

ASX Announcement

31 October 2019

Bigtincan Holdings Ltd September 2019 Quarterly Report & Appendix 4C

Effective execution in Q1 FY20, with key customer wins, team growth, technology advancement, addition of a new reseller in Japan and additional funding secured to support future growth.

Highlights

- Customer cash receipts increased 56% to \$5.3m, from the September 2018 quarter of \$3.4m.
- Cash payments increased 25% to \$8.5m (including working capital changes and acquisition related activities), against \$6.8m for the prior corresponding quarter.
- At the end of the Quarter Bigtincan had \$17.6m in cash and cash equivalents.
- Bigtincan signed a Reseller Agreement with NTT DOCOMO, INC. to sell Bigtincan SaaS solutions to its enterprise customers in Japan.
- New wins with Fortune 500 companies including Nike and Wyndham Destinations.
- Completion of acquisition of Veelo and Asdeq Labs provided additional technology, specialist skills and customers to Bigtincan.
- Bigtincan conducted a successful institutional placement to raise \$20m in capital (funds received in October), primarily to fund the acquisition of Xinnovation, Inc.
- The Company continued to invest in new staff for sales and marketing, and product development with new team members added across the USA and in the UK.
- Bigtincan is on track to deliver 30-40% organic revenue growth in FY20 as demonstrated by new wins and ongoing market execution.

Bigtincan Holdings Limited (ASX:BTH) (“Bigtincan”, the “Company”), a global software company providing a leading AI-powered sales enablement automation platform, has today released its Appendix 4C and is pleased to present commentary on activities in Q1 FY20, to accompany the lodgement of this cash report for the quarter ending 30 September 2019 (the “Quarter”, “Reporting Period”).

Co-Founder and CEO, David Keane, commented: “During Q1 FY20, Bigtincan continued to execute on its strategic plan, winning new customers, growing existing implementations and developing new technologies to lead in sales enablement. Outside business as usual activities, the Company conducted two acquisitions, signed a reseller agreement with NTT DOCOMO, INC. the leading telco and systems integrator in Japan, and conducted a capital raising linked to a new acquisition to ensure the business has the right technology to win in our fast growing market, and is well funded for future growth.”

Bigtincan signs Reseller Agreement with NTT DOCOMO, INC.

NTT DOCOMO, INC. is the predominant mobile phone operator in Japan. Under the Reseller Agreement, NTT DOCOMO, INC. will sell Bigtincan SaaS solutions to its enterprise customers under commercial terms that offer incentives to grow new revenue in the world’s third largest enterprise software market.

Bigtincan’s platform will enable Japanese sales teams to work smarter and faster together for optimal results. Additionally, Bigtincan solutions will allow users to work remotely on their handheld devices, saving time and cutting costs.

In 2017 the wider software market in Japan was valued at approximately USD\$12 billion, and SaaS accounted for ~30%, or USD\$3.5 billion. By 2022, the total software market is expected to reach ~USD\$16 billion, and SaaS will grow by ~66% to ~USD\$6 billion, according to [Fuji Keizai Group](https://bit.ly/31ZPq0T). (<https://bit.ly/31ZPq0T>)

Market Development

During the Quarter, Gartner issued their annual report on the Sales Enablement Market, titled Market Guide for Sales Engagement Platforms.

In the report, Bigtincan was recognized as a Representative Vendor of Sales Engagement Platforms in all of the capabilities defined by Gartner as part of the August 2019 Market Guide for Sales Enablement Platforms* for the second consecutive year. *Gartner Market Guide for Sales Engagement Platforms, Melissa Hilbert, et al, 13 August 2019

Investors should refer to the Gartner report to gain additional insight into the market for sales enablement as it continues to become a recognized integral part of the tech stack for enterprise organisations globally. Bigtincan has made the report available for shareholders at <https://investor.bigtincan.com>.

Cash Position and Commentary

Customer cash receipts for the Quarter were \$5.3m, an increase of 56% over the previous corresponding period, as Bigtincan continued to execute in the market, demonstrating the effectiveness of Bigtincan's strategy in a traditionally quieter period for enterprise software. In addition the Company received \$97k in Government grants for the Quarter.

Total cash payments for the quarter were \$8.5m, an increase of 25% over the previous corresponding period of \$6.8m, including costs related to acquisitions conducted during the quarter. The Company incurred working capital, additional integration and legal costs of \$0.9m in relation to these acquisitions in the staff costs, administration and general costs lines, and \$0.6m of expansions in investments in expanded gotomarket resources and product development resources.

Additionally during the Quarter, Bigtincan made cash payments for the acquisitions of Veelo, Asdeq Labs and the final earnout payment to Fatstax, together totaling \$4.8m in cash consideration.

At the end of September 2019, Bigtincan had \$17.6M in cash and cash equivalents, and is well funded to execute on its growth plans.

New Customer Wins

Nike, Inc.

In the Quarter, the Company announced it had secured a 3 year contract for \$2.8m total contract value with Nike for a multi-site global deployment commencing in the USA and expanding across more than a dozen countries with support for 22 languages, demonstrating Bigtincan's continued success in securing and expanding large enterprise customer deployments in retail.

Wyndham Destinations, Inc.

Bigtincan also is pleased to inform shareholders that it has secured a multi-year contract with Wyndham Destinations during the Quarter. Wyndham Destinations is the world's largest vacation ownership, exchange and rental company headquartered in Orlando, Florida. Wyndham operates vacation clubs and destinations around the world and is the holding company for RCI and other lodging brands.

The initial contact is for a total of \$1.1m over 3 years and delivers Bigtincan Hub™ and Bigtincan Learning technologies to over 3,500 users across the USA. Bigtincan Hub will be used in conjunction with Bigtincan Learning to provide a single pane of glass for users, resulting in improved revenue generation, and skills development.

The deal was won through a competitive process and includes replacing existing sales enablement technology from a competitive vendor already deployed at Wyndham Destinations, demonstrating Bigtincan's continued success in securing and expanding large enterprise contracts.

Other Notable Customer Wins

Other notable customer wins for the quarter included ABB (new European customer), Stratasys, BMT Group, Cogeco and Phoenix Contact.

Execution against business objectives

The Company continued to execute against its operational plan investing in new people, technology and marketing programs as communicated during the capital raising in April this year.

This included the expansion of human resources in the USA with new go to market team members added in the North East and West Coast of the USA, in addition to a go to market expansion in the UK. Bigtincan also undertook product related team growth in the USA, with investments into design and UI/UX teams and new engineering resources in Australia and the UK.

The Company is pleased to report to shareholders that it has been able to attract key talent to join the business that will be part of the growth strategy in FY20 and beyond.

M&A Strategy Progress

During the Quarter, Bigtincan completed two strategic acquisitions that form part of the Company's strategy of adding key technology and vertical market expertise, as the market for sales enablement grows.

Veelo Acquisition

Bigtincan acquired Veelo - adding leading inside sales technology, and leading expertise in the technology vertical. Veelo brought with it ~\$1.1m in sustainable ARR, leading technology to complement Bigtincan's existing product suite, and a recognised team of technology and go to market experts, as well as a presence in the Pacific Northwest of the USA, a hotbed area for new technology. Veelo also brought with it the trademark Guided Selling - an important concept and market driver for Bigtincan's target customers.

Since acquisition, Bigtincan has completed people & financial integration and commenced technology and platform integration.

Bigtincan is pleased to announce that since closing the transaction on 25 July 2019, Veelo technology has already been used as part of a new enterprise deal signed with Cogeco Connection, the second largest cable operator in Ontario and Québec in terms of the number of basic cable service customers served.

Asdeq Labs Acquisition

On 5 September 2019, the Company announced and completed the acquisition of Asdeq Labs to strengthen Bigtincan's technology teams and grow its Australian presence.

Asdeq Labs is an Australian software company established in 2011 based in Hobart, Tasmania, and delivers mobile service enablement out-of-the-box through its AsdeqForms and AsdeqDocs products.

The acquisition added a highly experienced software development team, which results in an expanded presence in Australia with all nine Asdeq team members retained and integrated to Bigtincan's Australian team.

Institutional Capital Raising

In September 2019, the Company conducted an institutional placement to raise \$20m in capital, primarily to fund the acquisition of Xinnovation, Inc. ("XINN") which was successfully completed in October 2019.

The capital raising was conducted to fund the acquisition of Boston based leader in sales enablement for financial services organisations XINN that adds key technology capabilities to the Bigtincan platform and ~AUD\$3m in Annualised Recurring Revenue ("ARR") across 15 customers including Prudential, Mass Mutual, John Hancock and State Street Global Advisors. XINN software delivers next generation document automation for sales enablement, bringing an immediate competitive advantage to Bigtincan.

The financial services vertical offers Bigtincan green field market opportunities for growth in North America, EMEA and Asia/Pacific.

Product Release - Day 1 Support for new Apple Software Release

The northern hemisphere summer is not a traditional period for product releases, however with the release of Apple's new iOS 13 and iPadOS, Bigtincan continued to execute product enhancements delivering new versions of the Bigtincan system to be Day 1 compliant for these new offerings making sure that Bigtincan continues to lead the market in delivering consistently for enterprise customers.

Information on the new product release is available on Bigtincan's website at <https://www.bigtincan.com>

FY20 Progression

Bigtincan remains on track to deliver 30-40% organic revenue growth in FY20 and expects retention to remain stable.

ABOVE INFORMATION

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[1] Bigtincan uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Annualised Recurring Revenue (ARR) represents contracted, recurring revenue on an annualised basis.

[2] Gartner uses the acronym DCMS to represent Digital Content Management for Sales – their reference for Sales Enablement

Quarterly report for entities subject to Listing Rule 4.7B

APPENDIX 4C- SEPTEMBER 2019 QUARTERLY CASH FLOW

Name of entity

Bigtincan Holdings Limited

ABN

Quarter ended ("current quarter")

98 154 944 797

30 September 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	5,315	5,315
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(639)	(639)
	(d) leased assets	-	-
	(e) staff costs	(6,541)	(6,541)
	(f) administration and corporate costs	(1,334)	(1,334)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	97	97
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(3,097)	(3,097)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(14)	(14)
	(b) businesses (see item 10)	(4,776)	(4,776)
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-

	(a) property, plant and equipment		
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(22)	(22)
2.6	Net cash from / (used in) investing activities	(4,812)	(4,812)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	49	49
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-
	(a) Capitalised issue costs	(23)	(23)
3.10	Net cash from / (used in) financing activities	26	26

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	25,442	25,442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,097)	(3,097)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,812)	(4,812)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	26	26
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	17,559	17,559

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	17,559	25,442
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,559	25,442

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	\$158
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

For the quarter ended 30 September 2019, payments to directors for fees and salaries of \$157,956 were made.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	650
9.4	Leased assets	
9.5	Staff costs	7,200
9.6	Administration and corporate costs	1,750
9.7	Other	
9.8	Total estimated cash outflows	9,600

10.	Acquisitions and disposals of business entities (item 2.1(b) above)	Acquisitions \$A'000	Acquisitions \$A'000	Acquisitions \$A'000
10.1	Name of entity	Veelo, Inc.	Asdeq Labs Pty. Ltd.	FatStax, LLC.
10.2	Place of incorporation or registration	Asset purchase	Tasmania	Indiana, USA
10.3	Consideration for acquisition	\$2,317m AUD (\$1,625m USD)	\$458K AUD	\$2,001m AUD (\$1,400m USD) - Deferred consideration as per the announcement dated 15 May 2019
10.4	Total net assets	Purchase price allocation pending	Purchase price allocation pending	Purchase price allocation
10.5	Nature of business	Software	Software	Software

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.

Sign here:



(Director/Company secretary)

Date: 31 October 2019.

Print name: Mark Theodore Ohlsson.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.