

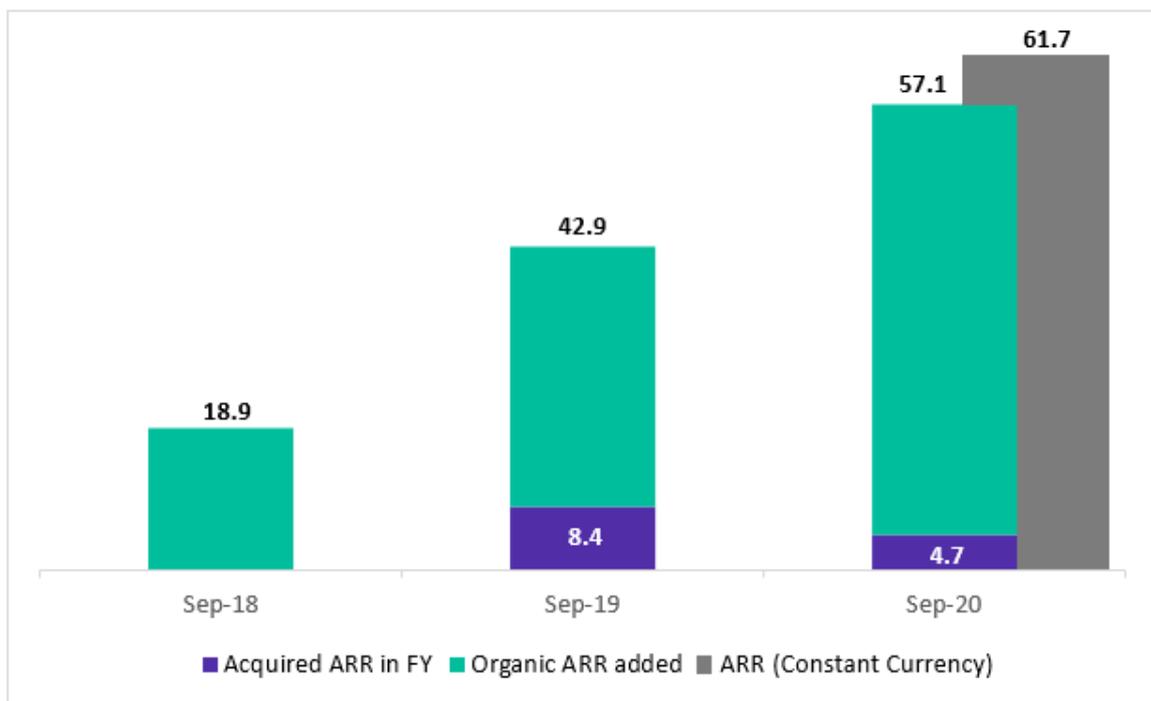
## ASX Announcement

27 October 2020

### Accelerated ARR growth and another record Q1 cash receipts

- Annualised recurring revenue (ARR) has grown to \$57.1m, up 33% in the last year. On a Constant Currency basis, ARR has grown to \$61.7m on constant currency basis; up 44% in the last year and up 227% in 2 years.
- Strong Q1FY20 customer cash receipts of \$12.0m, a fourth consecutive record quarter and 41% higher than prior corresponding period (Sep-19). Net operating cash outflow (excluding non-recurring items) of \$(0.8)m, 90% improvement on the corresponding period last year. When combined with Q4-FY20 +\$1.2m, operating cashflow is positive +\$0.4m
- Cash on hand at 30 September 2020 of \$34.6m
- Accelerated pipeline growth in the quarter and the successes of a refreshed product portfolio taken to market, demonstrated with a company record multi-million, multi-year deal across the LiveTiles Reach and LiveTiles Intranet products.

### ARR growth history<sup>1</sup>



<sup>1</sup> September 2020 ARR is shown on a constant currency basis (when compared with 31 March 2020 FX rates)  
 Note: The Group commenced constant currency reporting in the quarter ended 30 June 2020



**LiveTiles Limited (ASX:LVT) (LiveTiles or the Company)**, the global leader in intranet and workplace technology software, today announced another quarter of record ARR and cash receipts, including substantial improvements in operating cashflow.

On a constant currency basis, using FX rates as at 31 March 2020, ARR as at September 30 was \$61.7m, representing growth of \$3.5m on 30 June ARR of \$58.2m and year on year growth of 44%.

On a reported currency basis, ARR reached \$57.1m as at 30 September 2020, representing year on year growth of 33%, and growth of 2 times when compared with two years ago.

### Customer Numbers and Average Contract Value

Customer numbers rose from 1,092 at 30 June to 1,116 at 30 September. On a constant currency basis<sup>2</sup>, Average ARR per customer was \$55,303 at 30 September 2020; a 23% increase in the quarter over prior period. On a reported currency basis, average ARR per customer was \$51,144, reflecting growth of 13% on the prior corresponding period.

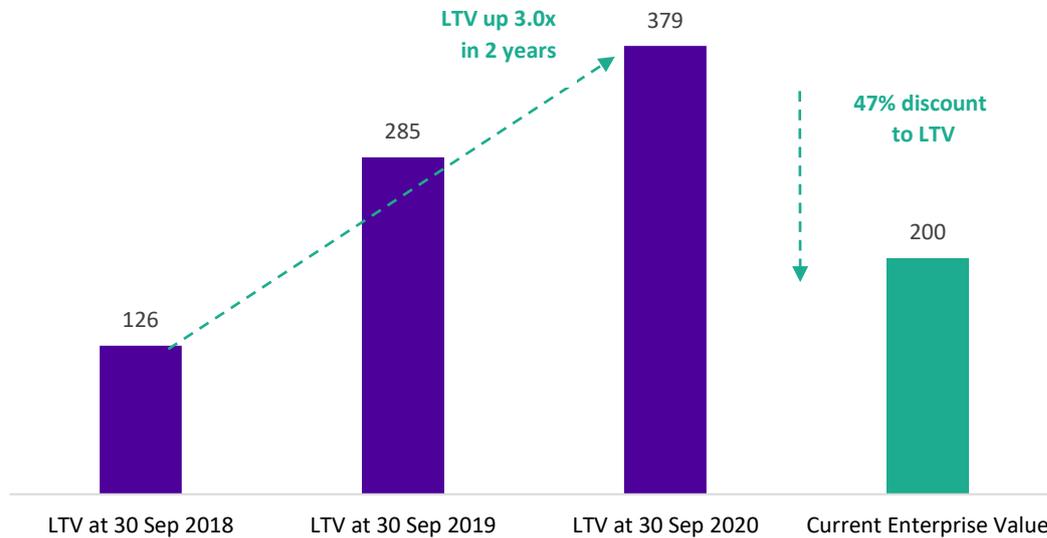
### Average ARR per customer<sup>2</sup>



<sup>2</sup> On a constant currency basis (for 30 September 2020), using FX rates as at 31 March 2020. Note: The Group commenced constant currency reporting for the quarter ended 31 March 2020.

## Lifetime Value vs Enterprise Value

The Company continues to build a valuable long-term set of cash flows in its recurring revenue business model and is trading at a 47% discount to the estimated lifetime value of recurring customer contracts<sup>3</sup>.



Note: 30 September 2020 LTV reflects ARR on a constant currency basis (when compared with 31 March 2020 FX rates)

## Operating Environment

With the impacts of COVID-19 now much better understood by governments and organisations globally, we are seeing a return to more familiar market operations, with customer buying patterns and confidence resuming to pre-COVID levels. Europe and USA are in particular rebounding strongly, despite ongoing challenges with COVID-19. LiveTiles has seen an acceleration in its Sales pipeline generation in particular with software relating to quick and easy deployment of employee communications solutions, up 80% compared to prior quarter.

Investments made over the last 6 months into product research and development will see two new products imminently released to market, designed to take advantage of the changes to priorities that executive teams now have for their people and companies in a post-COVID environment.

## Cash Balance & Operating Cash Flow

Cash balance was \$34.6m as at 30 September 2020. The continued healthy cash position comes on the back of another record Cash Receipts quarter of \$12m whilst continuing to focus on the Company's strategy to lower cash burn with an improvement of 73% in net operating cashflow burn (excl. govt. grants) to \$2.5m; down from \$9.1m in Q1FY20.

The key drivers to the non-operating, non-recurring cash items in the quarter were continued employee payments (\$1.3m) relating to the significant cost reductions announced in previous quarter and (\$0.4m) in legal costs.

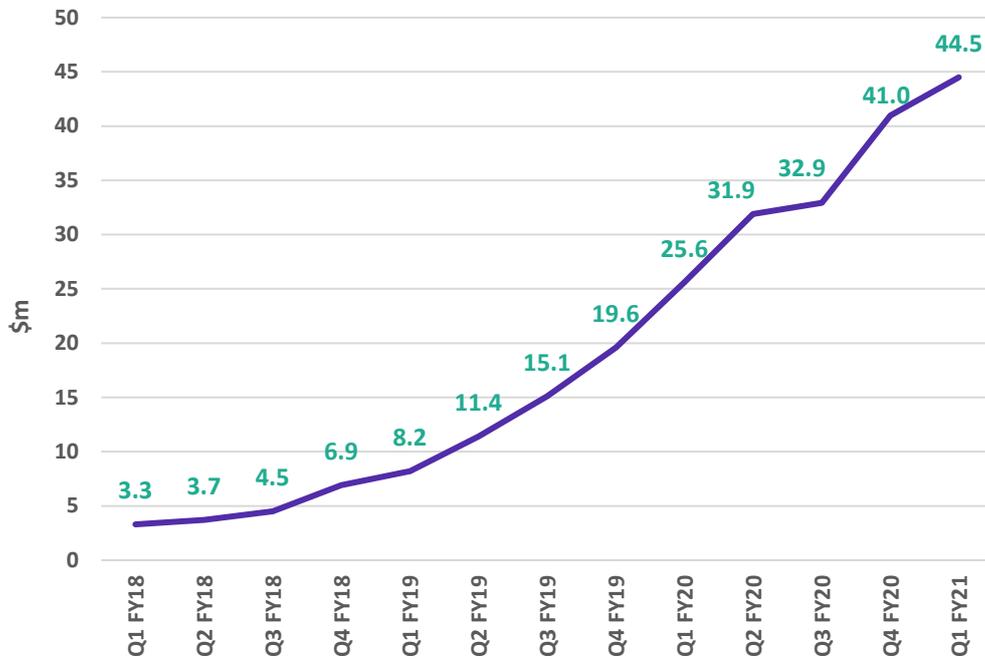
LiveTiles reconfirms it has no requirements to raise further capital to fund operating cash flows.

<sup>3</sup> LTV = Lifetime Value. Assumes 80% gross margin, 95% net retention and an 8% discount rate. Gross margin assumption reflects mix of recurring product and services revenue following the acquisitions of Wizdom and CYCL. Net retention = (ARR expansion from existing customers less churn in trailing 12 months) / ARR at beginning of 12 month period. Based on LiveTiles' Enterprise Value (market capitalisation as at 26 October 2020 less net cash as at 30 September 2020).

## Customer cash receipts

Trailing-twelve-month (TTM) customer cash receipts rose 9% in Q1 to \$44.5m, a 73% increase on the prior year and another record cash receipts quarter of \$12m, the fourth in a row.

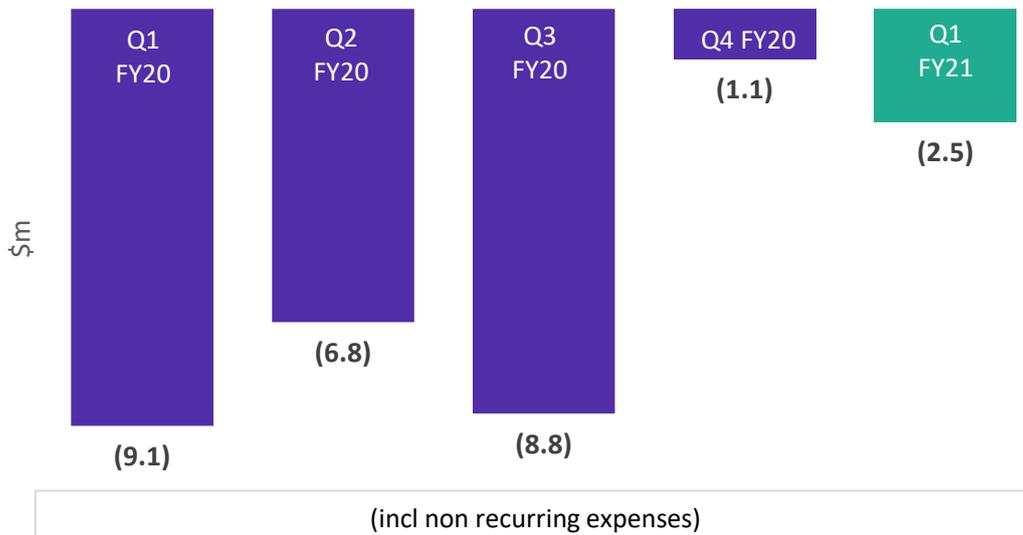
### Strong growth in customer receipts (TTM)



## Q1-FY21 Improving operating cash flow (excl. government grants)

Normalised operating cash outflow for Q1FY21 of \$2.5m (excluding R&D, grants and tax incentives) has improved by \$6.6m; a reduction of 73% from the prior corresponding quarter in Sep 2019 with a deficit of \$9.1m.

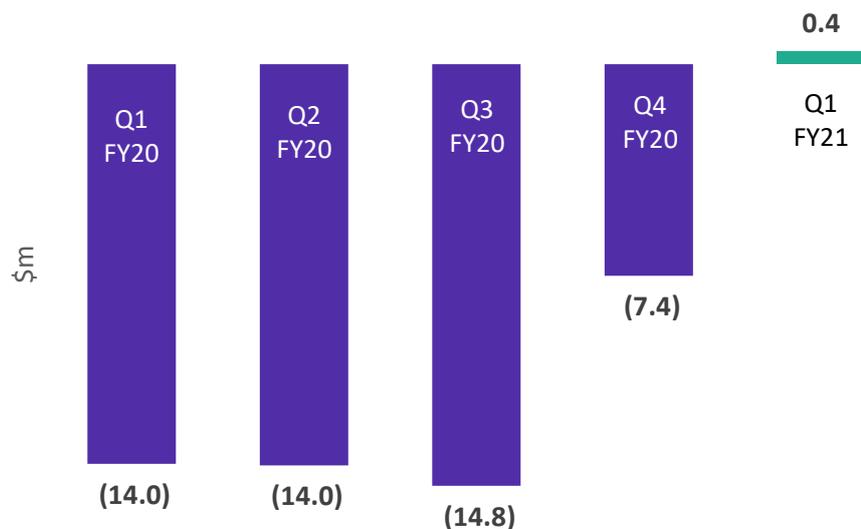
### Net cash operating cash flow by quarter



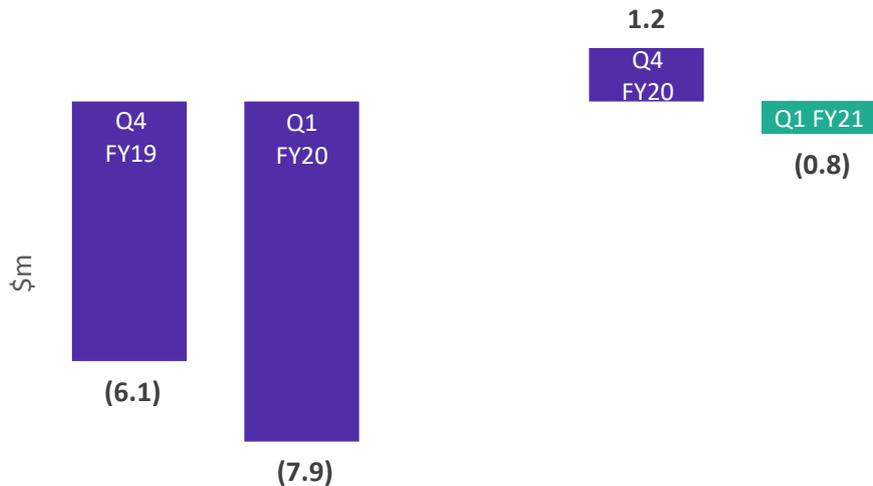
## Trailing 6-month positive operating cash flow (excl. non-recurring items)

After removing the non-recurring items in Q1FY21 of \$1.7m to a reduced outflow of \$0.8m and combined with the positive Q4FY20 of +\$1.2m, LiveTiles has successfully delivered a +\$0.4m net positive operating cash position over the trailing 6 months up to September 30 2020, a \$14.4m improvement from the corresponding prior year.

### Trailing six months net cash operating cash flow (excl. non recurring items)



## Net cash operating cash flow (excl. non recurring items) by quarter



The payments to related parties of the entity and their associates in section 6 of the Appendix 4C includes payments including compensation to executive directors and director's fees and loan to executive directors on arms-length terms.

### Q1 FY21 Highlights

Customer additions made in Q1 include:

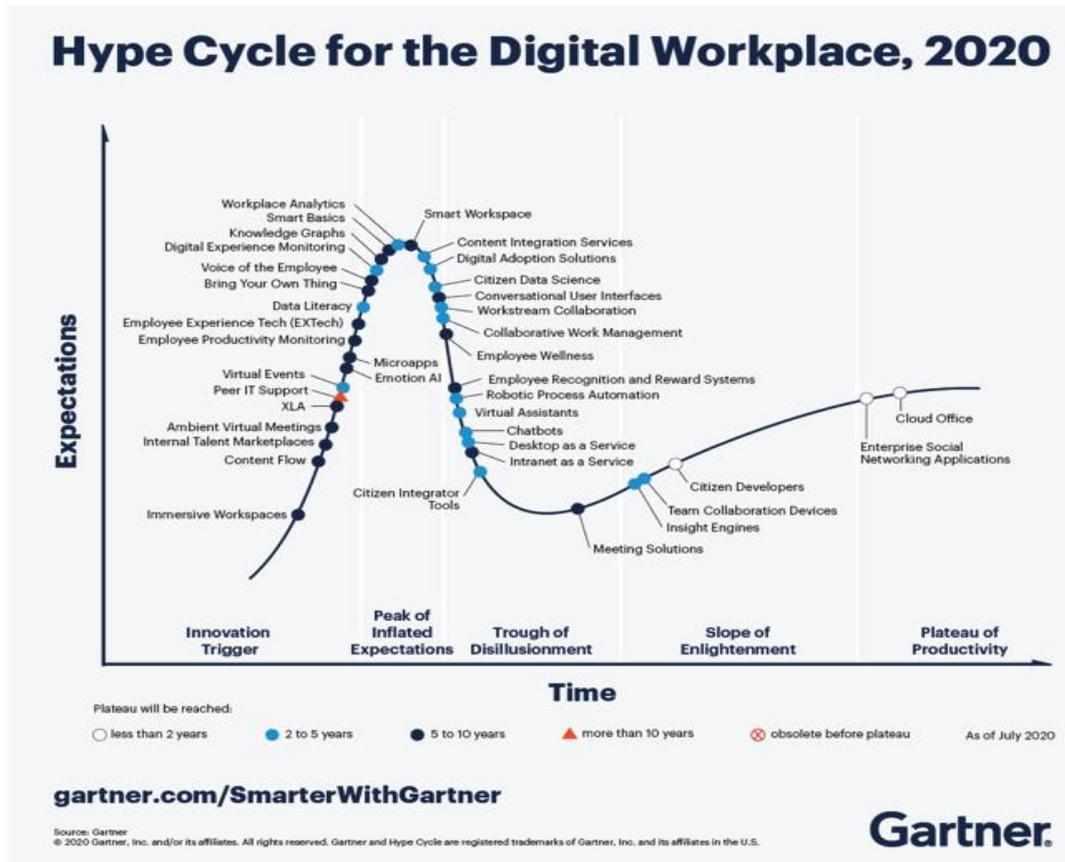
- A high profile global apparel retailer (United States)
- A global consulting agency (France)
- An electricity utility company (Greece)
- A not-for-profit religious organisation (United States)
- A school group and education organisation (Australia)
- A state government agency (United States)
- A large banking group (Switzerland)
- A major online betting company (United Kingdom)
- A local county government (United States)
- A global technology company (France)
- A leading law firm (Canada)
- A non-for-profit healthcare organisation (Australia)
- A leading sports betting and gaming group (United Kingdom)
- A financial institution (United States)
- A national law enforcement agency (Switzerland)
- A pharmaceutical company (United States)
- A primary care healthcare operator (United Kingdom)
- A leading engineering company (Switzerland)



In addition to these major customer wins during the quarter, the Company has:

- Announced a new alliance and co-sell agreement with Microsoft, whereby LiveTiles Reach and LiveTiles Directory will be sold through the Microsoft's SMC sales center in the US;
- Announced a co-marketing motion with Microsoft US to jointly target strategic enterprise accounts;
- Announced that the largest LiveTiles Intranet customer deal was transacted in Q1;
- Continued to implement cost reduction measures;
- Refreshed product portfolio received well amongst customers, highlighted by 3x growth in sales of the Group's LiveTiles Reach offering;
- Accelerated Sales pipeline growth with +80% on prior quarter
- Recognised as the largest vendor in terms of total deployments and revenue (outside of Workplace by Facebook) by Gartner in their Market Guide for Intranet Packaged Solutions.
- Announced the settlement of legal proceedings against the company, the Group now has no unresolved litigation.
- Announced Board and Senior Management changes, notably the appointment of Marc Stigter as independent non-executive director and chair of the Board of Directors and Jarrod Magee as Chief Financial Officer

During the quarter global technology analyst firm Gartner released their Market Guide for Intranet Packaged Solutions, where LiveTiles was named as the largest vendor in terms of total deployments and revenue (outside of Workplace by Facebook). This type of research is a significant for the intranet software category, analyst coverage helps formally define the market and market opportunity, and many executives of the largest companies in the world subscribe to this service.





**LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states:** “We are pleased with our overall Q1 results, particularly when combined with our ongoing cost-discipline after reducing operating expenditures to preserve our balance sheet in Q4.

“Our annualised recurring revenue (ARR) has risen to \$61.7 million on a constant currency basis, which is up 44% since last year and 227% in two years.

“As announced to the market on October 23, LiveTiles also secured its largest ever LiveTiles Intranet deal in Q1, a multi-year, multi-million dollar deal with a major US apparel retailer.

“The recognition from Gartner as one of the largest vendors by total deployments and revenue couldn’t underline LiveTiles’ position as an industry leader any more clearly.

“Our sales pipeline continues to show accelerated growth from both direct and partner sales channels as companies around the world look to implement COVID-19 re-opening strategies by embracing digital workplace solutions.

“We’re confident LiveTiles products will continue to gain traction and our growth will continue to accelerate with it.”

## **CONFERENCE CALL**

The Company will hold a brief conference call for investors at 11.00am Sydney time today (27 October 2020).

Registration details are available at: [https://s1.c-conf.com/diamondpass/10010583\\_52MJ01.html](https://s1.c-conf.com/diamondpass/10010583_52MJ01.html)

A recording of the conference call will be made available on the Company’s website at [www.livetilesglobal.com](http://www.livetilesglobal.com)

This announcement has been authorised for release by the Board.

### **For further information, please contact:**

Investors  
Maureen Baker  
[maureen.baker@livetilesglobal.com](mailto:maureen.baker@livetilesglobal.com)

Media  
Alex Liddington-Cox  
+61 (0) 474 701 469  
[alexander.lc@livetilesglobal.com](mailto:alexander.lc@livetilesglobal.com)

### **About LiveTiles:**

LiveTiles is the global leader in intranet and workplace technology software, creating and delivering solutions that drive digital transformation, productivity, and employee communications in the modern workplace.

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,000 Enterprise customers in over 30 countries. LiveTiles was named by The Australian Financial Review as Australia’s fastest growing technology company in 2020 and by Forrester as a leader in this space globally.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

LiveTiles Limited

**ABN**

95 066 139 991

**Quarter ended ("current quarter")**

30 September 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,026	12,026
1.2 Payments for		
(a) research and development	(1,517)	(1,517)
(b) product manufacturing and operating costs	(2,880)	(2,880)
(c) advertising and marketing	(921)	(921)
(d) leased assets	(14)	(14)
(e) staff costs	(4,901)	(4,901)
(f) administration and corporate costs	(2,578)	(2,578)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Non-recurring legal fees	(425)	(425)
Non-recurring staff costs	(1,278)	(1,278)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,463)</b>	<b>(2,463)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(99)	(99)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(99)</b>	<b>(99)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	37,774	37,774
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,463)	(2,463)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(99)	(99)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(586)	(586)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>34,626</b>	<b>34,626</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	23,032	22,805
5.2	Call deposits	11,594	14,970
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>34,626</b>	<b>37,774</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	424
6.2	Aggregate amount of payments to related parties and their associates included in item 2	99
Item 6.1: Payment of compensation to executive directors and directors' fees to non-executive directors.		
Item 6.2: Loan to executive directors on arms length terms including market tested interest rate.		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>		
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-
<b>7.5</b>	<b>Unused financing facilities available at quarter end</b>	
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>The Company has received the following COVID-related funding packages:</p> <p><u>USA</u></p> <p>Lender: Evans Bank, N.A. (under the US Government's Paycheck Protection Program)  Amount: US\$1,279,800  Interest rate: 1% p.a.  Maturity: 12 months from April 2020  Secured / unsecured: Unsecured  Note: the Company has treated these funds as a Government grant as the loan Program contains explicit criteria for loan forgiveness.</p> <p><u>Switzerland</u></p> <p>Lender: UBS AG (under the Swiss Government's Coronavirus bridging loan program)  Amount: CHF 500,000 (available but undrawn – no monies have been received by the Company)  Interest rate: currently 0% p.a.  Maturity: 5 years from April 2025  Secured / unsecured: Unsecured</p>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	(2,463)
8.2	34,626
8.3	-
8.4	34,626
8.5	n/a
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

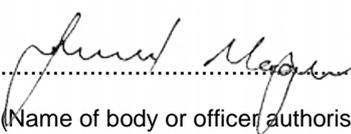
N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..27 October 2020.....

Authorised by:  .....

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.