

ASX Announcement | 21 July 2023

Business Update

Modus Completion and Generative AI Investment

Key Points:

- Bigtincan is pleased to announce that it has completed the acquisition of Modus Engagement, Inc. (“Modus”) for US\$9.5m funded from cash reserves set aside from the 8 December 2023 Institutional Placement of \$30m. Modus is the creator of the Modus Virtual Product Tours, and Modus Lead Capture Solution. Modus brings:
 - Unique technology and a strong customer base to Bigtincan that is well placed to grow with the Bigtincan Multi-Hub product strategy.
 - Cost synergies of approximately \$1m and cross sell and upsell opportunities of ~\$3.5m post integration.
 - A positive contribution to Bigtincan’s FY24 performance.
- Completes identified strategic M&A transactions announced as part of \$30m placement in December 2022.
- To support ongoing development of Bigtincan’s Generative AI family of products - GenieAI™ - Bigtincan has entered into a binding heads of agreement to borrow \$15m from Regal Funds Management Pty Limited as trustee for one or more funds. The Regal group is one of Bigtincan’s largest institutional shareholders.
- Bigtincan can confirm that the previously announced Bigtincan Independent Board Committee (IBC) is continuing its engagement with a number of parties who have indicated their interest regarding potential control transactions at or slightly above the indicative price of 80 cents per share previously announced and expects to update the market on the progress of those engagements before the release of its full year results in August 2023.

Bigtincan Holdings Limited (**ASX:BTH**) (“**Bigtincan**”, the “**Company**”), a global software company providing a leading AI-powered sales enablement automation platform, is pleased to provide a market update.

Acquisition of Modus Engagement, Inc.

Bigtincan is pleased to announce the completion of the previously announced M&A program with the acquisition of Modus Engagement, Inc. Modus is a leader in sales enablement with a focus on the manufacturing industry with customers including Caterpillar, Nilfisk, and Toro. Modus brings over 100 new customer logos, and ~AU\$7.5m in Annualised Recurring Revenue (ARR). Modus technology will be integrated with the Bigtincan platform including Virtual Product Tour technology that generates 3D product tours, trade show booths and sales playbooks, and Modus Lead Capture® Solution that scans customer details and instantly syncs them to CRM. Modus was founded in 2013, is based in Minnesota, USA and has 17 employees.

The Modus acquisition was originally expected to be signed and completed in late June 2023.

More details on the Modus acquisition including product highlights will be available on Bigtincan's website - <https://www.bigtincan.com/>

Consideration for the acquisition is US\$9.5m cash funded from Bigtincan's existing cash reserves, set aside from the 8 December 2023 Institutional Placement of \$30m. Consideration is structured as:

- a cash payment of US\$6.5m at Closing (subject to adjustments for transaction expenses, cash balances, working capital and indebtedness);
- a cash payment of US\$1.5m at 6 months from Closing;
- a cash payment of US\$1.5m at 12 months from Closing.

Synergies

Modus brings opportunities for both revenue and cost synergies to contribute positively to growth in the Bigtincan business. Identified synergies and an execution plan has been developed by Bigtincan including;

- Multi-Hub ARR - with Bigtincan Multi-Hub ARR now 30% of total ARR, revenue synergies from Multi-Hub sales are projected to be \$2.8m over the next 24 months.
- Bigtincan 3D - Based on a detailed analysis, Bigtincan projects 20% of the Modus base to purchase Bigtincan 3D delivering a \$700k ARR impact in FY24.
- Management Overhead - planned reductions lead to a \$650k saving in FY24
- Back end operations - Bigtincan's scale will lead to a \$350k annual savings in FY24 and FY25

Loan Facility to fund AI Technology Development

The Company has also entered into a binding heads of agreement to borrow AU\$15 million from Regal Funds Management Pty Limited as trustee for one or more funds (**Lender**). The Regal group is one of Bigtincan's largest institutional shareholders. On drawdown of the loan facility, the heads of agreement contemplates that subject to compliance with all law, the Lender (or its nominee) will be entitled to be issued with 24 million options in Bigtincan. The options will be issued within Bigtincan's existing capacity under ASX Listing Rule 7.1.

The material details of the loan facility and the options are set out in the Schedule to this announcement. Drawdown under the loan facility, and the issue of the options, is expected to occur in the first week of September 2023.

Bigtincan announced the launch of its Generative AI technology suite GenieAI to the market on 13 March 2023

According to McKinsey Digital's June 2023 report¹ "...generative AI technology could add the equivalent of \$2.6 trillion to \$4.4 trillion annually across the 63 use cases we analysed" with "...75 percent of the value that generative AI use cases could deliver falls across four areas" including customer operations, and marketing and sales - areas that Bigtincan has a market opportunity to address with Generative AI.

Potential Control Proposal Update

As previously announced, the Bigtincan Independent Board Committee ("IBC") engaged Morgan Stanley Australia Limited ("Morgan Stanley") as its financial advisor to assist Bigtincan with the management and evaluation of inbound inquiries and expressions of interest regarding any potential control transactions.

Bigtincan (through the IBC) continues to engage with a number of parties who have indicated their interest regarding potential control transactions at or slightly above the indicative price of 80 cents per shares previously announced. Morgan Stanley is assisting Bigtincan to evaluate and progress these expressions of interest, and the Company expects to update the market on the progression of the process after the presentation of its audited full year results in August 2023.

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<https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier#introduction>

These engagements are preliminary in nature and there is no certainty any transaction will eventuate. Bigtincan remains committed to executing its strategic plan and maximising shareholder value. The Bigtincan IBC will only progress expressions of interest that are in the best interests of all shareholders.

FY23 Performance

The annual audit process has commenced and subject to the outcome of the audit, Bigtincan expects to remain on track for its key financial results for FY23, of:

- Revenue in the range of \$123m-128m².
- Cash flow breakeven to be achieved in Q4 FY23³.
- Adjusted EBITDA to exceed \$5m⁴.

With the completion of the slightly delayed Modus acquisition, pro-forma ARR in July 2023 is in the range of \$137m to \$143m.

Authorised for release to the ASX by the Board of Bigtincan Holdings Ltd.

² IFRS revenue calculated as operating revenue and other income.

³ Cash flow breakeven refers to positive net cash flows after taking into account capex, seasonality and other net working capital expenses.

⁴ Adjusted EBITDA includes adjustments for acquisition, share based payments and one-off items.

Bigtincan is helping the world's leading brands facilitate the buying experience of the future.

Everything we offer is designed to be smart, flexible, and easily adapted to unique business processes with highly personalised experiences that people and brands love. We're on a mission to help companies deliver branded buying experiences that are engaging, personalised, provide value, and guide people to the best decisions with confidence. World-class companies like Nike, Guess, Prudential, and Starwood Hotels trust Bigtincan to enable customer-facing teams to intelligently prepare, engage, measure and continually improve the buying experience for their customers.

For more information about Bigtincan (ASX: BTH), visit: bigtincan.com or follow Bigtincan on social media:

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Schedule

Key Terms of Loan Facility

Principal	A\$15 million
Target Drawdown Date	1 September 2023
Conditions	Subject to standard KYC and AML and confirmatory due diligence.
Repayment Date	12 months from Drawdown Date
Early Repayment	The Company may repay the loan early without penalty.
Interest	12% per annum payable monthly
Establishment Fee	4% of the Principal and the issue of the Options
Ranking	Senior unsecured
Covenants	Covenants typical of a facility of this nature, including a covenant that the Company will not incur any additional financial non-trading debt or create any security interest over its assets and undertakings without the prior written approval of the Lender (other than commercial factoring).

Key Terms of the Options

Number	24,000,000 (subject to any adjustments for re-organisations)
Issue Date	Drawdown Date
Exercise Price	The exercise price of each Option is the lower of: (a) AU\$0.50 per Share; and (b) a 10% discount to the 10-day VWAP of Bigtincan commencing on and from the date of this announcement.
Expiry Date	2 years from the Issue Date
Payment in lieu	If all of the Options cannot be issued under law on the Drawdown Date for any reason which is the responsibility of the Company (including due to ASX LR 7.1 capacity constraints), the Company must issue the Options it is able to issue and must pay the Lender an amount equal to 110% of the value of Options that are not issued based on the difference between the exercise price and the 5-day volume weighted average price of BTH Shares in the period prior to the date the Options are exercised.