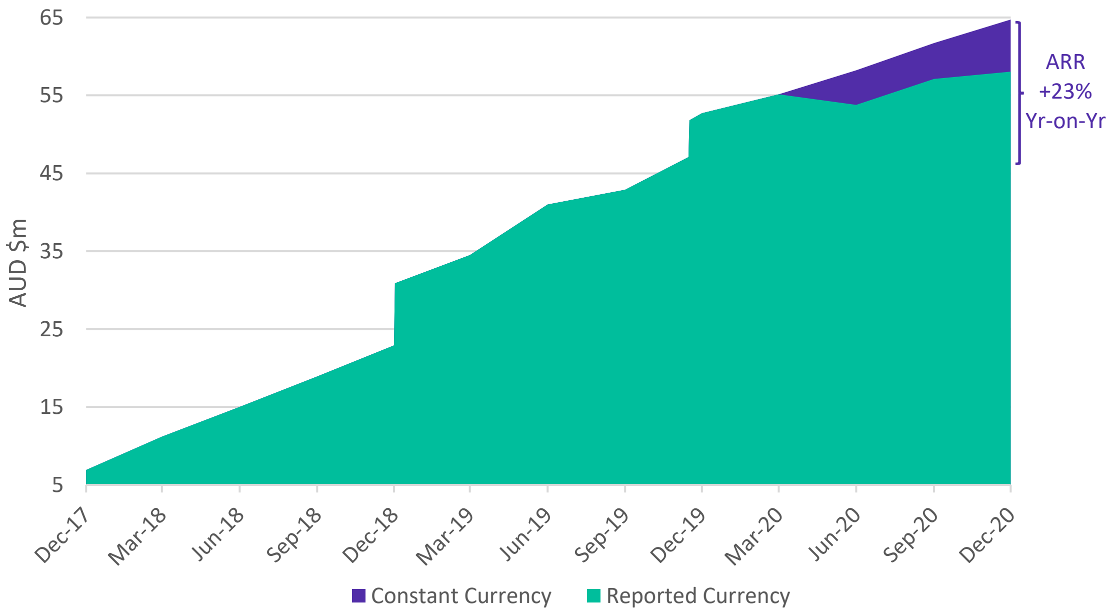
DIRECTORS' REPORT

ARR Growth Historical Analysis



On a Constant Currency basis when compared with 31 March 2020 FX rates, ARR reached $64.7m as at 31 December 2020, a growth of +23% on the prior period as at December 31 2019.

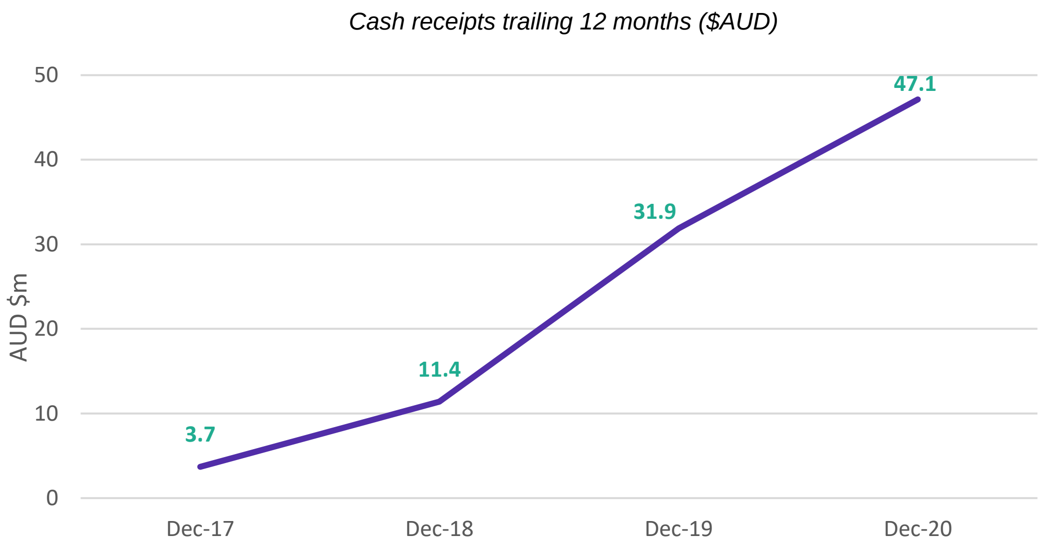
ARR Growth Historical Analysis (Constant vs Reported Currency)



Customer numbers for another year continued to grow, with 1,132 paying customers as at 31 December 2020 with an average ARR per customer of $51,329, up from 1,031 customers as at 31 December 2019. The Company is continuing to broaden its global base of enterprise customers, driven by LiveTiles' refreshed portfolio of products, its ongoing sales and marketing investments and co-marketing initiatives with Microsoft and other strategic partners.

DIRECTORS' REPORT

During the period, the Company saw another 12-months of record Cash Receipts, growing 48% on prior year to $47.1m as at 31 December 2020 (2019: $31.9m)



Partner channel

In addition to the Company's direct sales channel, LiveTiles sells its software through partners to help scale and broaden the Company's reach. As at 31 December 2020 the number of transacting partners grew over the prior period to 226 (2019: 199).

Microsoft relationship

LiveTiles' strategic relationship with Microsoft continues to develop and growth with many co-initiatives contributing to ARR and pipeline growth. The strategic Microsoft partnership and ongoing joint promotional and co-selling activities provide a strong endorsement of LiveTiles and its products, contributing close to 70% of customer sales activities, including the recent record deals signed in the period.

During the period LiveTiles and Microsoft announced a new Alliance and Co-Sell agreement, whereby Microsoft sales representatives are trained to sell LiveTiles Reach and Directory alongside Microsoft products through the software giant's SMC (Small, Medium and Corporate) sales centres in the US.

Sales representatives within the Microsoft SMC sales centres will target companies with over 1,000 employees. This training will enable them to sell LiveTiles Reach and LiveTiles Directory directly, or co-sell with the LiveTiles sales team.

Separately, LiveTiles and Microsoft with jointly target strategic Enterprise accounts in the US, focused on the target industries of retail, manufacturing and healthcare. These are three of the six high-priority vertical markets identified by Microsoft. There are 25,000 customers with over 1,000 employees in the US, and as at 31 December 2020, LiveTiles average contract value was $57,245.

These two efforts will significantly expand the number of potential customers and pipeline for LiveTiles, create a more targeted account planning approach and assist with driving both LiveTiles and Microsoft Teams adoption in the market. The news also signals a deepening of the already strong relationship between LiveTiles and Microsoft.

DIRECTORS' REPORT

Strategic alliance partnerships

During the period LiveTiles continued to broaden its portfolio of strategic alliance partnerships, which typically provide:

- LiveTiles and its customers with access to market leading specialist technology that combines well with the LiveTiles portfolio of digital workplace software products; and
- Additional channels for the sale and use of both LiveTiles and alliance partner products.

In addition to the Microsoft relationship enhancements announced above, during the period LiveTiles initiated and commenced two other key commercial partnerships with companies including:

- December 2020 – Announced a further strengthening of the Canva and LiveTiles strategic partnership with the launch of the LiveTiles Employee Experience Academy, creating thought-leadership resource for current and prospective customer on best practice to enhancing digital workplaces and employee engagement initiatives.
- November 2020 – Announced a partnership with human behaviour experts Human Link to leverage its expertise on positive psychology, organisation psychology and nudge theory to give LiveTiles Vibe the ability to take executives inside the minds of their employees and read the room of their digital workplace.

CYCL integration

The CYCL operations, employee teams and products were successfully integrated into the wider global LiveTiles group during the period, with CYCL now trading as LiveTiles Switzerland.

CYCL's MatchPoint and Condense products are now key offerings to the LiveTiles four core products, LiveTiles Intranet (MatchPoint) and LiveTiles Reach (Condense). The latter of which has been instrumental in the two most recent announced record Customer deals.

The restructure and integrations focused on CYCL product, customer support and professional services teams, with one of the CYCL founders now the LiveTiles Chief Technology Officer. In addition to the cost savings to be gained from the restructure and integration, the Group continues to globalise procurement efforts and expects further cost benefits to be realized through consolidating its commercial arrangements.

Product Innovation

Following the successful rebranding of the LiveTiles product portfolio, LiveTiles One, in July 2020, the Company has continued to re-invest into its product innovation and expansion of new features, including:

LiveTiles Vibe: launched as part of the LiveTiles Quantum suite of products. LiveTiles Vibe is a user engagement engine, and an extremely simple to deploy SaaS based AI-product designed to gather feedback quickly from large audiences. LiveTiles Vibe enters an established market with a large total addressable market, but has a powerful unique value proposition that will be highly attractive to customers.

LiveTiles Smart Video: LiveTiles announced the launch of a personalised video experience solution called LiveTiles Smart Video, powered by LiveTiles technology and Linius Video Virtualisation Engine (VVE). The solution indexes recorded video in a way that can be reassembled as a virtual video frame-by-frame, unlocking previously inaccessible value from recorded video in platforms like Microsoft Teams, Zoom or Webex.

Litigation Settlement

As announced on 21st October 2020, the Company has now settled the legal proceedings against certain of its subsidiaries and under the terms of the settlement, LiveTiles paid $$8.445m to the plaintiffs and the LiveTiles Co-Founders Karl Redenbach and Peter Nguyen-Brown transferred on 30th November 2020 a total of 16,279,070 ordinary shares in the company to the plaintiffs (of which 11,931,816 are held in voluntary escrow conditions).LiveTiles is pleased this matter is now brought to a close and the settlement was without any admission of liability by LiveTiles.

DIRECTORS' REPORT

Board Renewal

After an extensive external search, LiveTiles announced the appointment of Dr Marc Stigter as independent non-executive director and Chair of the Board of LiveTiles.

Dr Stigter is a global expert in creating high value boards, and driving strong leadership and performance in organisations. He is a former Shell Country Chairman in the Middle East and has worked for other blue-chip companies across the globe. He is an Honorary Senior Fellow at the University of Melbourne and an Associate Director at Melbourne Business School.

As one of Australia's leading business advisors, Dr Stigter specialises in governance, strategy and culture. He has extensive knowledge and experience in the governance of ASX 200 boards and published several books including Boards that Dare by Bloomsbury.

LiveTiles non-executive directory David Lemphers resigned during the period following over two years of highly valuable services to the LiveTiles Board, following his recent full-time senior appointment at Amazon Web Services (AWS)

Significant events since the end of the period

No other matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation and performance

The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share options

During the period, no options were exercised.

As at the reporting date, there were 30,830,001 options on issue (2019: 9,132,850) related to the Company's employee remuneration framework. Refer to note 14b of the financial statements for details on options issued during the period.

Significant changes in state of affairs

Other than as outlined in the Operating and financial review of the Directors' Report, there were no significant changes in the state of affairs of the Group during the period.

Likely developments and expected results

With the continued uncertainty and disruptions created throughout 2020 by the COVID global pandemic, the Group has not provided guidance in respect of financial year 2021 growth at this time. The Group continues to review additional options to reduce its cash burn and invest in further strategic growth initiatives. The Directors expect another year of strong customer revenue growth and increasing the Group's customer lifetime value, driven by the growing market demand for employee digital workplace software solutions to support organisations.

Indemnification and insurance of officers and directors

Under the Company's constitution, to the extent permitted by law and subject to the provisions of the Corporations Act 2001, the Company indemnifies every Director, executive officer and secretary of the Company against any liability incurred by that person as an officer of the Company. The Company has insured its Directors, executive officers and the Company Secretary for the 2021 financial year.

Under the Company's directors' and officers' liability insurance policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirements to disclose the nature of the liability insured against and the premium amount of the policy.

DIRECTORS' REPORT

Indemnification of auditors

The Company's auditor, BDO Audit Pty Ltd, has not been indemnified under any circumstance.

Significant changes in the state of affairs

There were no significant changes in the state of affairs for the 6 months to 31 December 2020.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the 6 months ended 31 December 2020 is set out on page 8.

This directors' report is signed in accordance with a resolution of the Board of Directors.

……………………………………

Karl Redenbach

Executive Director and Chief Executive Officer

25 February 2021

Melbourne

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF LIVETILES LIMITED

As lead auditor for the review of LiveTiles Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of LiveTiles Limited and the entities it controlled during the period.

Martin Coyle
Director

BDO Audit Pty Ltd

Sydney, 25 February 2021

Table of Contents

General information

The financial statements cover LiveTiles Limited as a consolidated entity consisting of LiveTiles Limited and the entities it controlled at the end of, or during, the 6 months to 31 December 2020. The financial statements are presented in Australian Dollars, which is LiveTiles’ functional and presentation currency.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 31 DECEMBER 2020

		Consolidated Group	
	Note	**31 December 2020**	**31 December 2019**
		$	**$**
Revenue	2	20,253,137	17,927,922
Other income	3	292,018	407,445
		20,545,155	18,335,367
Expenses			
Employee benefits expense		(12,450,891)	(15,760,073)
Contractor expense		(1,423,544)	(4,651,908)
Marketing expense		(1,056,277)	(1,779,545)
Travel and entertainment expense		(159,466)	(1,871,817)
Professional fees		(1,254,094)	(1,732,244)
Rent and other office costs		(905,222)	(1,075,570)
Information technology costs		(1,782,691)	(1,173,150)
Other expenses		(3,977,537)	(3,675,682)
Depreciation expense		(605,338)	(593,844)
Amortisation charge of intangibles	6	(5,442,244)	(3,407,578)
Share based payments expense	14	(222,722)	(3,494,325)
Litigation expenses	4	(12,408,256)	-
Unrealised currency gain / (loss)		194,867	(655,200)
Finance costs		(1,012,265)	(211,274)
		(42,505,680)	(40,082,210)
Loss before income tax		(21,960,525)	(21,746,843)
Income tax benefit / (expense)		449,234	202,489
Loss for the period		(21,511,291)	(21,544,354)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		(4,085,593)	(299,987)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on remeasurement of defined benefit pension schemes	12	(534,189)	449,187
Total comprehensive income for the period		(26,131,073)	(21,395,154)
Earnings per share for loss attributable to the owners of LiveTiles Ltd			
– basic earnings per share (cents)	19	(2.47)	(2.99)
– diluted earnings per share (cents)	19	(2.47)	(2.99)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Group	
		31 December 2020	30 June 2020
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		19,397,575	37,791,314
Trade and other receivables	5	9,172,259	8,521,493
Other current assets		803,836	980,256
TOTAL CURRENT ASSETS		29,373,670	47,293,063
NON-CURRENT ASSETS			
Property, plant and equipment		862,537	977,860
Deferred tax asset		255,999	291,833
Intangible assets	6	74,959,110	81,054,324
Right-of-use assets	7	2,748,403	3,562,990
Other non-current assets		1,347,601	1,018,883
TOTAL NON-CURRENT ASSETS		80,173,650	86,905,890
TOTAL ASSETS		109,547,320	134,198,953
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	7,407,127	7,443,718
Income tax payable		1,881,731	1,324,238
Employee benefits provision		1,993,343	2,258,095
Provisions for business combinations	9	2,938,841	3,069,981
Lease liabilities	10	788,190	904,700
Other current liabilities	11	14,518,773	12,388,804
TOTAL CURRENT LIABILITIES		29,528,005	27,389,536
NON-CURRENT LIABILITIES			
Employee benefits provision		176,785	140,094
Deferred tax liability		2,219,009	2,967,791
Provisions for business combinations	9	9,407,840	8,988,671
Lease liabilities	10	2,669,503	3,427,179
Pension liabilities	12	7,231,101	6,812,051
Other non-current liabilities	11	526,174	776,377
TOTAL NON-CURRENT LIABILITIES		22,230,412	23,112,163
TOTAL LIABILITIES		51,758,417	50,501,699
NET ASSETS		57,788,903	83,697,254

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONTINUED)

EQUITY			
Issued capital	13	202,831,116	202,831,116
Reserves	15	(2,161,450)	2,235,610
Accumulated losses		(142,880,763)	(121,369,472)
TOTAL EQUITY		57,788,903	83,697,254

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2020

Consolidated Group	Note	Issued capital	Reserves	Accumulated losses	Total equity
		$	$	$	$
Balance at 1 July 2019		122,972,591	7,073,919	(89,203,112)	40,843,398
Impact of the application of AASB 16 on retained earnings at 1 July 2019		-	-	(561,919)	(561,919)
Adjusted balance at 1 July 2019		122,972,591	7,073,919	(89,765,031)	40,281,479
Loss after income tax for the period		-	-	(21,544,354)	(21,544,354)
Other comprehensive income for the period, net of tax		-	(299,987)	-	(299,987)
Remeasurements of the defined benefit asset (post tax)		-	449,187	-	449,187
Total comprehensive income for the period		-	149,200	(21,544,354)	(21,395,154)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	13(b)(c)(d)(e)	63,944,095	-	-	63,944,095
Shares issued for Hyperfish earn-out	13(a)	2,786,828	(2,672,569)	-	114,259
Share based payment expense	14	-	3,494,325	-	3,494,325
Total transactions with owners and other transfers		66,730,923	821,756	-	67,552,679
Balance at 31 December 2019		189,703,514	8,044,875	(111,309,385)	86,439,004
Balance at 1 July 2020		202,831,116	2,235,610	(121,369,472)	83,697,254
Loss after income tax for the period		-	-	(21,511,291)	(21,511,291)
Other comprehensive income for the period, net of tax		-	(4,085,593)	-	(4,085,593)
Remeasurements of the defined benefit asset (post tax)		-	(534,189)	-	(534,189)
Total comprehensive income for the period		-	(4,619,782)	(21,511,291)	(26,131,073)
Transactions with owners, in their capacity as owners, and other transfers					
Share based payment expense	14	-	222,722	-	222,722
Total transactions with owners and other transfers		-	222,722	-	222,722
Balance at 31 December 2020		202,831,116	(2,161,450)	(142,880,763)	57,788,903

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2020

	Consolidated Group	
	31 December 2020	**31 December 2019**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	25,433,860	18,925,691
Payments to suppliers and employees (inclusive of GST)	(29,956,766)	(32,975,670)
Litigation settlement payment	(8,445,000)	-
Interest received	93,092	77,707
Interest paid	(172,271)	(211,273)
Research and development grant received	-	3,921,935
Income tax paid	-	(114,257)
Net cash used in operating activities	(13,047,085)	(10,375,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development costs	(2,439,452)	(1,246,202)
Payments for plant and equipment	(51,141)	(8,637)
Loans to related parties	(252,619)	(242,164)
Cash consideration for acquisition of CYCL AG (net of cash acquired)	-	(6,801,906)
Net cash (used in)/provided by investing activities	(2,743,212)	(8,298,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	54,999,999
Share issue transaction costs	-	(3,861,258)
Repayment of lease liability	(427,279)	(566,886)
Net cash provided by financing activities	(427,279)	50,571,855
Net increase in cash and cash equivalents	(16,217,575)	31,897,079
Cash and cash equivalents at the beginning of the financial period	37,791,314	14,880,920
Effects of exchange rate changes on cash and cash equivalents	(2,176,163)	(172,416)
Cash and cash equivalents at end of period	19,397,575	46,605,583

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These interim financial statements for 6 months ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of LiveTiles Limited and its controlled entities (referred to as the "consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following 6 months.

These interim financial statements were authorised for issue on 25 February 2021.

b. Going concern

For the period ended 31 December 2020, the Group made a loss of $21,511,291 (2019: $21,544,354) and had net cash outflows used in operating activities of $13,047,085 (2019: $10,375,867). At 31 December 2020, the Group had a cash balance of $19,397,575 (2019: $46,605,583) and zero interest bearing debts.

The Directors are of the opinion that the Group will be able to continue as a going concern taking into account, net cash on hand, expected growth in customer receipts and the ongoing management of cash operating expenses.

c. Accounting Policies

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the year commencing 1 July 2020. There has been no impact on the financial statements of the Group related to new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee announced during the period.

NOTE 2: REVENUE

	Consolidated Group	
	31 December 2020	**31 December 2019**
	$	**$**
Subscription revenue	14,787,234	15,133,654
Software related services revenue	5,465,903	2,794,268
	20,253,137	17,927,922

NOTE 3: OTHER INCOME

	Consolidated Group	
	31 December 2020	**31 December 2019**
	$	**$**
Interest income	93,114	103,427
Other grant income	170,484	213,200
Other income	28,420	90,818
	292,018	407,445

NOTE 4: – LITIGATION EXPENSES

The Group incurred litigation expenses during the period related to the settlement of the proceedings brought against the company by Mr. Keith Redenbach. As per ASX announcement dated 21 October 2020 and the Chairman’s Address in FY20 Annual Report, the Group paid settlement costs of $8,445,000. The remainder of the litigation expenses relate to professional service charges in connection with the litigation and settlement. Legal fees related to ordinary commercial and public company matters are included in the Statement of Profit & Loss and Other Comprehensive Income as Professional fees.

NOTE 5: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31 December 2020	**30 June 2020**
	$	**$**
Trade receivables	9,378,572	7,970,451
Accrued revenue	442,899	1,295,178
Provision for doubtful debts	(649,212)	(744,136)
	9,172,259	8,521,493

Doubtful debt expense

The Group makes use of a simplified approach in accounting for the impairment of trade and other receivables as well as other current assets and records the loss allowance at the amount equal to the lifetime expected credit loss (ECL). In using this practical expedient, the Group uses its historical experience, external indicators, and forward-looking information to calculate the ECL using a provision matrix. From this calculation, it was determined that the ECL in trade and other receivables was immaterial to be disclosed separately.

During the period, the Group recognised a doubtful debt expense, including the impact of AASB 9, of $251,785 (2019: $106,743). This is shown within Other Expenses of $3,977,537 (2019: $3,675,682) in the consolidated statement of profit or loss.

NOTE 6: INTANGIBLES

	Balance at 1 July 2020	Additions	Disposals	Foreign Exchange[1]	Balance at 31 December 2020
At cost:					
Capitalised development costs	9,958,244	2,439,452	-	-	12,397,696
Software intellectual property	19,876,090	-	-	(790,500)	19,085,590
Customer contracts and relationships	8,504,626	-	-	(307,993)	8,196,633
Goodwill	59,743,858	-	-	(2,346,927)	57,396,931
Total at cost	98,082,818	2,439,452	-	(3,445,421)	97,076,850

	Balance at 1 July 2020	Amortisation charge	Disposals	Foreign Exchange[1]	Balance at 31 December 2020
Accumulated amortisation:					
Capitalised development costs	9,958,244	2,439,452	-	-	12,397,696
Software intellectual property	2,039,577	990,438	-	(113,080)	2,916,935
Customer contracts and relationships	5,030,673	2,012,354	-	(239,918)	6,803,109
Total accumulated amortisation	17,028,494	5,442,244	-	(352,998)	22,117,740

Summary of net intangible assets

	Balance at 1 July 2020	Additions	Amortisation charge	Disposals	Foreign Exchange[1]	Balance at 31 December 2020
Net intangible assets	81,054,324	2,439,452	(5,442,244)	-	(3,092,422)	74,959,110
Deferred tax liability	(4,042,421)	-	660,050	-	134,637	(3,247,734)

The estimated useful life of capitalised development costs is determined to be in line with the frequency at which our software is updated and replaced. During the 2021 financial year, development costs were fully amortised in the same financial year given the iterative nature and frequency of updates in the Group's product life cycle.

Other intangible assets have a finite life and are amortised on a straight line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

The useful life of software intellectual property is 10 years. The useful life of customer contracts and relationships is 2 years. Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is subject to impairment testing on an annual basis or where indicators of impairment arise. The annual impairment test was conducted at 30 June 2020. A review of indicators of impairment relating to goodwill, software IP and customer contracts and relationships was conducted at 31 December 2020, no indicators of impairment were identified.

For the 2020 and 2019 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management covering a five-year period and a terminal value.

---

[1] Represents the effect of movements in foreign exchange rates on intangible assets and liabilities held in foreign currencies.

NOTE 7: NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	Balance at 1 July 2020	Additions	Depreciation	Foreign Exchange	Balance at 31 December 2020
Properties	3,490,226	-	(421,243)	(363,023)	2,705,959
Equipment	72,764	-	(22,752)	(7,568)	42,443
Total right-of-use asset	3,562,990	-	(443,996)	(370,592)	2,748,403

NOTE 8: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated Group	
	31 December 2020	30 June 2020
	$	$
Trade payables	5,919,132	3,903,398
Employee benefits accruals	1,155,077	3,267,946
Employee benefits accruals to related parties	46,990	45,274
Other payables and accruals	285,928	227,100
	7,407,127	7,443,718

NOTE 9: PROVISIONS FOR BUSINESS COMBINATIONS

	Consolidated Group	
	31 December 2020	30 June 2020
	$	$
CURRENT		
Provision for contingent consideration - CYCL	2,938,841	3,069,981
	2,938,841	3,069,981
NON-CURRENT		
Provision for contingent consideration - CYCL	9,407,840	8,988,671
	9,407,840	8,988,671

Movements between periods relate to changes in foreign exchange rates between reporting periods and the impact of discounting of non-current balances.

NOTE 10: LEASE LIABILITIES

	Balance at 1 July 2020	Interest	Additions	Payments	Foreign Exchange	Balance at 31 December 2020
At net present value:						
Properties	4,258,304	171,005	-	(577,522)	(439,317)	3,412,470
Equipment	73,575	1,235	-	(21,997)	(7,590)	45,223
Total lease liabilities	4,331,879	172,240	-	(599,519)	(446,907)	3,457,693

	Consolidated Group	
	31 December 2020	30 June 2020
	$	$
CURRENT		
Properties	747,024	858,754
Equipment	41,166	45,946
	788,190	904,700
NON-CURRENT		
Properties	2,665,446	3,399,550
Equipment	4,057	27,629
	2,669,503	3,427,179

The Group leases various office space and equipment. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

NOTE 11: OTHER LIABILITIES

	Consolidated Group	
	31 December 2020	**30 June 2020**
	$	**$**
CURRENT		
Unearned revenue	13,447,494	11,024,867
Lease liability	-	-
Unearned grant income	1,071,279	1,363,937
Other current liabilities	-	-
	14,518,773	12,388,804
NON-CURRENT		
Unearned revenue	62,280	253,529
US government program repayable	463,894	522,848
	526,174	776,377

US government program repayable relates to amounts owed to the United States (US) Federal Government for monies loaned to the Group on a 1% annual interest loan under the US Small Business Administration (SBA) Paycheck Protection Program (PPP) (the program). Monies under this program were distributed by US commercial banks in accordance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) enacted on 27 March 2020. Under the terms of the program, no interest has been incurred to date.

NOTE 12: NON-CURRENT LIABILITIES – PENSION LIABILITIES

The Group's pension liabilities relate to the defined benefit plans in Switzerland, which were acquired in December 2019 upon the completion of the acquisition of CYCL AG. As at December 2020, the fund has a funding ratio of 109.8% (December 2019: 111.3%). As required under Swiss law, the plans are co-funded by the Group with equal co-contributions required by the employees ranging from 4% - 10% of the employee's salary. Upon retirement, employees are entitled to either receive a lump sum payment to the value of their accumulated retirement balance; or receive an ongoing annual annuity calculated as a percentage (conversion rate) of their accumulated balance – as at 31 December 2020 this conversion rate is 6.20% (2019: 6.60%).

The defined benefit plans are legally separate from the Group and administered by a separate fund. The pension plans of the Group are managed by Swiss pension fund 'Profond Pension Fund', which is a collective pension fund, as is common in Switzerland. Under this structure, members own a proportionate share of the aggregated collective investments, rather than an individual share of the underlying assets, as is common in Australia. The Group's members consist 50 of the total 55,842 members as at 31 December 2020.

NOTE 12: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

The board of the fund is made up of independent trustees/directors. By law, the board is required to act in the best interests of participants to the schemes and has the responsibility of setting investment, contribution, benefit levels and other relevant policies.

The plans are exposed to a number of risks, including:

- Investment risk: movement of discount rate used against the return from plan assets;
- Interest rate risk: decreases/increases in the discount rate used will increase/decrease the defined benefit obligation;
- Longevity risk: changes in the estimation of mortality rates of current and former employees; and
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

As the fund is a collective fund, return on assets are distributed to participants at a rate agreed by the pension board and any surplus/(deficit) is held in reserve. The effect of this is to provide consistency of returns and to enable the fund to have sufficient reserves to fund any future payment obligations.

In the event of a funding shortfall, the pension plan regulations outline that the following provisions will be made, in sequence:

1. Make changes to the way the fund is administered, including:
   - Adjustments to the calculation of future benefit entitlements (conversion rate);
   - Adjustments to the investment strategy;
   - Adjustments to financing/benefits; and
   - Restrictions on early withdrawals of benefits.
2. If a shortfall persists, for the duration of the cover shortfall, the pension plan may levy (non-returnable) contributions from employees, employers or pensioners.

In the event that a funding shortfall does occur, separately to the pension plan regulations, the Swiss Government has established a scheme, the LOB Guarantee Fund, by which pension funds may be entitled to subsidies to enable equalisation. The fund may act to provide subsidies in the following circumstances:

- benefit schemes with an unfavourable age structure; or
- where a pension fund has become insolvent.

AASB 119 requires that the assets and obligations of the fund are valued in accordance with an actuarial valuation, using the projected unit credit method. Under this method, where the fair value of plan assets differs from the projected benefit obligation of a pension plan must be recorded on the Consolidated Balance Sheet as an asset, in the case of an overfunded plan, or as a liability, in the case of an underfunded plan.

The gains or losses and prior service costs or credits that arise but are not recognised as components of pension cost are recorded as a component of other comprehensive income. The service costs related to defined benefits are included in operating income. The other components of net benefit cost are presented in the consolidated profit and loss separately from the service cost component and outside operating income.

The following tables summarise the components of net benefit expense recognised in profit and loss, actuarial gains and losses recognised in other comprehensive income, and funded status and amounts recognised in the consolidated statement of financial position.

NOTE 12: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

	Present value of obligations	Fair value of plan assets	Balance
	$	$	$
Balance at 1 July 2020	(25,434,944)	18,622,893	(6,812,051)
Current service cost	(392,613)	-	(392,613)
Interest income / (expense)	(30,938)	767	(30,171)
Defined benefit pension expense recognised in profit or loss	(423,551)	767	(422,784)
Contributions by fund participants:			
Employer	-	246,933	246.933
Plan participants	(255,488)	255,488	-
Total contributions	(255,488)	502,421	246,933
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	-	(167,442)	(167,442)
Gain from change in experience	20,309	-	20,309
Loss from change in financial assumptions	(387,056)	-	(387,056)
Defined benefit pension actuarial losses/(gains) recognised in other comprehensive income	(366,747)	(167,442)	(534,189)
Benefits paid	(549,897)	549,897	-
Foreign exchange rate changes	1,086,502	(795,512)	290,990
Balance at 31 December 2020	(25,944,125)	18,713,024	(7,231,101)

The projected unit credit method, requires management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to determine the present value of future obligations and expenses, salary inflation rates, mortality rates and other assumptions. The accounting estimates related to our pension plans are highly susceptible to change from period to period based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes.

The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by our actuarial advisors. However, actual results may differ substantially from the estimates that were based on the critical assumptions.

The gains or losses and prior service costs or credits that arise but are not recognised as components of pension cost are recorded as a component of other comprehensive income. The service costs related to defined benefits are included in operating income. The other components of net benefit cost are presented in the consolidated income statements separately from the service cost component and outside operating income.

NOTE 12: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

The reconciliation to the fair value of plan assets and projected benefit obligation under the projected unit method are shown below.

	31 December 2020	30 June 2020
Plan assets		
Plan assets	13,990,419	13,716,212
Adjustments for AASB 119		
Estimation of the value of Pensions in Payment	4,722,606	4,906,681
Fair value of plan assets	**18,713,025**	**18,622,893**
Plan obligations		
Plan obligations	13,990,419	13,716,212
Adjustments for AASB 119		
Estimation of the obligation of Pensions in Payment	4,722,606	4,906,681
Projected unit credit method actuarial adjustment	7,231,101	6,812,051
Projected plan obligations	**25,944,125**	**25,434,944**
Net Pension Liabilities	**7,231,101**	**6,812,051**

The Group reviews annually the discount rate used to calculate the present value of pension plan liabilities. The discount rate used at each measurement date is set based on a high-quality corporate bond yield curve, derived based on bond universe information sourced from reputable third-party indexes, data providers, and rating agencies. Additionally, the expected long term rate of return on plan assets is derived for each benefit plan by considering the expected future long-term return assumption for each individual asset class. A single long-term return assumption is then derived for each plan based upon the plan's target asset allocation.

The actuarial assumption used in determining the present value of the defined benefit obligation of the pension plans include:

	31 December 2020	30 June 2020
Actuarial assumptions		
Discount Rate	0.15%	0.25%
Growth in future salaries	1.00%	1.00%
Pension increase rate	0.00%	0.00%
Longevity at retirement	19 – 22 years	19 – 22 years

The following table depicts the sensitivity of estimated fiscal year 2021 pension expense to incremental changes in the discount rate and the expected long-term rate of return on assets.

		Defined benefit obligation	
Actuarial assumptions	**Reasonably Possible Change**	**Increase**	**Decrease**
Discount Rate	(+/- 0.50%)	23,364,682	28,959,297
Growth in future salaries	(+/- 0.50%)	26,361,124	25,549,703

NOTE 13: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	31 December 2020	**30 June 2020**	**31 December 2020**	**30 June 2020**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	871,393,902	871,393,902	202,831,116	202,831,116

Movements in ordinary share capital		Date	Shares No.	Issue Price $	Total $
Balance		30-Jun-2019	624,707,227		122,972,591
Share capital issued	(a)	30-Jul-2019	6,810,234		2,786,828
Share capital issued	(b)	24-Sep-2019	142,857,143	$0.35	50,000,000
Share capital issued	(c)	18-Oct-2019	14,285,422	$0.35	4,999,999
Share capital issued	(d)	3-Dec-2019	42,605,922	$0.295	12,568,747
Share capital issued	(e)	18-Feb-2020	40,127,954	$0.327	13,131,968
Less: capital raising costs					(3,629,017)
Balance		30-Jun-2020	871,393,902		202,831,116
Balance		31-Dec-2020	871,393,902		202,831,116
Restricted shares on issue	(f)		30,830,001		-
Total issued capital			902,223,903		202,831,116

NOTE 13: EQUITY – ISSUED CAPITAL (CONTINUED)

(a) On 30 July 2019, LiveTiles Limited issued 6,810,234 shares to Orange Fish Holdings LLC as payment for Hyperfish satisfying the performance targets of its second earn out. The fair value of the shares issued is based on the share price of LiveTiles Limited at the date of the acquisition.

(b) On 25 September 2019, LiveTiles Limited issued 142,857,143 shares at $0.35 per share to raise $50,000,000.

(c) On 18 October 2019, LiveTiles Limited issued 14,285,422 shares at $0.35 per share to raise $4,999,999.

(d) On 3 December 2019, LiveTiles Limited issued 42,605,922 shares as consideration for 100% of the shares in CYCL AG. The fair value of the shares issued is based on the share price of LiveTiles Limited at the date of the acquisition.

(e) On 18 February 2020, LiveTiles Limited issued 40,127,954 shares to Webtop Holding ApS as payment for Wizdom satisfying the performance targets of its earn out. The fair value of the shares issued is based on the share price of LiveTiles Limited at the acquisition date.

(f) As at 31 December 2020, LiveTiles Limited had issued 30,830,001 shares under the Management Incentive Plan.

Tranches A, B and C – 26,250,000 shares were issued under the Management Incentive Plan on 25 August 2015

Tranches D, E and F - 1,200,000 shares were issued under the Management Incentive Plan on 5 April 2016

Tranches G, H and I - 300,000 shares were issued under the Management Incentive Plan on 2 June 2017

Tranches J, K and L - 600,000 shares were issued under the Management Incentive Plan on 20 November 2017

Tranches M, N and O - 800,001 shares were issued under the Management Incentive Plan on 6 May 2019

Tranches P, Q and R – 1,680,000 shares were issued under the Management Incentive Plan on 16 March 2020

Refer to note 14(a).

Shares issued under the Management Incentive Plan are not included in the earnings per share calculation in note 19.

NOTE 14: SHARE BASED PAYMENTS EXPENSE

		Consolidated Group	
		31 December 2020	**31 December 2019**
		$	**$**
Share based payment expense			
Non-cash share based payment expense			
Management Incentive Plan shares	(a)	55,023	78,439
Long Term Incentive Plan shares	(b)	167,699	165,006
Post combination services on the acquisition of Wizdom A/S	(c)	-	3,250,880
		222,722	3,494,325

(a) Management Incentive Plan (MIP) shares

On 25 August 2015, LiveTiles Limited issued 35,000,000 shares to the then directors of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the directors an option to purchase the shares at $0.15. These shares were issued in Tranches A, B and C.

On 5 April 2016, LiveTiles Limited issued 1,200,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employees an option to purchase the shares at $0.285. These were issued in Tranches D, E and F.

On 2 June 2017, LiveTiles Limited issued 300,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employees an option to purchase the shares at $0.245. These were issued in Tranches G, H and I.

On 20 November 2017, LiveTiles Limited issued 600,000 shares to a senior employee of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at $0.25. These were issued in Tranches J, K and L.

On 6 May 2019, LiveTiles Limited issued 800,001 shares to a senior employee of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at $0.57. These shares were issued in Tranches M, N and O.

On 3 March 2020, LiveTiles Limited issued 1,680,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at $0.15. These shares were issued in Tranches P, Q and R.

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the term of the non-recourse loans, the share price at grant date and expected price volatility of the underlying share. An adjustment has also been made to the valuation to reflect the time and price based vesting conditions. The volatility is based on the volatility in the Company’s share price since the date of the reverse acquisition.

NOTE 14: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(a) Management Incentive Plan (MIP) shares (continued)

The assumptions used to value the Management Incentive Plan shares are set out below:

Tranche	A, B and C	D, E and F	G, H and I	J, K and L	M, N and O	P, Q and R
Share price	$0.15	$0.25	$0.235	$0.27	$0.445	$0.15
Effective exercise price	$0.15	$0.285	$0.245	$0.25	$0.57	$0.15
Term of loan to fund acquisition of shares (years)	6	6	6	6	6	6
Compounded risk-free interest rate	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Volatility	75%	75%	75%	75%	75%	75%
Discount to reflect vesting conditions	40%	40%	40%	40%	40%	40%
Discounted value per share	$0.06	$0.10	$0.09	$0.11	$0.17	$0.06

The value of the loan shares issued under the Management Incentive Plan has been expensed as a share based payment as follows:

	Number of shares	Date issued	Vesting date	Vesting price	Expense for 6 months ended 31 December 2020
Tranche A	15,000,000	25/8/2015	24/8/2017	$0.25	-
Tranche B	10,000,000	25/8/2015	24/8/2018	$0.35	-
Tranche C	10,000,000	25/8/2015	24/8/2019	$0.45	-
Tranche D	400,000	5/4/2016	6/4/2017	$0.285	-
Tranche E	400,000	5/4/2016	6/4/2018	$0.285	-
Tranche F	400,000	5/4/2016	6/4/2019	$0.285	-
Tranche G	100,000	2/6/2017	2/6/2018	$0.245	-
Tranche H	100,000	2/6/2017	2/6/2019	$0.245	-
Tranche I	100,000	2/6/2017	2/6/2020	$0.245	-
Tranche J	200,000	20/11/2017	20/11/18	$0.25	-
Tranche K	200,000	20/11/2017	20/11/19	$0.25	-
Tranche L	200,000	20/11/2017	20/11/20	$0.25	2,853
Tranche M	266,667	6/5/2019	5/5/2020	$0.57	-
Tranche N	266,667	6/5/2019	5/5/2021	$0.57	11,426
Tranche O	266,667	6/5/2019	5/5/2022	$0.57	7,618
Tranche P	560,000	16/3/2020	16/3/2021	$0.15	17,133
Tranche Q	560,000	16/3/2020	16/12/2021	$0.15	9,771
Tranche R	560,000	16/3/2020	16/12/2021	$0.15	6,222
Total					55,023

No MIP shares were exercised in the 6 months to 31 December 2020.

At 31 December 2020 there were 30,830,001 Management Incentive Plan shares outstanding.

NOTE 14: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(b) Long Term Incentive Plan (LTIP) shares

On 16 November 2018, LiveTiles issued 4,056,200 unlisted options to employees under the Company's Long Term Incentive Plan (LTIP).

On 16 January 2019, LiveTiles Limited issued 555,000 options to certain employees under the Long-Term Incentive Plan.

On 25 November 2019, LiveTiles Limited issued 4,521,650 options to certain employees under the Long-Term Incentive Plan.

On 16 March 2020, LiveTiles Limited issued 900,000 options to certain employees under the Long-Term Incentive Plan.

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the share price at grant date and expected price volatility of the underlying share. An adjustment has also been made to the valuation to reflect the time and price based vesting conditions. The share based payment related to LTIP shares for the period ended 31 December 2020 are set out below:

Number of options	Date issued	Vesting date	Vesting price	Expense for 6 months ended 31 December2020 $
200,000	16/11/2019	16/11/2019	$0.41	-
200,000	16/11/2019	16/11/2020	$0.41	6,384
940,000	16/11/2019	16/11/2020	$0.41	16,039
940,000	16/11/2019	16/11/2021	$0.41	14,167
888,000	16/11/2019	16/11/2020	$0.59	18,073
888,000	16/11/2019	16/11/2021	$0.59	15,964
185,000	16/1/2019	16/1/2020	$0.52	-
185,000	16/1/2019	16/1/2021	$0.52	-
185,000	16/1/2019	16/1/2022	$0.52	-
611,325	25/11/2019	25/11/2021	$0.43	12,729
611,325	25/11/2019	25/11/2022	$0.43	8,490
1,468,500	25/11/2019	25/11/2021	$0.30	32,088
1,468,500	25/11/2019	25/11/2022	$0.30	21,402
181,000	25/11/2019	25/11/2021	$0.30	5,603
181,000	25/11/2019	25/11/2022	$0.30	3,737
450,000	16/3/2020	16/12/2021	$0.15	7,956
450,000	16/3/2020	16/12/2022	$0.15	5,067
Total				167,699

(c) Post combination services on the acquisition of Wizdom A/S

On 13 February 2019, LiveTiles acquired Wizdom A/S from Webtop Holding ApS. Because part of the total amount payable to Webtop Holding ApS is contingent on the continued employment of key Wizdom staff, such amount is deemed to be a share based payment for post combination services. The fair value has been determined using the market price of LiveTiles shares, probability of contingencies being met and an appropriate discount rate to reflect payment periods.

NOTE 15: EQUITY – RESERVES

	Consolidated Group	
	31 December 2020	30 June 2020
	$	$
Share based payments reserve	2,885,392	2,662,669
Foreign currency translation reserve	(4,619,031)	(872,667)
Actuarial remeasurement reserve – pension liabilities	(427,811)	445,608
	(2,161,450)	2,235,610

Foreign currency translation reserves relate to the translation of foreign operations with functional currencies other than Australian dollars. Exchange differences arising on translation are recognised in other comprehensive income. Current period movement predominately relates to the translation of intercompany balances domiciled in the USA and denominated in AUD that are considered permanent in nature. Intercompany balances fully eliminate upon consolidation.

NOTE 16: INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interest held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

		Ownership interest held by Group	
Name of subsidiary	**Principal place of business**	**31 December 2020**	**30 June 2020**
LiveTiles Limited	Australia		
LiveTiles Holdings Pty Ltd	Australia	100%	100%
LiveTiles APAC Pty Ltd	Australia	100%	100%
LiveTiles R and D Pty Ltd	Australia	100%	100%
LiveTiles Corporation (formerly LiveTiles LLC)	USA	100%	100%
Modun Resources Pty Ltd	Singapore	100%	100%
Hyperfish, Inc	USA	100%	100%
LiveTiles Europe A/S (formerly Wizdom A/S)	Denmark	100%	100%
LiveTiles Switzerland AG (formerly CYCL AG)	Switzerland	100%	100%

NOTE 17: COMMITMENTS

	Consolidated Group	
	31 December 2020	**30 June 2020**
Capital commitments	**$**	**$**
Capital commitments contracted for but not recognised in the financial statements		
Payable – minimum capital commitments:		
- Not later than 12 months	63,541	65,404
- Between 12 months and 5 years	419,326	448,250
	482,867	513,654

Capital commitments represent minimum capital spend relating to ongoing government grants to be incurred by 31 December 2021.

NOTE 18: RELATED PARTY TRANSACTIONS

The Group's related parties are as follows:

Parent entity

LiveTiles Limited is the legal parent entity. For the purposes of these financial statements, the accounting parent entity is LiveTiles Holdings Pty Ltd.

Subsidiaries

Interests in subsidiaries are set out in note 16.

Key management personnel

Key management personnel are limited to those named in the Directors' report and executive personnel. Those personnel have been determined to have authority and responsibility for planning, directing and controlling the activities of the entity and includes all payments related to their services.

	Consolidated Group	
	31 December 2020	**31 December 2019**
	$	**$**
Payments for services to key management personnel:		
Short term employee benefits	1,531,127	1,531,817
Post-employment benefits	28,084	19,292
Share based payments	19,044	22,603
	1,578,255	1,573,712

	Consolidated Group	
	31 December 2020	**30 June 2020**
	$	**$**
Receivables from and payables to related parties:		
Non-Current receivables:		
Loans to key management personnel	1,084,791	697,381
Current payables:		
Accrued short term benefits to key management personnel	(46,990)	(45,274)
	1,037,801	652,107

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 19: EARNINGS PER SHARE

	Consolidated Group	
	31 December 2020	**31 December 2019**
	$	**$**
Loss after income tax expense for the period	(21,511,291)	(21,544,354)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	871,393,902	719,845,389
	Cents	**Cents**
Basic (loss) / earnings per share	(2.47)	(2.99)
Diluted (loss) / earnings per share	(2.47)	(2.99)

The options on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.

NOTE 20: OPERATING SEGMENTS

The consolidated entity has identified three operating segments based on the internal reports that are reviewed and used by the Board of Directors & Chief Executive Officer (who is identified as the Chief Operating Decision Makers (‘CODM’). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTE 20: OPERATING SEGMENTS (CONTINUED)

The operating results of the consolidated entity are currently reviewed by the CODM and decisions are based on three operating segments which also represent the three reporting segments, as follows:

Americas	Represents the revenue and operating expenses attributable to activities conducted in United States of America, Canada, Central America & South America.
APAC	Represents the revenue and operating expenses attributable to activities conducted in Australia, New Zealand & Asia.
EMEA	Represents the revenue and operating expenses attributable to activities conducted in Europe, Middle East & Africa.

The table below shows the segment information provided to the CODM for the reportable segments for the 6 months ending 31 December 2019:

Consolidated - 31 Dec 2019	**APAC**	**Americas**	**EMEA**	**Unallocated /Head Office**	**Total**
Subscription revenue	3,490,312	5,877,042	8,560,568	-	17,927,922
Other revenue	73,357	216,529	14,749	102,810	407,445
Revenue	3,563,669	6,093,571	8,575,317	102,810	18,335,367
EBITDA	(3,623,602)	(8,525,388)	206,990	(5,592,147)	(17,534,147)
Depreciation & amortisation	(704,127)	(1,002,643)	(133,277)	(2,161,375)	(4,001,422)
Finance costs	(9,446)	(200,291)	(1,537)	-	(211,274)
Profit / (loss) before income tax expenses	(4,337,175)	(9,728,322)	72,176	(7,753,522)	(21,746,843)
Income tax benefit / (expense)	(81,152)	-	(183,241)	466,882	202,489
Profit / (loss) after income tax expenses	(4,418,327)	(9,728,322)	(111,065)	(7,286,640)	(21,544,354)

Consolidated – 30 June 2020	**APAC**	**Americas**	**EMEA**	**Unallocated /Head Office**	**Total**
Assets					
Segment assets	3,705,484	22,105,609	10,886,378	97,501,482	134,198,953
Liabilities					
Segment liabilities	(4,161,059)	(12,474,661)	(18,448,967)	(15,417,012)	(50,501,699)

NOTE 20: OPERATING SEGMENTS (CONTINUED)

Consolidated - 31 Dec 2020	**APAC**	**Americas**	**EMEA**	**Unallocated /Head Office**	**Total**
Subscription revenue	4,809,367	3,560,379	11,883,391	-	20,253,137
Other revenue	87	115,274	44,463	132,194	292,018
Revenue	4,809,454	3,675,653	11,927,854	132,194	20,545,155
EBITDA	(3,387,923)	(1,527,070)	1,128,105	(11,113,790)	(14,900,678)
Depreciation & amortisation	(550,237)	(816,138)	(862,211)	(3,818,996)	(6,047,582)
Finance costs	(2,423)	(178,510)	(21,134)	(810,198)	(1,012,265)
Profit / (loss) before income tax expenses	(3,940,583)	(2,521,718)	244,760	(15,742,984)	(21,960,525)
Income tax benefit / (expense)	(77,475)	(104,626)	(28,717)	660,052	449,234
Profit / (loss) after income tax expenses	(4,018,058)	(2,626,344)	216,043	(15,082,932)	(21,511,291)

Consolidated – 31 Dec 2020	**APAC**	**Americas**	**EMEA**	**Unallocated /Head Office**	**Total**
Assets					
Segment assets	3,885,785	16,942,250	11,774,766	76,944,519	109,547,320
Liabilities					
Segment liabilities	(6,047,598)	(10,234,059)	(20,184,892)	(15,291,866)	(51,758,415)

The CODM uses adjusted EBITDA as a measure to assess the performance of the segments. This excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as acquisition costs, legal expenses and impairments when the impairment is the result of an isolated, non–recurring event. It also excludes the effects of equity-settled share-based payments, unrealised gains/losses on financial instruments and amortisation of intangibles.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

NOTE 21: CONTINGENT LIABILITIES

No contingent liabilities exist as at 31 December 2020.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of LiveTiles Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 35, are in accordance with the *Corporations Act 2001*, including:
    a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the 6 months ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Karl Redenbach
Executive Director and Chief Executive Officer

25 February 2021
Melbourne

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LiveTiles Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of LiveTiles Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Martin Coyle
Director

Sydney, 25 February 2021