APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO MARKET
UNDER LISTING RULE 4.3A

LIVETILES LIMITED
ABN 95 066 139 991

FINANCIAL YEAR ENDED
30 JUNE 2020

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Results for Announcement to the Market

Key Information	2020 $	2019 $	% Change
Revenue from ordinary activities	37,790,403	18,091,882	+ 109%
Loss after tax from ordinary activities attributable to members	(31,604,441)	(42,765,589)	+ 26%
Net loss attributable to members	(31,604,441)	(42,765,589)	+ 26%

Dividends Paid and Proposed

	Amount per Security	Franked Amount per Security at 30% of Tax
Ordinary shares:		
2020 interim (2019: nil)	Nil	Nil
2020 final (2019: nil)	Nil	Nil

Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

Commentary on the Results for the Year

Refer to the commentary on the results for the year contained in the "Operating and financial review" included within the Directors' Report.

Net Tangible Assets per Share

	2020 cents/share	2019 cents/share
Net tangible assets per share (including right-of-use assets)	0.30	(0.18)

Control Gained or Lost over Entities in the Year

On 3 December 2019, LiveTiles completed its acquisition of CYCL AG. CYCL AG has been consolidated into the Group's financial statements from 3 December 2020. Refer to commentary on the acquisition in the "Significant activities during the financial year" included within the Directors' Report.

Details of Associates and Joint Venture Entities

Not applicable

Status of Audit

The 30 June 2020 financial statements and accompanying notes for LiveTiles Limited have been audited and are not subject to any disputes or qualifications. Refer to page 70 of the 30 June 2020 financial report for a copy of the auditor's report.

Attachments

The consolidated financial statements for LiveTiles Limited for the year ended 30 June 2020 are attached.

Signed

Date: 27 August 2020

Karl Redenbach
CEO
Melbourne

LiveTiles Limited
ABN 95 066 139 991
Consolidated financial statements for the year ended 30 June 2020

Contents

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the consolidated group (the **Group**), being LiveTiles Limited (the **Company**) and its controlled entities for the year ended 30 June 2020.

Directors

The names of the directors in office at any time during the financial year and up to the date of this report (unless stated otherwise) are:

Cassandra Kelly	Non-Executive Chair (resigned 27 September 2019)
Karl Redenbach	Executive Director and Chief Executive Officer
Peter Nguyen-Brown	Executive Director and Chief eXperience Officer
Andrew McKeon	Non-Executive Director
David Lemphers	Non-Executive Director
Dana Rasmussen	Non-Executive Director (appointed 27 September 2019)

Information on directors

Karl Redenbach	**Executive Director and Chief Executive Officer**
Appointed	25 August 2015
Experience and qualifications	Karl Redenbach co-founded the LiveTiles concept, together with Peter Nguyen-Brown, in 2012. Karl was also a co-founder and the former CEO of the nSynergy Group, a global technology consulting business. Karl was awarded CEO of the year by the Australian Human Resources Institute in December 2014. Karl holds a Bachelor of Laws and a Bachelor of Arts from Monash University and completed the Owner/President Management program at Harvard Business School.
Special responsibilities	Remuneration Committee

Peter Nguyen-Brown	**Executive Director and Chief eXperience Officer**
Appointed	25 August 2015
Experience and qualifications	Peter Nguyen-Brown has 20 years experience in technology consulting and software development. Peter co-founded the LiveTiles concept, together with Karl Redenbach, in 2012. Peter was formerly Chief Operating Officer and co-founder of the nSynergy Group, a global technology consulting business. Peter holds a Bachelor of Applied Science in Computer Science and Software Engineering from Swinburne University.
Special responsibilities	None

Andrew McKeon	**Non-Executive Director**
Appointed	1 April 2017
Experience and qualifications	Andrew McKeon has over 25 years of global marketing experience and is currently the Global Chief Creative Officer at Genero, a global video production marketplace. Prior to Genero, Andrew was the Global Accounts and Agencies Lead for Facebook and Instagram, where he managed relationships with Facebook's largest customers including Amazon, Nike and Apple. Prior to Facebook, Andrew was a creative director at Apple where he helped launch a number of Apple's most innovative products. Andrew holds a Bachelor of Economics degree from Monash University.
Special responsibilities	Audit and Risk Committee, Remuneration Committee

David Lemphers	**Non-Executive Director**
Appointed	1 September 2018
Experience and qualifications	David Lemphers has over 20 years of software engineering and technology strategy experience and is currently the CEO of Code Pilot, an AI acceleration platform. David is also a seasoned entrepreneur having completed multiple successful exits. David is currently CTO in Residence at Techstars, a global startup accelerator based out of the US. David's prior experience includes leading the National Cloud Computing practice for PwC and being a founding member of the Windows Azure team at Microsoft where he spent 5 years as an engineer. David holds a Bachelor of Computer Science from Swinburne University and a Bachelor of Laws from Monash University.
Special responsibilities	Remuneration Committee

Dana Rasmussen	**Non-Executive Director**
Appointed	27 September 2019
Experience and qualifications	Dana is an accomplished people executive based in San Francisco and is currently the VP People & Culture at Stitch Fix, a leading US technology and ecommerce business. Prior to this role, Dana held senior people function roles at Honor, Flywheel Sports, Banana Republic, L Brands and Yahoo. Dana holds a Bachelor of Science – BS, Business Management, Organisational Behaviour from Babson College and a Business Fellowship at Templeton College, University of Oxford
Special responsibilities	None

Cassandra Kelly	**Non-Executive Chair**
Appointed	5 September 2017 and Chair from 22 November 2017, resigned 27 September 2019
Experience and qualifications	Cassandra has over 22 years of experience in leadership and executive roles at global organisations, and is the founder of Pottinger, a global advisory firm with expertise in strategy, innovation, financial analysis, M&A advisory and big data analytics. Previously, Cassandra held senior positions at GMAC Commercial Mortgage, Deutsche Bank, HSBC and McKinsey. Cassandra was previously a non-executive director of ASX-listed Flight Centre Travel Group Limited. Cassandra is one of Australia's top 10 chairs as voted by The Australian in 2017 and is recognised for her significant expertise and leadership as an influential director and Chair.
Special responsibilities	Remuneration Committee (chair), Audit and Risk Committee (chair)

Directors' interests in shares and options

As at the date of this report, the interest of the directors in the shares (including shares held under the Management Incentive Plan) and options of the Company were:

	Number of ordinary shares	**Number of options over ordinary shares**
Karl Redenbach	110,622,082	-
Peter Nguyen-Brown	97,872,082	-
Andrew McKeon	277,778	-
David Lemphers	-	-
Dana Rasmussen	-	-

Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' meetings		**Audit and Risk Committee**		**Remuneration Committee**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Cassandra Kelly[1]	1	1	3	3	1	1
Karl Redenbach	7	7	1	1	1	-
Peter Nguyen-Brown	7	7	1	1	1	1
Andrew McKeon	6	7	4	4	1	1
David Lemphers	7	7	1	1	1	1
Dana Rasmussen[2]	4	4	1	1	-	-

Notes:
[1] Cassandra Kelly resigned as Chair and Non-Executive Director on 27 September 2019
[2] Dana Rasmussen was appointed Non-Executive Director on 27 September 2019

Committees and membership

During the year, the Company had the following committees:

- Audit and Risk Committee; and
- Remuneration Committee.

On 27 September 2019 the Chair, Cassandra Kelly, resigned from the Board, and Dana Rasmussen joined the Board as non-executive director. Since this date, the roles of the Audit and Risk Committee and Remuneration Committee were assumed by the entire Board. The Company has been without a Chairperson since this date. The Board may appoint a Chairperson in the future and reconstitute these and other Committees as deemed appropriate at the time.

Members acting on the committees of the board during the year were:

Audit and Risk Committee[1]	**Remuneration Committee**
Cassandra Kelly (Chair)	Cassandra Kelly (Chair)
Andrew McKeon	Andrew McKeon
	David Lemphers
	Karl Redenbach

Notes:
[1] The full Board attended audit committee meetings from February 2020 to consider the interim 2020 financial accounts as only one non-executive director, Andrew McKeon, was on the Committee at that time.

Information on Company Secretary

Andrew Whitten has held the position as Company Secretary of the Company since 28 April 2015.

Andrew is an admitted solicitor with a specialty in Corporate Finance and Securities Law and is a Solicitor Director of Whittens & McKeough. Andrew is currently the company secretary of a number of listed and unlisted companies. He is a responsible officer of a Nominated Adviser to the National Stock Exchange of Australia Limited, and has been involved in a number of corporate and investment transactions including Initial Public Offerings on the ASX and the NSX, corporate reconstructions, reverse mergers and takeovers.

Andrew holds a Bachelor of Arts (Economics - UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law - UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and is an elected Associate of that institute as well as being a Public Notary.

DIRECTORS' REPORT

Principal activities

The Group's principal activity during the year was the development and sale of digital workplace software via subscription agreements. 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' over 1,000 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 12 months to 30 June 2020, total revenue and other income was $44,468,483 (2019: $22,485,849), including subscription revenue of $28,980,551 (2019: $16,510,742) and government grant income of $6,313,097 (2019: $3,987,850). The Group's total revenue includes $8,809,852 (2019: $1,581,140) of services revenue primarily generated by Wizdom A/S, which was acquired on 13 February 2019 and CYCL AG, which was acquired on 3 December 2019. In addition, unearned revenue (a balance within the Statement of Financial Position) was $11,278,396 (2019: $10,147,846).

Annualised Recurring Revenue (previously referred to as Annualised Subscription Revenue) grew to $53.8m (2019: $40.1m) as at 30 June 2020, comprising 1,092 paying customers (2019: 919). Annualised Recurring Revenue represents committed, recurring revenue on an annualised basis.

LiveTiles recorded a loss after tax of $31,604,441 (2019: $42,765,589) for the year. Included within this loss are non-cash expenses of $10,477,321 (2019: $8,923,564). Excluding non-cash expenses, the loss before tax was $21,263,129 (2019: $34,175,416).

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

	Notes	12 mths ended 30 Jun 20 ($'000)	12 mths ended 30 Jun 19 ($'000)	Movement
Subscription revenue		28,981	16,511	129%
Services revenue		8,810	1,581	
Government grant income		6,313	3,988	58%
Other income		364	406	-10%
Total revenue and other income		44,468	22,486	98%
Total operating expenses		(60,815)	(54,571)	11%
Loss before income tax expense, non-cash items and amortisation		(16,347)	(32,085)	49%
Amortisation of development costs	(a)	(4,916)	(2,090)	135%
Loss before income tax expense and non-cash items		(21,263)	(34,175)	38%
Non-cash expenses				
Amortisation of software IP and customer contracts	(b)	(5,340)	(1,698)	
Share based payments - Management Incentive Plan		(133)	(228)	
Share based payments - Long Term Incentive Plan		(544)	(226)	
Share based payments - post combination services for Hyperfish, Inc	(c)	-	(4,845)	
Share based payments - post combination services for Wizdom A/S	(d)	(3,252)	(3,872)	
Unrealised currency gain / (loss)		(1,208)	1,945	
Loss before income tax expense per statutory accounts		(31,740)	(43,099)	26%
Income tax expense		136	333	
Loss after income tax expense per statutory accounts		(31,604)	(42,766)	26%

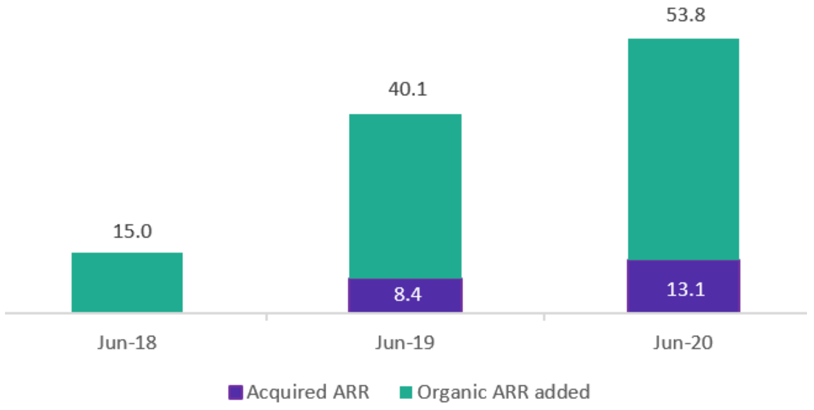
Notes:
(a) Relates to the capitalised development costs which were cash settled during the period
(b) Relates to identifiable intangible assets resulting from the acquisitions of Hyperfish, Inc and Wizdom A/S
(c) Non-cash contingent payment relating to the acquisition of Hyperfish, Inc., deemed to be a share-based payment
(d) Non-cash contingent payment relating to the acquisition of Wizdom A/S, deemed to be a share-based payment

The Group's cash balance as at 30 June 2020 was $37,791,314 (2019: $14,880,920).

Highlights

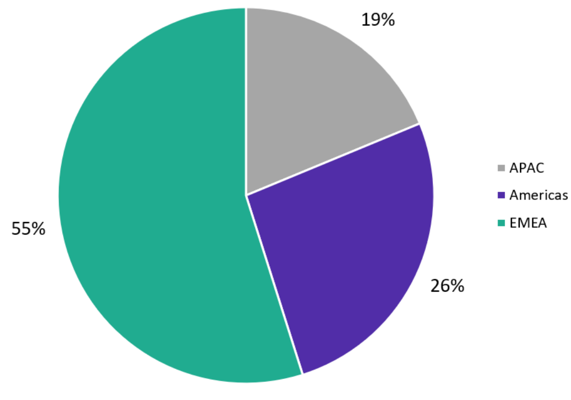
Annualised Recurring Revenue[1] (ARR) grew by 34% in the 2020 financial year to $53.8m (2019: $40.1m), with $13.7m of ARR added in the 2020 financial year. Excluding the impact of the CYCL acquisition during the 2020 financial year, whereby the Group acquired $4.7m in ARR, significant organic ARR growth of 22% was achieved in the year. On a constant currency basis when compared with 31 March 2020 rates, ARR reached $58.2m as at 30 June 2020. ARR growth was driven by the Group's internal sales and marketing channels, development of the Group's partner channel, strategic partnerships, ongoing product innovation and strengthening brand awareness.

ARR Growth Historical Analysis (AUD $million[2])

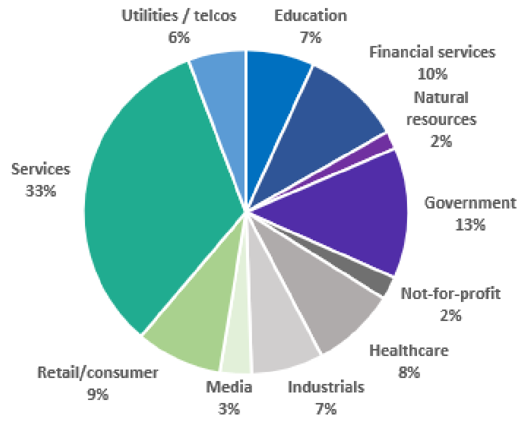


Customer numbers continued to grow strongly, with 1,092 paying customers as at 30 June 2020, up from 919 customers as at 30 June 2019. Excluding the impact of the CYCL acquisition, paying customers grew by 34 from 30 June 2019. The Group is continuing to broaden its global base of enterprise customers, driven by LiveTiles' portfolio of products, its ongoing sales and marketing investments and co-marketing initiatives with Microsoft and other partners.

ARR by region at 30 June 2020



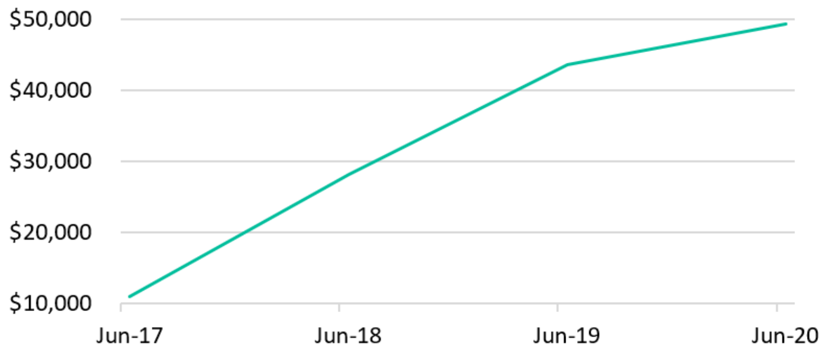
ARR by industry at 30 June 2020



1. LiveTiles defines ARR as revenue, normalised on an annual basis, that LiveTiles has a reasonable expectation it will continue to receive from its customers for providing them with products and services. This definition includes committed recurring subscriptions for products and services, and includes service types where there is a demonstrable track record of repeat revenues such as support. It excludes revenue deemed unlikely to be recurring in nature.
2. Acquired ARR is defined as the ARR of the acquired businesses on the date of acquisition. Any ARR growth generated by acquired businesses post-acquisition date is considered to be organic growth.

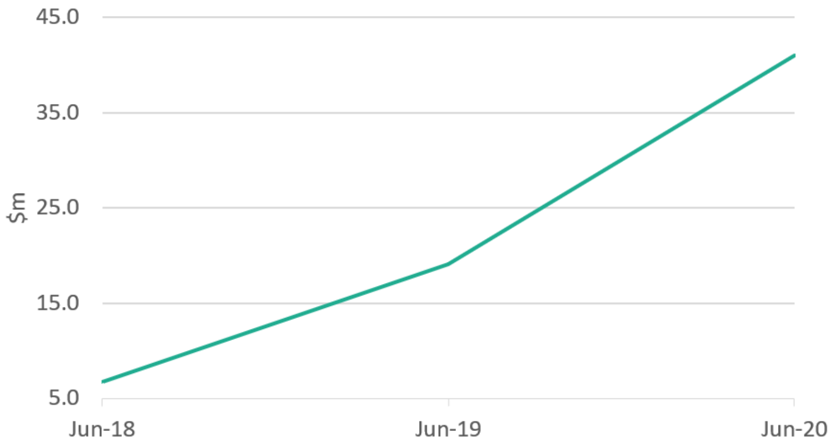
Average ARR per customer continued to trend higher in the 2020 financial year, up 13% in the 12 months to 30 June 2020, driven by ongoing growth in the Group's enterprise customer base, product cross-selling and bundling and increased penetration of existing customers.

Average ARR per customer for the 2020 financial year ($AUD)



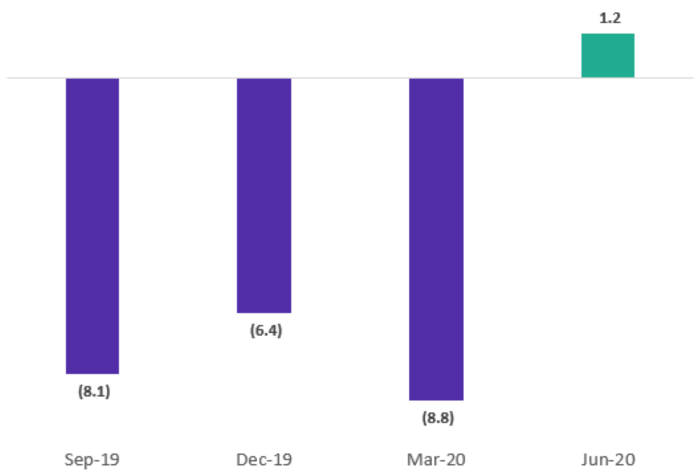
Full year cash receipts rose 114% on the prior year to $41.0m. At 30 June 2020, the Group had a cash balance of $37,791,314 (2019: $14,880,920).

Receipts from customers (exclusive of GST) Historical Analysis ($AUD millions)



Normalised operating cash flow, excluding Research & Development (R&D) and other government grants, tax incentives and non-recurring expenses, improved by $10.0m from a deficit of $8.8m for the quarter ending March 2020 to positive cash flows of $1.2m for the quarter ending June 2020.

Normalised operating cash flow improvements during the 2020 financial year ($AUD millions) (unaudited[1])



[1] Calculated using net cash from / (used in) operating activities included in quarterly ASX announcement 4C, dated 29 October 2019, 30 January 2020, 29 April 2020 and 29 July 2020 respectively. Calculated as the value of disclosure 1.9 less 1.7 government grants and tax incentives and 1.8 non-recurring staff costs.

Significant activities during the financial year

Capital Raising

On 19 September 2019, LiveTiles completed a capital raise of $50,000,000 (before costs) via a placement of shares to institutional and other sophisticated investors to continue to execute its stated growth strategy and for general working capital purposes. On 16 October 2019, LiveTiles raised a further $4,999,999 via a Share Purchase Plan.

Partner channel

In addition to the Group's direct sales channel, LiveTiles sells its software through partners to help scale and broaden the Group's reach. The number of transacting partners grew to 223 as at 30 June 2020 (up 25% since 30 June 2019).

Microsoft relationship

LiveTiles' strategic relationship with Microsoft continues to develop and deepen, with multiple initiatives contributing to growth and customer outcomes during the financial year, including:

- Microsoft inviting and investing in LiveTiles to participate in an exclusive COVID-19 Teams Support program to help schools, community colleges leverage the power of Teams to support remote learning;
- LiveTiles and Microsoft collaborating on the creation of a product called "the Teams Game" to gamify the experience of how to plan and create a Microsoft Teams environment, including joint sessions with multiple enterprise Microsoft clients;
- LiveTiles briefing Microsoft's Customer Success Managers on Microsoft Teams adoption and collaboration programs;
- Artificial Intelligence for Social Impact: Microsoft and LiveTiles collaborating on engagements with prominent global charities around how their employees can connect and collaborate;
- Joint customer engagements with multiple clients including Deakin University and Flinders University; and
- Technology alignment with exclusive access into Microsoft R&D "Dev Kitchens" for Microsoft SharePoint, Teams and Artificial Intelligence Engineering groups.

Forrester Research

In June 2020, LiveTiles was named one of the strongest performers in the Forrester Wave: Intranet Platforms Q2, 2020 report. Forrester Research is a major global technology research firm, advising organisations on technology purchasing strategy.

The report concluded that, "LiveTiles continues to build a global presence and rich set of digital employee experience tools via its services know-how and focused acquisitions. Its strategy is to build a comprehensive set of intelligent workplace capabilities with the intranet as a foundation on which to grow. The vendor has a clear focus on serving large global enterprises and will make investments to extend its platform breadth as well as establish a presence in key markets".

Acquisition of CYCL

On 3 December 2019, LiveTiles completed its acquisition of CYCL AG, a leading Microsoft aligned digital workplace software business headquartered in Basel, Switzerland. Its software provides users with the tools needed to drive employee engagement, collaboration, and compliance,

The acquisition of CYCL will enable LiveTiles to deliver new capabilities in relation to a mobile-focused cloud SaaS offering as part of its intelligent workplace platform. In addition, LiveTiles' leading AI capabilities provide a significant cross-sell opportunity to CYCL's growing customer base across Europe.

The amount payable for the acquisition of CYCL comprised upfront consideration of 42.6 million LiveTiles shares (issued on 3 December 2019) and a cash payment of $6.4 million. In addition, up to $13.2 million in cash and LiveTiles shares may be issued to the former owners of CYCL AG subject to the satisfaction of performance targets as at 31 December 2020 and 31 December 2021 (refer to the Company's ASX announcement dated 20 November 2019 and Note 23 of the attached financial statements for further details).

Wizdom Integration

Wizdom Intranet has now become a key component of one of the Group's four core product pillars; LiveTiles Intranet. The integration of Wizdom's operations into LiveTiles global operations was completed during the period, with Wizdom A/S now trading as LiveTiles EMEA.

Wizdom's team was fully integrated as part of a global restructure in April 2020. This restructure predominately covered the product development, support and professional services teams, allowing operations to be further consolidated with significantly reduced duplication.

In addition to the cost savings to be derived from the restructure, the Group continues to globalise procurement and expects to realise additional cost benefits from the consolidation of subscription and other commercial arrangements.

Strategic alliance partnerships

During the 2020 financial year 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.

During the year LiveTiles initiated and commenced partnerships with companies including:

- Canva – In February 2020, LiveTiles announced that it will integrate Canva into its product offerings and allow LiveTiles' end users with access to Canva's graphic design tools without having to leave LiveTiles platform. Following this integration opportunities for further collaboration will be explored.
- Linius – In April 2020, LiveTiles announced that it will integrate Linius technology into its product offerings which will provide LiveTiles users the ability to extract unique, personalized videos from previously recorded meetings. Following the integration both companies will jointly pursue sales and marketing initiatives.
- Go1.com – In August 2019, LiveTiles announced that its product suite would be integrated with Go1's learning marketplace to provide an enhanced employee experience, including targeting learning solutions based on the employees profile (powered by LiveTiles' Intelligent Directory).
- UiPath – In July 2019, LiveTiles announced that it had entered into a strategic alliance partnership with UiPath to investigate potential for development of a joint RPA and Artificial Intelligence (AI) solution with respective technologies. In addition, the partnership will leverage respective sales channels and perform joint sales and marketing initiatives.

Product portfolio

In July 2020, the Group launched a refined brand architecture, simplifying and realigning its product portfolio consolidating products into a simpler value proposition for customers. A summary of this rebranding is below:

LiveTiles Intranet: World-leading intranet software for companies of all sizes to centralise their news, communications, policies, and procedures.

LiveTiles Everywhere: A digital assistant for the workplace. This ubiquitous digital panel assists workers by giving them constant access to critical information and applications.

LiveTiles Reach: Employee mobile communications app software that can be extended across the entire organisation, including the frontline workforce and third parties.

LiveTiles Quantum: The intelligent workplace toolkit – a suite of modules that enables customers to connect their data from multiple applications for powerful business insights and AI empowered processes.

In addition to the changes in product naming conventions, a new pricing structure has been implemented to offer multi-product discounts and to encourage greater cross-selling. LiveTiles Everywhere, LiveTiles Reach & LiveTiles Quantum sales are expected to increase due to pricing concessions now available when bundled with a LiveTiles Intranet option. The Group has widely marketed the new product architecture and expects sales performance to benefit strongly in financial 2021 and into the future as a result of these changes.

Impact of COVID-19

During the 2020 financial year the global business and economic environment has been significantly impacted as a result of the COVID-19 virus and related lockdowns. Consumer and business spending has been negatively impacted and businesses have been forced to significantly alter their activities with travel and physical collaboration interrupted – causing an abrupt and immediate shift to greater levels of digital collaboration.

LiveTiles has experienced several significant implications, as follows:

- *Disrupted sales activity in the short term:* Although sales pipeline and opportunities remain strong, global sales activity was subdued for the quarter. This was predominantly driven by changes to procurement and capital expenditure policies amongst the Group's global customer base, with large value of the Group's sales pipeline deferring purchasing decisions. As a goodwill measure during a time of crisis, LiveTiles offered prospective customers a number of its products on a six-month free trial basis. It is expected that a number of these customers will convert to paid arrangements in future.
- *Heightened sales potential in the medium to long term:* Given one of the most significant impacts of the COVID-19 pandemic on businesses has been the shift to remote and digital working, LiveTiles expects that the this will drive increased adoption of digital workplace software and that LiveTiles is well positioned to be a major beneficiary of this shift.
- *Global restructure and decrease in headcount:* In response to these environmental changes the Group implemented a restructure in April 2020, specifically the Group moved to end development operations in the United States, scale down development and professional service functions in Denmark, centralise marketing functions to Australia and to streamline hierarchy of the sales and operations teams. Headcount globally reduced by 25% as a result of the new structure.
- *Lower operating expenditure:* In addition to these cost savings, global operating expenses have decreased significantly as a result of the reduction in travel and entertainment activities and due to the cancellation of conferences, which historically have represented large marketing spends. It is expected that these reductions are temporary as travel activity has recommenced in certain markets, notably Europe.

LiveTiles continued to grow its recurring revenue during the year and significantly reduced its operating expenses from Q4 financial year 2020. In Q4 financial year 2020, excluding the impact of non-recurring restructuring costs, the Group delivered positive operating cash flows. LiveTiles has stated that it does not expect to deliver an operating cash positive result in Q1 financial year 2021, but that it continues to target reaching positive operating cash flows during calendar 2020, subject to operating conditions.

Significant events since the end of the financial year

There have been no significant events affecting the Group since the end of the financial year.

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 financial year, no options were exercised.

As at the date of this report and as at the reporting date, there were 10,032,650 options on issue (2019: 4,611,000). Refer to note 24 of the financial statements for details on options issued during the financial year.

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 financial year.

Likely developments and expected results

In light of uncertainty created by the global pandemic, the Group has not provided guidance in respect of financial year 2021 growth at this time, other than to reiterate the core financial objective of achieving operating cash flow breakeven point during calendar 2020, subject to operating conditions. Further, the Directors reiterate their expectation that operating cash flow breakeven will not be achieved during the first quarter. The Group continues to review additional options to reduce cash burn, including short-term revenue and cost initiatives to support this objective. The Directors continue to expect strong long-term growth potential for the Group, driven by increased remote working and demand for digital workplace software 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 2020 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.

Indemnification of auditors

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

Non-audit services

Details of the amounts paid or payable to the Company's auditors for non-audit services provided during the financial year are outlined in Note 6 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditors (or by another person or firm on the auditors' behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 6 to the financial statements do not compromise the external auditors' independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

1. Introduction

This Remuneration Report for the year ended 30 June 2020 outlines the remuneration arrangements of LiveTiles Limited and its controlled entities in accordance with the requirements of the *Corporations Act 2001 (Cth), as amended* (**the Act**) and its regulations. This information has been audited as required by the Act.

This Remuneration Report details the remuneration arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The following individuals were classified as KMP of the Group during the financial year ended 30 June 2020. Unless otherwise indicated, the individuals were KMP for the entire financial year.

Senior Executives	
Karl Redenbach	Chief Executive Officer and Executive Director
Peter Nguyen-Brown	Chief eXperience Officer and Executive Director
Rowan Wilkie	Chief Financial Officer
Non-Executive Directors	
Andrew McKeon	Non-Executive Director
David Lemphers	Non-Executive Director
Dana Rasmussen	Non-Executive Director (appointed 27 September 2019)
Cassandra Kelly	Non-Executive Chair (resigned 27 September 2019)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration governance

On 27 September 2019 the Chair, Cassandra Kelly, resigned from the Board, and Dana Rasmussen joined the Board as non-executive director. Since this date, the role of the Remuneration Committee were assumed by the entire Board.

The Board is responsible for reviewing and approving remuneration arrangements for the executive directors and reviewing remuneration arrangements for executives reporting to the CEO. Executive directors are not present during board meetings when their remuneration arrangements are reviewed by the non-executive directors.

The Board also reviews the remuneration arrangements for the non-executive directors of the Board, including fees, travel and other benefits.

Non-director members, including members of management, may attend all or part of Board meetings where Remuneration issues are discussed.

Further information on Remuneration can be seen in the Corporate Governance Statement on the Company's website at www.livetilesglobal.com/company/investors/.

3. Executive remuneration arrangements

Remuneration principles

The Group's approach to executive remuneration is based on the following objectives:

- Ensuring the Company's remuneration structures are equitable and aligned with long-term interests of the Company and its shareholders;
- Attracting and retaining skilled executives; and
- Structuring short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.

Remuneration structure

The following table outlines how the Group's executive remuneration structure aligns remuneration with performance.

Component	Description	Purpose	Link to performance	Who participates?
Fixed remuneration	Base salary package including statutory superannuation contributions where applicable.	To provide competitive fixed remuneration determined with reference to role, experience and market.	Individual performance is considered during the annual remuneration review.	All executives.
Short term incentives (**STI**)	Paid in cash.	Rewards executives for their contribution to achievement of Group outcomes.	Discretionary bonus linked to specific financial and non-financial targets.	Executives and other key employees who have an impact on the Group's performance.
Long term incentives (**LTI**)	Shares issued under Management Incentive Plan (**MIP**)	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Shares issued under the MIP to executives who are key management personnel have been structured such that executives are remunerated only when the Company's share price exceeds the vesting price.	Executives and other key employees.

See section 7 of the Remuneration Report for further details of the Management Incentive Plan.

Company performance

A key underlying principle of the Group's executive remuneration framework is that remuneration levels should be linked to Group performance. Due to the Group's strategy of investing in growth to drive recurring revenues and future profitability, it has not been appropriate, to date, to assess the Group's performance on the basis of profitability.

The Group's key financial measures of performance are summarised in the table below:

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Annualised Recurring Revenue[1]	$53.8m	$40.1m	$15.0m	$4.0m	$1.0m
Cash balance	$37.8m	$14.9m	$17.8m	$3.5m	$8.1m
Share price	$0.23	$0.44	$0.48	$0.23	$0.22
Loss before income tax expense and non-recurring and non-cash items	$(21.3)m	$(34.2)m	$(20.8)m	$(6.2)m	$(4.9)m
Dividends	nil	nil	nil	nil	nil

1. LiveTiles defines ARR as revenue, normalised on an annual basis, that LiveTiles has a reasonable expectation it will continue to receive from its customers for providing them with products and services. This definition includes committed recurring subscriptions for products and services, and includes service types where there is a demonstrable track record of repeat revenues such as support. It excludes revenue deemed unlikely to be recurring in nature.

The Group's key financial measure of performance over the longer term is the increase in annualised recurring revenue and share price appreciation. Annualised recurring revenue has increased to $53.8m at 30 June 2020 from $40.1 million at 30 June 2019. Since re-listing on the ASX on 17 September 2015, the Company's share price has appreciated from the re-listing price of $0.15 to $0.23 as at 30 June 2020. Shareholder alignment is driven by the structure of the Management Incentive Plan, where share price appreciation drives value for executives through the Plan (refer to section 7 of the Remuneration Report).

4. Executive contracts

Remuneration arrangements for executives are formalised in employment agreements. The table below sets out the key terms and conditions of the employment contracts of the CEO and senior executives. All contracts are for unlimited duration.

	Base salary	Superannuation	Bonus	Notice period
Karl Redenbach, CEO and Executive Director[1]	US$440,000 plus US$150,000 cost of living adjustment	N/A	Discretionary cash bonus capped at 100% of base salary, subject to meeting ARR and other performance targets.	6 months
Peter Nguyen-Brown, CXO and Executive Director[2]	$500,000	Statutory minimum	Discretionary cash bonus capped at 100% of base salary, subject to meeting ARR and other performance targets.	4 weeks
Rowan Wilkie, CFO[3]	$375,000	Statutory minimum	Discretionary cash bonus capped at 50% of base salary, subject to meeting performance targets.	3 months

Notes:
[1] The Remuneration Committee approved a base salary increase for Karl Redenbach US$350,000 to US$440,000 effective from 1 July 2019
[2] The Remuneration Committee approved a base salary increase for Peter Nguyen-Brown A$400,000 to A$500,000 effective from 1 July 2019
[3] The Executive Directors approved a base salary increase for Rowan Wilkie from A$310,000 to A$375,000 effective from 1 January 2020

Unpaid deferred salaries have been accrued in the statement of financial position as at 30 June 2020.

Long term incentives for KMP are discussed in section 7 of the Remuneration Report.

In the case of each of the executive above, the Company may terminate the employment agreement without notice for misconduct or material breach of contract.

5. Executive remuneration details

Details of the remuneration paid to KMP executives for the year are set out below.

COVID-19 impact

During the 2020 financial year, the Group temporarily reduced director, executive and employee salaries by 20% as a result of expected impact of COVID-19 on the business and the wider economic environment. The reduction was in effect from 10 April to 26 June 2020 and was applied to salaries only.

Fixed remuneration and Long-Term Incentive (LTI)

The Board sought an independent review of executive director remuneration, which was reviewed during financial year 2019 with salary increases for executive directors implemented effective 1 July 2019 and laid out in the 2019 remuneration report.

Since the date of the 2019 remuneration report the Executive Directors have not received an increase to their base salary. Further, no KMP were awarded additional LTI in financial year 2020. The CEO and CXO, respectively, remain the single largest shareholders in the Group, providing strong alignment with shareholder interests.

Short-Term Incentive (STI)

In respect of Executive Director STI paid for financial year 2020, targets related to ARR growth, consistent with prior financial years. ARR has been selected by the Board as a primary measure for performance since LiveTiles listed on ASX in 2015, as this is a broadly accepted measure of revenue and growth performance for pre-profitability Software as a Service (SaaS) comparable companies in light of their recurring nature and intrinsic recurring cash flow value to shareholders.

STI payments to KMP fell by 57% from $1.6m in FY19 to $0.7m in financial year 2020. The Group achieved 90% of the Group's FY20 ARR target, however the Executive Directors received approximately 50% of remuneration 'at target' in financial year 2020. The lower payment is a result of the Board adding additional metrics to Executive Director STI scorecards during the financial year. The Company's annual performance management cycle is due to complete during September. The Board is in the process of finalising its updated KMP remuneration framework as the Group's strategic objectives evolved during the financial year as a result of the COVID-19 pandemic. These changes are also being implemented as a result of investor and proxy firm feedback to add additional performance metrics beyond ARR to the Company's remuneration framework.

These objectives now encompass cash burn efficiency, growth in recurring revenues and other qualitative metrics aligned to strategy. The Board will update investors on these metrics at the Company's Annual General Meeting in November 2020.

CFO targets relate to the external audit, global taxation framework, implementation of supporting business systems, strategic planning, transformation and operations support.

5. Executive remuneration details (continued)

	Financial year	Salary and fees	STI cash bonus[2]	Annual leave and long service leave entitlements	Post-employment benefits	Share based payments[1]	Total	Performance related
		$	$	$	$	$	$	%
Karl Redenbach	**2020**	**853,199**	**298,860**	**-**	**-**	**16,952**	**1,169,011**	**27%**
	2019	699,189	839,026	-	-	130,582	1,668,797	58%
Peter Nguyen-Brown	**2020**	**477,652**	**220,000**	**48,835**	**21,003**	**5,651**	**773,141**	**29%**
	2019	400,000	660,000	57,315	20,531	43,528	1,181,374	60%
Rowan Wilkie[2]	**2020**	**325,739**	**30,000**	**28,050**	**21,003**	**76,384**	**481,176**	**22%**
	2019	51,667	-	4,596	3,422	8,103	67,788	12%
Matthew Brown[3]	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	316,667	110,000	24,292	17,110	6,028	474,097	24%
Total	**2020**	**1,656,590**	**548,860**	**76,885**	**42,006**	**98,987**	**2,423,328**	**27%**
	2019	1,467,522	1,609,026	86,203	41,063	188,241	3,392,056	53%

1. Represents shares issued under the Management Incentive Plan, as approved by the Company's shareholders on 3 July 2015 (refer to section 7 of the Remuneration Report and Note 24 of the financial statements).
2. Cash bonuses for Mr Redenbach and Mr Nguyen-Brown were approved by independent Directors relating to ARR growth targets set for the 2020 financial year. Cash bonus for Mr Wilkie was unrelated to growth targets.
3. Matthew Brown resigned as CFO and Executive Director on 30 April 2019.

6. Non-executive director fee arrangements

The Board seeks to set the fees for non-executive directors at a level which provides the Company with the ability to attract and retain directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

Under the Company's constitution and the ASX listing rules, the maximum aggregate amount of fees that can be paid to non-executive directors shall be determined from time to time by a general meeting of shareholders. The current aggregate fee pool for the non-executive directors is $500,000.

Each non-executive director receives a fee for being a director of the Company. In addition, a non-executive director may be paid fees or other amounts as the Board determines where a non-executive director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. Non-executive directors are also entitled to be reimbursed for reasonable expenses incurred in performing their duties as directors.

Non-executive letters of appointment are in place with Dana Rasmussen, Andrew McKeon and David Lemphers.

For the year ended 30 June 2020, Mr McKeon was entitled to remuneration of $100,000 per annum (including superannuation) (2019: $100,000).

For the year ended 30 June 2020, Mr Lemphers was entitled to remuneration of $100,000 per annum (including superannuation) (2019: $100,000).

For the period from 27 September 2019 to 30 June 2020, Ms Rasmussen was entitled to remuneration of $100,000 per annum (including superannuation).

For the period from 1 July 2019 to 27 September 2019, Ms Kelly was entitled to remuneration of $135,000 per annum (including superannuation) (2018: $135,000). Ms Kelly resigned as Non-Executive Director on 27 September 2019.

Deferred directors' fees have been accrued in the statement of financial position as at 30 June 2020.

The table below outlines remuneration paid to non-executive directors for the year. During the 2020 financial year, the Board of Directors, along with executives and employees, temporarily reduced their salaries by 20% as a result of the impact of COVID-19. The reduction was in effect from 10 April to 26 June 2020.

6. Non-executive director fee arrangements (continued)

Non-executive director	Financial year	Fees	Cash bonus	Termination benefits	Post-employment benefits	Share based payments – MIP[2]	Other	Total
		$	$	$	$	$	$	$
Andrew McKeon	**2020**	**95,000**	-	-	-	-	-	**95,000**
	2019	110,000	-	-	-	-	-	110,000
David Lemphers	**2020**	**95,000**	-	-	-	-	-	**95,000**
	2019	83,333	-	-	-	-	-	83,333
Dana Rasmussen[1]	**2020**	**70,000**	-	-	-	-	-	**70,000**
	2019	-	-	-	-	-	-	-
Cassandra Kelly[2]	**2020**	**33,750**	-	-	-	-	-	**33,750**
	2019	152,500	-	-	-	-	-	152,500
Total	**2020**	**293,750**	-	-	-	-	-	**293,750**
	2019	345,833	-	-	-	-	-	345,833

1. Dana Rasmussen was appointed as Non-Executive Director on 27 September 2019.
2. Cassandra Kelly resigned as Non-Executive Director on 27 September 2019.

7. Equity instruments held by key management personnel

Options held by key management personnel during the year

There were no options held by key management personnel at 30 June 2020 (2019: nil).

Management Incentive Plan

The purpose of the Management Incentive Plan (MIP) is to assist in the reward, retention and motivation of eligible directors and management and to align the interests of these persons more closely with the interests of the Company's shareholders. Shares issued under the MIP to executives who are key management personnel have been structured such that executives are remunerated only when the Company's share price exceeds the vesting price.

The issue price of shares issued under the MIP is funded by a non-recourse interest free loan from the Company. The issue price and loan value is set with reference to the closing share price on the date prior to issue. Vesting of shares issued under the MIP is subject to the satisfaction or waiver of vesting conditions determined by the Board. Subject to the MIP rules, any unvested shares lapse immediately and are forfeited if the relevant vesting conditions are not satisfied within the applicable vesting period. Once vested, shares issued under the MIP are treated in the same way as all other ordinary shares, subject to the full repayment of any outstanding loan by the relevant executive.

The Board has the sole discretion to determine the directors and employees who are eligible to participate in the MIP and the terms upon which shares are issued under the MIP, including the issue price, loan amount and vesting conditions.

The following tranches of shares have been issued to key management personnel under the MIP:

	Tranche A	Tranche B	Tranche C	Tranche M	Tranche N	Tranche O
Number of shares	15,000,000	10,000,000	10,000,000	266,667	266,667	266,667
Date issued	25/08/2015	25/08/2015	25/08/2015	06/05/2019	06/05/2019	06/05/2019
Vesting date	24/08/2017	24/08/2018	24/08/2019	05/05/2020	05/05/2021	05/05/2022
Expiry date	24/08/2021	24/08/2021	24/08/2021	06/05/2025	06/05/2025	06/05/2025
Vesting price	$0.25	$0.35	$0.45	$0.57	$0.57	$0.57
Fair value per share at grant date	$0.06	$0.06	$0.06	$0.17	$0.17	$0.17

Note: under a takeover scenario, the legal framework for both options and MIPS allows for Board discretion to disallow or allow unvested securities to vest.

Shareholdings of KMP

The following table outlines the ordinary shares held by key management personnel (excluding shares held under the Management Incentive Plan).

	Balance at 1 July 2019	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2020
Senior Executives					
Karl Redenbach	91,122,082	-	-	-	91,122,082
Peter Nguyen-Brown	91,122,082	-	-	-	91,122,082
Rowan Wilkie	-	-	-	-	-
Non-executive directors					
Cassandra Kelly	-	-	-	-	-
Andrew McKeon	277,778	-	-	-	277,778
David Lemphers	-	-	-	-	-
Dana Rasmussen	-	-	-	-	-

The following table represents shares issued to key management personnel under the Management Incentive Plan, as approved by the Company's shareholders on 3 July 2015 (as described in section 7 above).

	Balance at 1 July 2019	Issued during the year	Exercised during the year	Net change other	Balance at 30 June 2020	Fair value at 30 June 2020
Senior Executives						
Karl Redenbach	19,500,000	-	-	-	19,500,000	$1,170,000
Peter Nguyen-Brown	6,750,000	-	-	-	6,750,000	$405,000
Rowan Wilkie	800,001	-	-	-	800,001	$136,000
Non-executive directors						
Cassandra Kelly	-	-	-	-	-	-
Andrew McKeon	-	-	-	-	-	-
David Lemphers	-	-	-	-	-	-
Dana Rasmussen	-	-	-	-	-	-

Loans to KMP

The following non-recourse loans have been provided by the Company to key management personnel under the MIP (as approved by shareholders at a general meeting on 3 July 2015). The non-recourse loans are interest-free and the proceeds are used to subscribe for shares in the Company under the MIP. The non-recourse loans are treated as off-balance sheet due to the inherent uncertainty that they will crystallise. Under the terms of the MIP, there is no obligation to settle the loan, which is dependent on the satisfaction of the vesting conditions and the recipient's option to exercise. The shares remain restricted until funds are received in settlement of the prescribed loan balance, providing the Company security over the receivable.

	Balance at 1 July 2019	Loans issued	Loans repaid	Balance at 30 June 2020
Executive directors				
Karl Redenbach	$2,925,000	-	-	$2,925,000
Peter Nguyen-Brown	$1,012,500	-	-	$1,012,500
Rowan Wilkie	$456,000		-	$456,000
Non-executive directors				
Cassandra Kelly	-	-	-	-
Andrew McKeon	-	-	-	-
David Lemphers	-	-	-	-
Dana Rasmussen	-	-	-	-

The following loans have been provided to key management personnel by the Company.

	Balance at 1 July 2019	Loans increase	Interest accrued	Loans repaid	Balance at 30 June 2020
Senior Executives					
Karl Redenbach	$113,171	$203,102	$32,418	-	$348,691
Peter Nguyen-Brown	$113,171	$203,102	$32,418	-	$348,691
Rowan Wilkie	-	-	-	-	-
Non-executive directors					
Cassandra Kelly	-	-	-	-	-
Andrew McKeon	-	-	-	-	-
David Lemphers	-	-	-	-	-
Dana Rasmussen	-	-	-	-	-

The loans in the above table, first raised in April 2019, have been provided to the co-founders to assist with their defence of litigation brought against them, as advised to ASX on 1 June 2018. While the Group has engaged its own lawyers to represent the four Group entities named in the litigation, instructed by the independent non-executive directors, the loans above solely relate to legal advice sought by co-founders.

The loans have been provided at arm's length with a total capped amount of $475,000 per person. Interest charged at 15% per annum and is capitalised annually. There have been no write-downs of balances owed during the period. No provision is held in relation to the collection of these balances.

The loan is repayable, including interest, 180 days after the later of 1) the case is settled, 2) findings determined against the defendants or 3) receipt of cost assessors certificate but no later than 31 December 2022.The independent non-executive directors, supported by legal counsel, continue to monitor the case on behalf of the Group and the governance of these loans.

8. Other transactions with KMP

There were no other transactions with key management personnel.

9. Shareholder adoption of Remuneration Report

At the Group's most recent Annual General Meeting held on 26 November 2019, shareholders voted to adopt the 2019 Remuneration Report.

End of Remuneration Report which has been audited.

This report is made in accordance with the resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Karl Redenbach
Executive Director

27 August 2020
Melbourne

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Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF LIVETILES LIMITED

As lead auditor of LiveTiles Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Gareth Few
Director

BDO Audit Pty Ltd

Sydney

27 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue	3	37,790,403	18,091,882
Other income	3	6,678,080	4,393,967
		44,468,483	22,485,849
Expenses			
Employee benefits expense	5	(32,359,825)	(23,229,637)
Contractors		(8,569,830)	(16,546,673)
Marketing expense		(3,041,599)	(3,492,437)
Travel and entertainment expense		(2,537,367)	(3,718,675)
Professional fees		(3,212,118)	(1,980,990)
Rent and other office costs		(2,362,924)	(2,340,742)
Information technology costs		(2,714,242)	(880,302)
Other expenses		(4,425,711)	(2,258,233)
Depreciation expense		(1,166,772)	(123,494)
Amortisation charge of intangibles	12	(10,256,971)	(3,788,432)
Share based payments expense	24	(3,928,656)	(9,169,722)
Unrealised currency gain / (loss)		(1,207,703)	1,944,508
Lease-related finance costs		(425,215)	-
		(76,208,933)	(65,584,829)
Loss before income tax		(31,740,450)	(43,098,980)
Income tax expense	4	136,009	333,391
Net loss for the year		(31,604,441)	(42,765,589)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		572,706	(827,619)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on remeasurement of defined benefit pension schemes, net of tax		445,608	-
Other comprehensive income for the year		1,018,314	(827,619)
Total comprehensive income for the year		(30,586,127)	(43,593,208)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Earnings per share for loss attributable to the owners of LiveTiles Limited			
Basic earnings per share (cents)	8	(4.00)	(7.75)
Diluted earnings per share (cents)	8	(4.00)	(7.75)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents		37,791,314	14,880,920
Trade and other receivables	9	8,521,493	12,198,027
Other current assets	10	980,256	1,036,328
TOTAL CURRENT ASSETS		47,293,063	28,115,275
NON-CURRENT ASSETS			
Property, plant and equipment		977,860	617,554
Deferred tax asset	4	291,833	-
Right-of-use assets	11	3,562,990	-
Intangible assets	12	81,054,324	45,164,127
Other non-current assets	10	1,018,883	505,535
TOTAL NON-CURRENT ASSETS		86,905,890	46,287,216
TOTAL ASSETS		134,198,953	74,402,491
CURRENT LIABILITIES			
Trade and other payables	13	7,443,718	7,013,651
Income tax payable	4	1,324,238	406,872
Lease liabilities	14	904,700	-
Employee benefits provision	16	2,258,095	644,610
Provisions for business combinations	17	3,069,981	10,062,323
Other current liabilities	15	12,388,804	11,767,540
TOTAL CURRENT LIABILITIES		27,389,536	29,894,996
NON-CURRENT LIABILITIES			
Employee benefits provision	16	140,094	83,133
Deferred tax liability	4	2,967,791	3,192,972
Lease Liabilities	14	3,427,179	-
Provisions for business combinations	17	8,988,671	-
Pension liabilities	18	6,812,051	-
Other non-current liabilities	15	776,377	387,992
TOTAL NON-CURRENT LIABILITIES		23,112,163	3,664,097
TOTAL LIABILITIES		50,501,699	33,559,093
NET ASSETS		83,697,254	40,843,398

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 $	2019 $
EQUITY			
Issued capital	20	202,831,116	122,972,591
Reserves	21	2,235,610	7,073,919
Accumulated losses		(121,369,472)	(89,203,112)
TOTAL EQUITY		83,697,254	40,843,398

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued capital	Reserves	Accumulated losses	Total equity
		$	$	$	$
Balance at 1 July 2018		61,649,135	1,659,384	(46,307,422)	17,001,097
Loss for the year		-	-	(42,765,589)	(42,765,589)
Other comprehensive income for the year, net of tax		-	(827,619)	-	(827,619)
Impact of the application of AASB 9 on retained earnings at 1 July 2018		-	-	(130,101)	(130,101)
Total comprehensive income for the year		-	(827,619)	(42,895,690)	(43,723,309)
Transactions with owners, in their capacity as owners					
Contributions of equity	20(a)(b)(d)	42,300,013	-	-	42,300,013
Transaction costs		(2,483,898)	-	-	(2,483,898)
Shares issued for Hyperfish earn out	20(c)	2,786,828	(2,672,568)	-	114,260
Shares issued for Wizdom A/S	20(e)	17,828,013	-	-	17,828,013
MIP shares exercised	20(f)	892,500	(255,000)	-	637,500
Share based payment expense	24	-	9,169,722		9,169,722
Total transactions with owners		61,323,456	6,242,154	-	67,565,610
Balance at 30 June 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)
Balance at 1 July 2019		122,972,591	7,073,919	(89,765,031)	40,281,479
Loss for the year		-	-	(31,604,441)	(31,604,441)
Other comprehensive income for the year, net of tax		-	572,706	-	572,706
Remeasurements of the defined benefit asset, net of tax		-	445,608	-	445,608
Total comprehensive income for the year		-	1,018,314	(31,604,441)	(30,586,127)
Transactions with owners, in their capacity as owners					
Contributions of equity	20(h)(i)	54,999,999	-	-	54,999,999
Transaction costs		(3,629,017)	-	-	(3,629,017)
Shares issued for CYCL AG	20(j), 23	12,568,747	-	-	12,568,747
Shares issued for earn outs	20(g)(k)	15,918,796	(9,785,279)	-	6,133,517
Share based payment expense	24	-	3,928,656	-	3,928,656
Total transactions with owners		79,858,525	(5,856,623)	-	74,001,902
Balance at 30 June 2020		202,831,116	2,235,610	(121,369,472)	83,697,254

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		40,968,708	19,124,567
Payments to suppliers and employees (inclusive of GST)		(61,240,424)	(53,554,488)
		(20,271,716)	(34,429,921)
Interest received		170,574	194,264
Interest and other finance costs paid		(425,241)	(291)
Government grants received		11,511,545	1,402,366
Income tax paid		(235,618)	(240,847)
Net cash used in operating activities	25	(9,250,456)	(33,074,429)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for development costs		(4,916,009)	(2,090,082)
Payments for plant and equipment		(219,816)	(285,286)
Net cash acquired as part of acquisition of subsidiaries	23	(422,380)	2,319,875
Payments for acquisition of subsidiaries		(10,647,148)	(10,375,127)
Loans to related parties		(400,933)	(226,342)
Net cash used in investing activities		(16,606,286)	(10,656,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	20	54,999,999	42,300,014
Share issue transaction costs		(3,629,017)	(2,502,077)
Proceeds from exercise of options		-	637,500
Repayment of lease liability		(878,755)	-
Net cash from financing activities		50,492,227	40,435,437
Net increase / (decrease) in cash held		24,635,485	(3,295,954)
Cash and cash equivalents at beginning of financial year		14,880,920	17,848,223
Effects of exchange rate changes on cash and cash equivalents		(1,725,091)	328,651
Cash and cash equivalents at end of financial year		37,791,314	14,880,920

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent LiveTiles Limited and its Controlled Entities (the “Consolidated Group” or “Group”).

The financial statements were authorised for issue on 27 August 2020 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a **Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity (LiveTiles Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions are eliminated in full. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. **Fair value of assets and liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity’s own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. **Finance costs**

Finance costs are expensed in the period in which they are incurred except if they relate to a qualifying asset.

d. **Leases**

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises:

- a right-of-use asset representing its right to use the underlying asset; and
- a lease liability representing its obligation to make lease payments.

Right-of-use assets

Right-of-use assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent to initial recognition, right-of-use assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Payments related to short-term leases or leases of low-value asset not included in the measurement of lease liabilities are recognised as an expense when incurred. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

e. **Impairment of assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

f. **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Income tax (continued)**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

LiveTiles Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

g. **Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination will be accounted for from the date that control is attained whereby fair value of the identifiable assets acquired and liabilities assumed is recognised (with limited exceptions).

The consideration transferred the acquisition including any contingent consideration is generally measured at fair value. Where the fair value of the consideration is greater than the fair value of the identifiable assets and liabilities, goodwill is recognised. Goodwill is tested annually for impairment. Where fair value of the consideration is less than fair value of the identifiable assets and liabilities, a gain on a bargain purchase is recognised in the Income Statement.

Transaction costs are expensed as incurred unless except if they relate to the issue of debt or equity securities.

Contingent consideration is classified as a financial liability. Subsequent changes in the fair value of the contingent consideration are recognised in the Income Statement.

h. **Research and development**

Research costs are expensed in the period in which they are incurred.

Development costs are only capitalised when it is probable that the project will be a success, the Group will use or sell the asset, the Group has sufficient resources and intent to complete the asset and the development costs can be measured reliably. If one or more of these criteria are not met, development costs are expensed in the period in which they are incurred. Capitalised development costs are amortised on a straight-line basis over the period of their expected pattern of consumption, up to 5 years.

i. **Foreign currency transactions and balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

j. **Employee benefits**

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution pension benefits

All employees of the Group who are based in Australia and Denmark receive defined contribution pension entitlements, for which the Group pays the fixed pension guarantee contribution (currently between 6% and 9.5% of the employee's average ordinary salary) to the employee's pension fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense in the period in which they are incurred.

Defined benefit pension benefits

All employees of the Group who are based in Switzerland, as required by Swiss law, become members of the Groups defined benefit pension plans. 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. Contributions in respect of employees' defined contribution entitlements are recognised as an expense in the period in which they are incurred.

k. **Defined benefit pension obligations**

Upon retirement, members of the Group's defined benefit pension plans 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.

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.

l. **Share based payments**

Equity settled share based compensation benefits are provided to employees and related parties. Equity settled transactions are awards of shares, or options over shares, that are provided to employees and suppliers in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

If equity settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

m. **Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

n. **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o. **Revenue and other income**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Software subscription revenue

Subscription revenue is recognised when the Group's performance obligations are satisfied. For annual subscription licences, revenue is recognised evenly over the subscription period for which the customer has paid. For perpetual licences, where an upfront payment is made in addition to annual support fees, revenue related to the up front payment is recognised evenly over the estimated lifetime of the customer contract.

Where a customer pays their subscription in advance, that amount is recorded as a liability on the balance sheet until the Group provides the purchased software for that period.

Services revenue

Revenue from services are recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Research and development grant income

Research and development grant income is recognised when the Group is entitled to the research and development grant. The amount is treated as other income in the period in which the research and development costs were incurred.

Grant income

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

p. **Financial instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

p. **Financial instruments (continued)**

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at the reporting date, the Group`s financial assets consisted of cash and cash equivalents and trade and other receivables which are measured at amortised cost in accordance with the above accounting policy.

Non-derivative financial liabilities are initially measured at fair value and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

As at the reporting date, the Group`s financial liabilities consisted of trade and other payables and borrowings which are measured at amortised cost in accordance with the above accounting policy.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

q. **Goods and Services Tax (GST), Value Added Tax (VAT) and other consumption taxes**

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the local tax office.

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the local tax office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST or VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the local tax office are presented as operating cash flows included in receipts from customers or payments to suppliers.

r. **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

s. **Intangible assets**

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. The Group tests goodwill annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

s. **Intangible assets (continued)**

Intellectual property

Intellectual property acquired as part of a business combination is recognised separately from goodwill. The intellectual property assets are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Intellectual property assets are amortised over the period in which the benefits are expected to be obtained.

Customer contracts and relationships

Customer contracts and relationships acquired as part of a business combination is recognised separately from goodwill. The customer contracts and relationships are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Customer contracts and relationship assets are amortised over the period in which the benefits are expected to be obtained.

t. **Earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of LiveTiles Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

u. **Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

v. **Key estimates**

(i) *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(ii) *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(iii) *Research and development grant receivable*

The Group measures the research and development grant income and receivable taking into account the time spent by employees on eligible research and development activities. The research and development grant receivable is recognised as the Group considers it probable that the amount will be recovered in full through a future claim.

v. **Key estimates (continued)**

(iv) *Government grant income*

The Group measures government grant income over the period necessary to match the income with the costs that they are intended to compensate. The accounting estimates and assumptions relating to the recognition of government grant income include the project duration, value and forecast expenditure over the life of the project.

(v) *Performance based payments for acquired entities*

The Group measures performance based payments (earn-out payments) for acquired entities estimating the probability of the targets being met and using an appropriate discount rate to reflect payment periods.

(vi) *Valuation of goodwill and other intangible assets*

In determining the recoverable value of goodwill and other intangible assets the Group makes estimates pertaining to the future cash flows of each of the Cash Generating Units (CGUs). Refer to Note 12 for details of current year assumptions.

(vii) *Capitalisation of development costs and useful life of intangible assets*

The Group has made judgements when assessing whether internal development projects meet the criteria to be capitalised, and measuring the costs and useful life attributed to such projects. On acquisition, specific intangible assets are recognised separately from goodwill and then amortised over their useful lives. The capitalisation of these assets and related amortisation charges are based on judgements about the value and useful life of such items. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Refer to Note 12 for details of current year assumptions.

w. **New or amended Accounting Standards and Interpretations adopted**

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. The impact on the financial statements of the Group has been discussed below.

AASB 16 Leases

The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 July 2019.

Until the current financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, Lease liabilities are measured at the present value of the remaining contractual payments due to the lessor over the lease term, with the discount rate determined by reference to Group’s incremental borrowing rate on commencement of the lease.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 July 2019. The weighted average Group’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9.337%.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

w. **New or amended Accounting Standards and Interpretations adopted (continued)**

Operating lease commitments disclosed as at 30 June 2019	7,265,683
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(1,812,304)
short-term leases recognised on a straight-line basis as expense	(935,960)
adjustments as a result of a different treatment of extension and termination options	-
Lease liability recognised as at 1 July 2019	4,508,419
Of which are:	
Current lease liabilities	681,294
Non-current lease liabilities	3,827,125

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

• lease payments made at or before commencement of the lease; and

• initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

The recognised right-of-use assets relate to the following types of assets:

	Consolidated Group	
	30 June 2020	**1 July 2019**
	$	**$**
Properties	3,490,226	3,821,214
Equipment	72,764	-
	3,562,990	3,821,214

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

w. **New or amended Accounting Standards and Interpretations adopted (continued)**

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a lease.

The adoption of this new standard resulted in increased operating expenses of $103,014 for the current financial year.

AASB Interpretation 23

The Group has adopted AASB Interpretation 23 Uncertainty over Income Tax Treatments from 1 July 2019. AASB Interpretation 23 outlines the requirements around accounting for uncertain tax positions. The Group has concluded that it is probable that the tax authorities will accept the current method of calculating the Group's current tax liability which is calculated in accordance with AASB 112.

x. **New accounting standards and interpretations not yet adopted**

The Directors have reviewed all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board for annual reporting periods beginning or after 1 July 2019. It has been determined that there is no impact, material or otherwise, of any other new or revised accounting standards and interpretations other than those outlined in the new and amended standards adopted by the group outlined above.

y. **Going concern**

For the year ended 30 June 2020, the Group made a loss of $31,604,441 (2019: $42,765,589) and had net cash flows used in operating activities of $9,250,456 (2019: $33,074,429).

Operating cash outflows during the current financial year include non-recurring restructuring costs and redundancy payments. Operating cash outflows include professional fees incurred in connection with the acquisition of CYCL AG. Further cost savings are expected to realised in future periods as a result of reduced headcount and other cost synergies realised from restructuring completed during the period. A $50,000,000 share placement announced by the Group on 19 September 2019. Net proceeds from the share placement of $46,370,983 were received on 23 September 2019. With a further $4,999,999 raised on 18 October 2019 through a Share Purchase Plan. At 30 June 2020, the Group had a cash balance of $37,791,314 (2019: $14,880,920).

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

NOTE 2: PARENT INFORMATION

The following information has been extracted from the records of the parent, LiveTiles Limited.

	Parent entity	
Statement of Financial Position	**2020**	**2019**
	$	**$**
ASSETS		
Current assets	15,749,777	6,846,058
Non-current assets	74,720,696	42,466,012
TOTAL ASSETS	90,470,473	49,312,070
LIABILITIES		
Current liabilities	(3,460,552)	(10,285,180)
Non-current liabilities	(8,988,671)	-
TOTAL LIABILITIES	(12,449,223)	(10,285,180)
EQUITY		
Issued capital	528,146,339	448,437,814
Accumulated losses and reserves	(450,125,088)	(409,260,924)
TOTAL EQUITY	78,021,251	39,176,890
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(40,864,164)	(42,855,527)
Total comprehensive income	(40,864,164)	(42,855,527)

In the 2020 financial year, included within the parent entity loss of $40,864,164 is a provision against intercompany receivables from and investments in other entities within the Group of $30,022,940.

In the 2019 financial year, included within the parent entity loss of $42,855,527 is a provision against intercompany receivables from and investments in other entities within the Group of $32,575,339.

Equity balances of the parent include those relating to Modun Resources Limited, which were eliminated upon consolidation of the Group following the completion of the reverse acquisition on 25 August 2015.

All intercompany balances within the Group are eliminated upon consolidation.

NOTE 3: REVENUE AND OTHER INCOME

		2020	2019
		$	$
Revenue:			
– Software subscription revenue		28,980,551	16,510,742
– Services revenue		8,809,852	1,581,140
Total revenue		37,790,403	18,091,882
Other income:			
– Interest income		240,701	201,651
– Research and development grant income	9	4,524,280	3,504,621
– Other grant income		1,788,817	483,229
– Other income		124,282	204,466
Total other income		6,678,080	4,393,967
Total revenue and other income		44,468,483	22,485,849

NOTE 4: INCOME TAX

		2020 $	2019 $
a.	The components of tax expense comprise:		
	Current tax	(1,297,627)	(160,672)
	Deferred tax	1,433,636	494,062
		136,009	333,391
b.	The prima facie tax expense on loss from ordinary activities before income tax is reconciled to income tax as follows:		
	Net loss before tax	(31,740,540)	(43,098,980)
	Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	8,728,624	11,852,220
	Adjust for:		
	tax effect of variance in overseas tax rates	(1,246,031)	(744,731)
	withholding tax expense	(1,295,840)	(160,672)
	tax effect of non-deductible research and development expenditure	(2,563,091)	(739,982)
	tax effect of other permanent differences	164,798	637,230
	current year losses not recognised	(5,086,087)	(11,004,736)
	de-recognition of deferred tax balances	1,433,636	494,062
	Income tax benefit attributable to entity	136,009	333,391

The Group qualifies for the small business company tax rate of 27.5%.

		2020 $	2019 $
c.	Deferred tax asset relates to the following:		
	Carry forward losses for Wizdom A/S	291,833	-
	Total deferred tax asset	291,833	-
d.	Deferred tax liability relates to the following:		
	Intangible assets on acquisition of Hyperfish, Inc	(198,363)	(264,000)
	Intangible assets on acquisition of Wizdom A/S	(2,154,320)	(2,928,972)
	Intangible assets on acquisition of CYCL AG	(1,689,738)	-
	Defined benefit pension liabilities of CYCL AG	1,074,630	-
	Total deferred tax liability	(2,967,791)	(3,192,972)

NOTE 4: INCOME TAX (CONTINUED)

e.	Net tax effect of carried forward losses not brought to account	49,567,470	10,529,179
f.	Income tax payable	1,324,238	406,872

The income tax payable reflects income tax payable and withholding tax payable at the end of the reporting period.

NOTE 5: EMPLOYEE BENEFIT EXPENSE

	2020 $	2019 $
Employee benefit expense		
Wages and salaries - staff	22,192,127	15,010,613
Wages and salaries - Directors	1,569,198	1,900,241
Commission and bonus expense	2,569,869	2,743,205
Payroll tax and other on costs	1,768,009	1,267,069
Employee insurance costs	1,232,939	994,317
Pension and superannuation expense	1,210,016	825,138
Annual leave and long service leave expense	1,672,913	342,092
Other employee benefits expense	144,754	146,962
Total employee benefit expense	32,359,825	23,229,637

NOTE 6: AUDITOR'S REMUNERATION

	2020 $	2019 $
Remuneration of the auditor for:		
(a) Auditors of the Group – BDO and related network firms:		
– audit and review of the financial statements	214,200	148,700
– other assurance services	12,000	52,200
Total remuneration for audit and other assurance services	226,200	200,900
(b) Other auditors and their related network firms:		
– audit and review of the financial statements	57,851	-
– other assurance services	18,221	-
	76,072	-
– taxation services	11,637	-
Total remuneration of network firms of other auditors	87,709	-

The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd on 1 August 2020. The disclosures include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Ltd and their respective related entities.

NOTE 7: DIVIDENDS

LiveTiles Limited has not paid or proposed to pay any dividends for the year ended 30 June 2020 (2019: nil).

NOTE 8: EARNINGS PER SHARE

	2020 $	2019 $
Reconciliation of earnings to loss:		
Earnings used to calculate basic earnings per share	(31,604,441)	(42,765,589)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	789,942,896	552,104,149

	2020 $ Cents	2019 $ Cents
Basic (loss) / earnings per share	(4.00)	(7.75)
Diluted (loss) / earnings per share	(4.00)	(7.75)

There are 10,032,650 options outstanding at 30 June 2020, see Note 24(b). The options on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.

NOTE 9: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
CURRENT		
Trade receivables	7,970,451	7,445,358
Accrued revenue	1,295,178	126,990
Provision for doubtful debts	(744,136)	(538,339)
	8,521,493	7,034,009
Research and development grant receivable	-	4,888,980
Other government grants receivable	-	275,038
Total current trade and other receivables	8,521,493	12,198,027

Provision for doubtful debts

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 of $205,797 (2019: $371,379). This is shown within Other Expenses of $4,425,711 (2019: $2,258,233).

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

Research and development grant receivable

The Group is entitled to claim eligible research and development expenditure (grant income) with the Australian Federal Government.

The Group has taken a prudent view of only accruing estimated grant income on Australian expenditure. Grant income on eligible overseas expenditure is recognised when certain.

In August 2019, LiveTiles received $0.9m and $2.9m for the 2017 and 2018 financial years, respectively, in relation to eligible expenditure claimed under the research and development tax incentive scheme. The amounts received represent eligible expenditure incurred in Australia and the USA.

In April 2020, the Group received $5.6m for eligible expenditure incurred in the 2019 financial year. Of the total received, $4.5m was not accrued as at 30 June 2019 as follows:

1. Eligible overseas expenditure not recognised as income in the 2019 financial year of $3.5m, in line with the Company's accounting policy; and
2. Additional eligible Australian R&D expenditure of $1.0m.

The Group has not recognised an accrual for grant income relating to the 2020 financial year. As a result of the Group's turnover exceeding $20m during the 2020 financial year, the Group is no longer entitled to receive a refund under the research and development tax incentive scheme, instead, the Group is entitled to receive a tax offset on eligible expenditure. In line with the Group's accounting policy for deferred tax assets, no balance has been recorded.

A breakdown of research and development grant receivable is as follows:

	2020 $	2019 $
Research and development grant receivable related to 2017 expenditure	-	930,054
Research and development grant receivable related to 2018 expenditure	-	2,862,604
Research and development grant receivable related to 2019 expenditure	-	1,096,322
	-	4,888,980

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia, Asia, North America, Europe and the Middle East. The Group's exposure to credit risk for trade receivables at the end of the reporting period in those regions is as follows:

AUD	2020 $	2019 $
Asia Pacific	2,325,525	1,773,169
North America	1,764,112	1,747,347
Europe	3,880,814	3,803,211
Middle East & Africa	-	121,631
Total receivables exposed to credit risk	7,970,451	7,445,358

NOTE 9: TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table details the Group's trade and other receivables exposed to credit with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

$	Gross Amount	Within Initial Trade Terms	Past Due but Not Impaired (Days Overdue) < 30	31–60	61–90	> 90	Past Due and Impaired
2020							
Trade and term receivables	7,970,451	5,017,378	1,009,364	267,127	952,188	339,396	384,998
2019							
Trade and term receivables	7,445,358	4,722,302	1,506,825	214,475	598,345	281,781	121,630

NOTE 10: OTHER ASSETS

	Note	2020 $	2019 $
CURRENT			
Deposits paid		88,166	75,331
Prepaid expenses		892,090	960,997
		980,256	1,036,328
NON-CURRENT			
Rental Deposits		321,502	279,193
Loans to related parties	26	697,381	226,342
		1,018,883	505,535

NOTE 11: NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	Balance at 1 July 2019	Additions	Depreciation	Foreign Exchange[1]	Balance at 30 June 2020
Properties	3,821,214	423,745	(875,315)	120,582	3,490,226
Equipment	-	92,897	(22,319)	2,186	72,764
Total right-of-use asset	3,821,214	516,642	(897,634)	122,768	3,562,990

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: INTANGIBLE ASSETS

2019 financial year	**Note**	**Balance at 1 July 2018**	**Additions**	**Disposals**	**Foreign exchange**	**Balance at 30 June 2019**
At cost:						
Capitalised development costs		2,952,153	2,090,082	-	-	5,042,235
Software intellectual property		1,068,000	8,723,000	-	227,741	10,018,741
Customer contracts and relationships		427,000	5,448,000	-	121,099	5,996,099
Goodwill		3,034,717	27,170,943	-	683,672	30,889,332
Total costs		7,481,870	43,432,025	-	1,032,512	51,946,407

	Balance at 1 July 2018	**Amortisation charge**	**Disposals**	**Foreign exchange**	**Balance at 30 June 2019**
Accumulated amortisation:					
Capitalised development costs	(2,952,153)	(2,090,082)	-	-	(5,042,235)
Software intellectual property	(6,437)	(443,050)	-	(6,152)	(455,639)
Customer contracts and relationships	(12,869)	(1,255,300)	-	(16,237)	(1,284,406)
Total accumulated amortisation	(2,971,459)	(3,788,432)	-	(22,389)	(6,782,280)

Summary of net intangible assets

	Balance at 1 July 2018	**Additions**	**Amortisation charge**	**Disposals**	**Foreign exchange**	**Balance at 30 June 2019**
Net intangible assets	4,510,411	43,432,025	(3,788,432)	-	1,010,123	45,164,127
Deferred tax liability	(448,500)	(3,188,475)	504,768	-	(60,765)	(3,192,972)

NOTE 12: INTANGIBLE ASSETS (CONTINUED)

2020 financial year	Note	Balance at 1 July 2019	Additions	Disposals	Foreign exchange	Balance at 30 June 2020
At cost:						
Capitalised development costs		5,042,235	4,916,009	-	-	9,958,244
Software intellectual property	23	10,018,741	9,350,000	-	507,349	19,876,090
Customer contracts and relationships	23	5,996,099	2,340,000	-	168,527	8,504,626
Goodwill	23	30,889,332	27,353,721	-	1,500,805	59,743,858
Total costs		51,946,407	43,959,730	-	2,176,681	98,082,818

	Balance at 1 July 2019	Amortisation charge	Disposals	Foreign exchange	Balance at 30 June 2020
Accumulated amortisation:					
Capitalised development costs	(5,042,235)	(4,916,009)	-	-	(9,958,244)
Software intellectual property	(455,639)	(1,586,000)	-	2,062	(2,039,577)
Customer contracts and relationships	(1,284,406)	(3,754,962)	-	8,695	(5,030,673)
Total accumulated amortisation	(6,782,280)	(10,256,971)	-	10,757	(17,028,494)

Summary of net intangible assets

	Balance at 1 July 2019	Additions	Amortisation charge	Disposals	Foreign exchange	Balance at 30 June 2020
Net intangible assets	45,164,127	43,959,730	(10,256,972)	-	2,187,439	81,054,324
Deferred tax liability	(3,192,972)	(1,890,273)	611,385	-	429,439	(4,042,421)

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 2020 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 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.

The Group tests annually whether goodwill has suffered any impairment. 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.

The assumptions used for the current reporting period may differ from the assumptions in the next reporting period as internal and external circumstances and expectations change. The Group has used the following assumptions in the 30 June 2020 calculation of value-in-use, based on past performance and management's expectations for the future:

- Annual sales growth rates of between 10% - 20% over the five-year forecast period, representing compound annual growth rates of 12.57% - 15.92% over the same period;
- Terminal growth rate of 2.0%; and
- Post-tax discount rate of 20.0%.

Assumptions for gross margin, other operating costs and annual capital expenditure are based on past performance and management's expectations for the future.

Management has performed sensitivity analysis and assessed reasonable changes for key assumptions and has not identified any instances that could cause the carrying amount of the group of CGUs, over which goodwill is monitored, to exceed its recoverable amount.

NOTE 13: TRADE AND OTHER PAYABLES

	Note	2020 $	2019 $
CURRENT			
Trade payables		3,903,398	4,503,056
Employee benefits accruals		3,267,946	1,092,220
Employee benefits accruals to related parties	26	45,274	1,290,633
Other payables and accruals		227,100	127,742
		7,443,718	7,013,651

NOTE 14: LEASE LIABILITIES

	Balance at 1 July 2019	Finance Cost	Additions	Payments	Foreign Exchange	Balance at 30 June 2020
At net present value:						
Properties	4,508,419	423,547	463,334	(1,281,018)	144,022	4,258,304
Equipment	-	1,668	92,675	(22,978)	2,210	73,575
Total lease liabilities	4,508,419	425,215	556,009	(1,303,996)	146,232	4,331,879

	Consolidated Group	
	30 June 2020 $	30 June 2019 $
CURRENT		
Properties	858,754	-
Equipment	45,946	-
	904,700	-
NON-CURRENT		
Properties	3,399,550	-
Equipment	27,629	-
	3,427,179	-

The Group leases various offices 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, but leased assets may not be used as security for borrowing purposes.

NOTE 15: OTHER LIABILITIES

	2020 $	2019 $
CURRENT		
Unearned revenue	11,024,867	9,759,854
Lease liability	-	124,755
Unearned grant income	1,363,937	1,881,194
Other current liabilities	-	1,737
	12,338,804	11,767,540
NON-CURRENT		
Unearned revenue	253,529	387,992
US government program repayable	522,848	-
	776,377	387,992

Unearned income is carried at amortised cost and represents amounts billed to customers in advance of the revenue being recognised in accordance with the revenue recognition policy outlined in note 1. Unearned income is presented as a current liability unless the performance obligations associated with the revenue will be satisfied in greater than 12 months.

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 program, the Group applied for, and received, an amount of $1,866,204 (USD $1,279,800). Under the terms of the program this was calculated to enable to Group to draw funds to the value of eight weeks payroll, employee related on costs and rental expenses. To the extent that the borrowed funds were used for these purposes, under the terms of the program, loan monies would be forgiven, adjusted for any reduction of headcount. The Group has estimated that the value of the loan which will be forgiven as $1,343,356, to reflect the reduction in headcount in the US as a result of restructuring during the period. This will be assessed during FY21. Government grant income has been recorded for the value of this estimated forgiveness, with the remaining balance of the loan remaining a payable. The unforgiven balance of the loan is not due and payable within the next twelve months.

NOTE 16: EMPLOYEE BENEFITS PROVISION

	2020 $	2019 $
Current	2,258,095	644,610
Non-current	140,094	83,133
	2,398,189	727,743

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement. It is expected that $453,827 will not be taken in the next 12 months.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. Refer to note 1 for the measurement and recognition criteria relating to employee benefits.

NOTE 17: PROVISIONS FOR BUSINESS COMBINATIONS

	Note	2020 $	2019 $
CURRENT			
Provision for contingent consideration - Hyperfish	20(g)	-	114,260
Provision for contingent consideration - Wizdom	20(k)	-	9,948,063
Provision for contingent consideration - CYCL	23	3,069,981	-
		3,069,981	10,062,323
NON-CURRENT			
Provision for contingent consideration - CYCL	23	8,988,671	-
		8,988,671	-

NOTE 18: 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, see note 23. As at 30 June 2020, the fund has a funding ratio of 103.2%. 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 30 June 2020 this conversion rate is 6.40%.

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' (the fund), which is a collective pension fund, which 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 of 50 of the total 56,634 members as at 30 June 2020.

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.

NOTE 18: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

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.

	Present value of obligations	**Fair value of plan assets**	**Balance**
	$	**$**	**$**
Initial recognition as at 3 December 2019	(23,784,906)	16,862,683	(6,922,223)
Current service cost	(465,828)	-	(465,828)
Interest income / (expense)	(14,615)	10,510	(4,105)
Defined benefit pension expense recognised in profit or loss	(480,443)	10,510	(469,933)
Contributions by fund participants:			
Employer	-	303,701	303,701
Plan participants	(308,028)	308,028	-
Total contributions	(308,028)	611,729	303,701
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	-	86,085	86,085
Loss from change in experience	(107,050)	-	(107,050)
Gain from change in financial assumptions	562,872	-	562,872
Defined benefit pension actuarial losses/(gains) recognised in other comprehensive income	455,822	86,085	541,907
Benefits paid	(405,116)	405,116	-
Foreign exchange rate changes	(912,273)	646,770	(265,503)
Balance at 30 June 2020	(25,434,944)	18,622,893	(6,812,051)

NOTE 18: NON-CURRENT LIABILITIES – PENSION LIABILITIES (CONTINUED)

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

	30 June 2020
Plan assets (as at 30 June 2020)	
Plan assets	13,716,212
Adjustments for AASB 119	
Estimation of the value of Pensions in Payment	4,906,681
Fair value of plan assets	**18,622,893**
Plan obligations (as at 30 June 2020)	
Plan obligations	13,716,212
Adjustments for AASB 119	
Estimation of the obligation of Pensions in Payment	4,906,681
Projected unit credit method actuarial adjustment	6,812,051
Projected plan obligations	**25,434,944**
Net Pension Liabilities	**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:

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

The following table depicts the sensitivity of estimated fiscal year 2020 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%)	22,844,446	28,471,481
Growth in future salaries	(+/- 0.50%)	25,886,905	25,014,512

NOTE 19: INTERESTS IN SUBSIDIARIES

a. **Information about principal subsidiaries**

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

Name of subsidiary	Principal place of business	Ownership interest	
		2020	2019
		%	%
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	USA	100%	100%
Modun Resources Pte Ltd	Singapore	100%	100%
LiveTiles Ireland Limited	Ireland	100%	100%
Hyperfish, Inc	USA	100%	100%
Wizdom A/S	Denmark	100%	100%
CYCL AG	Switzerland	100%	0%

b. **Significant restrictions**

There are no restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

c. **Acquisition of controlled entities**

On 3 December 2019, LiveTiles Limited acquired 100% of the shares in CYCL AG (refer to Note 23).

d. **Disposal of controlled entities**

There were no disposals of controlled entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 20: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Shares	Shares	$	$
Ordinary shares - fully paid	871,393,902	624,707,227	202,831,116	122,972,591

Movements in ordinary share capital		Date	Shares No.	Issue Price $	Total $
Balance		01-Jul-2018	473,209,472		61,649,135
Share capital issued	(a)	14-Aug-2018	42,372,882	$0.59	25,000,000
Share capital issued	(b)	17-Sep-2018	3,389,853	$0.59	2,000,013
Share capital issued	(c)	29-Jan-2019	6,769,422	$0.41	2,786,828
Share capital issued	(d)	11-Feb-2019	45,000,000	$0.34	15,300,000
Share capital issued	(e)	13-Feb-2019	49,715,598	$0.36	17,828,013
Issue of shares upon exercise of Management Incentive Plan shares	(f)	25-Jun-2019	4,250,000		892,500
Less: capital raising costs					(2,483,898)
Balance		30-Jun-2019	624,707,227		122,972,591
Share capital issued	(g)	30-Jul-2019	6,810,234		2,786,828
Share capital issued	(h)	24-Sep-2019	142,857,143	$0.35	50,000,000
Share capital issued	(i)	18-Oct-2019	14,285,422	$0.35	4,999,999
Share capital issued	(j)	3-Dec-2019	42,605,922	$0.295	12,568,747
Share capital issued	(k)	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
Restricted shares on issue	(l)		30,830,001		-
Total issued capital		30-Jun-2020	902,223,903		202,831,116

NOTE 20: EQUITY – ISSUED CAPITAL (CONTINUED)

(a) On 14 August 2018, LiveTiles Limited issued 42,372,882 shares at $0.59 per share to raise $25,000,000.

(b) On 17 September 2018, LiveTiles Limited issued 3,389,853 shares at $0.59 per share to raise $2,000,013.

(c) On 29 January 2019, LiveTiles Limited issued 6,769,422 shares to Orange Fish Holdings LLC as payment for Hyperfish satisfying the performance targets of its first earn out. The fair value of the shares issued is based on the share price of LiveTiles Limited at the date of the acquisition.

(d) On 11 February 2019, LiveTiles Limited issued 45,000,000 shares at $0.34 per share to raise $15,300,000.

(e) On 13 February 2019, LiveTiles Limited issued 49,715,598 shares to Webtop Holding ApS as consideration for 100% of the shares in Wizdom A/S. The fair value of the shares issued is based on the share price of LiveTiles Limited at the date of the acquisition.

(f) On 25 June 2019, 4,250,000 Tranche A Management Incentive Plan shares were exercised at an exercise price of $0.15 per share. The movement in equity in relation to the options reflects the amount paid to exercise those MIP shares, being $637,500, and the modified value of the MIP shares at issue date, being $255,000.

(g) 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.

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

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

(j) 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.

(k) 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.

(l) As at 30 June 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 24(a).

Shares issued under the Management Incentive Plan are not included in the earnings per share calculation in Note 8.

NOTE 21: RESERVES

	2020 $	2019 $
Share based payments reserve	2,662,669	8,519,292
Foreign currency translation reserve	(872,667)	(1,445,373)
Pension revaluation reserve	445,608	-
Total	2,235,610	7,073,919

a. **Share based payments reserve**

The share based payments reserve records items recognised as expenses on valuation of share based payments.

Movements in share based payments reserve	Note	2020 $	2019 $
Opening balance		8,519,292	2,277,138
Share based payment expense – management incentive plan	24(a)	132,503	227,462
Share based payment expense – long-term incentive plan	24(b)	544,023	225,506
Share based payment expense – Hyperfish post combination services	24(c)	-	4,844,923
Share based payment expense – Wizdom post combination services	24(d)	3,252,130	3,871,831
Shares issued for Hyperfish earn-out	20(c)(g)	(2,672,568)	(2,672,568)
MIP shares exercised	20(f)	-	(255,000)
Shares issued for Wizdom earn-out	20(k)	(7,112,711)	-
Closing balance		2,662,669	8,519,292

b. **Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Movements in foreign currency translation reserve	2020 $	2019 $
Opening balance	(1,445,373)	(617,754)
Foreign currency translation of subsidiaries within the Group	572,706	(827,619)
Closing balance	(872,667)	(1,445,373)

c. **Pension revaluation reserve**

The pension revaluation reserve records movements arising from actuarial gain or loss on the revaluation of the Group's defined benefit pension plan assets, net of tax.

Movements in pension revaluation reserve	2020 $	2019 $
Opening balance	-	-
Actuarial gain/(loss), net of tax	445,608	-
Closing balance	445,608	-

NOTE 22: CAPITAL AND LEASING COMMITMENTS

	2020 $	2019 $
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
– not later than 12 months	-	1,073,822
– between 12 months and 5 years	-	3,110,984
– later than 5 years	-	2,068,827
	-	7,265,683

	2020 $	2019 $
Capital commitments		
Capital commitments contracted for but not recognised in the financial statements		
Payable – minimum capital commitments:		
– not later than 12 months	65,404	64,676
– between 12 months and 5 years	448,250	460,726
	513,654	525,402

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

There were no contingent liabilities or assets as at 30 June 2020 (2019: nil).

NOTE 23: ACQUISITION OF CYCL AG

On 3 December 2019, LiveTiles acquired 100% of the shares on issue in CYCL AG (CYCL), the leading Switzerland-based intelligent intranet software provider (Acquisition). CYCL is Microsoft-aligned; and through its Condense and MatchPoint products, has a leading market position in Switzerland and Germany, with a small and growing US presence.

The combination of joint capabilities between CYCL's MatchPoint product, LiveTiles and Wizdom creates an enhanced intelligent workplace offering which will open up greater opportunities to serve enterprise customers. CYCL's Condense product, a low-touch, mobile-focused product will expand LiveTiles' addressable market through targeting organisations with large front-line (deskless) workforces.

The acquisition of CYCL will enable LiveTiles to achieve its strategic product vision more quickly, by the LiveTiles intelligent workplace platform in the Microsoft ecosystem. CYCL will allow LiveTiles to deliver new capabilities to current and existing customers. At the same time, LiveTiles' leading AI capabilities provide a significant cross-sell opportunity to CYCL's growing customer base across Europe.

Under the Share Purchase Agreement, the total amount payable for the Acquisition comprises the following two components:

- Base consideration of 42,605,922 shares in LiveTiles Limited and cash consideration of A$6,373,461; and
- Two earn-out payments contingent upon performance hurdles being met as at 31 December 2020 and as at 31 December 2021.

Management has assessed that it is probable that the performance hurdles will be met and have therefore recorded the full value of the earn-out as a provision for business combination.

The Acquisition meets the requirements of AASB 3 Business Combinations therefore CYCL has been consolidated into the financial statements of the Group from the date of the acquisition, being 3 December 2019.

The fair value of the consideration has been determined using the market price of LiveTiles shares at the date of the Acquisition, probability of contingencies being met and an appropriate discount rate to reflect payment periods.

NOTE 23: ACQUISITION OF CYCL AG (CONTINUED)

The Group has assumed that the earn-out payments are paid in full and have been recognised as contingent consideration liabilities.

A valuation was undertaken in relation to acquired intangibles with respect to intellectual property and customer contracts. The relief from royalty method was used to value the intellectual property. This method considers the discounted estimated royalty payments that are expected to be avoided as a result of the intellectual property. The multi-period excess earnings method (MEEM) was used to derive the value of customer contracts. The MEEM considers the present value of net cash flows expected to be generated by the customer contracts.

Goodwill has been measured as the excess of consideration over the identifiable net assets of CYCL.

The statement of financial position of the acquired entity, CYCL AG, upon completion of the Acquisition was as follows:

	Note	Fair value at acquisition date $
Cash and equivalents		33,328
Trade and other receivables		1,363,793
Other assets		1,897,131
Deferred tax asset		1,125,257
Trade and other payables		(1,637,674)
Unearned revenue		(1,212,554)
Pension liability		(6,922,223)
Deferred tax liability		(1,890,273)
Bank overdraft		(455,708)
Other liabilities		(482,447)
Identifiable intangibles		
- Software intellectual property	12	9,350,000
- Customer contracts and relationships	12	2,340,000
Net identifiable assets acquired		3,508,630
Representing:		
Shares issued in LiveTiles Limited		12,568,747
Up front cash consideration		6,373,461
Working capital adjustment		306,918
Contingent consideration		11,613,225
Fair value of consideration transferred		30,862,351
Goodwill recognised on acquisition of CYCL		27,353,721

From the date of the Acquisition, CYCL contributed revenue of $8,273,158 and a net loss after tax of $195,973. If the Acquisition had occurred on 1 July 2019, the Group's consolidated revenue and net profit after tax for the financial year ended 30 June 2020 would have been $14,463,947 and $121,977 respectively.

NOTE 23: ACQUISITION OF CYCL AG (CONTINUED)

Expenses related to the acquisition of CYCL

		2020 **$**
Transaction costs	(a)	$339,706

(a) The Group incurred costs of $339,706 in relation to the acquisition of CYCL which have been expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as professional fees.

The accounting for the transaction at 30 June 2020 is provisional, the Group has 12 months from the date of acquisition to finalise the acquisition accounting to reflect any new information.

NOTE 24: SHARE BASED PAYMENTS EXPENSE

		2020 **$**	**2019** **$**
Non-cash share based payment expense			
– Management Incentive Plan shares	(a)	132,503	227,462
– Long Term Incentive Plan shares	(b)	544,023	225,506
– Contingent payment on acquisition of Hyperfish, Inc	(c)	-	4,844,923
– Contingent payment on acquisition of Wizdom A/S	(d)	3,252,130	3,871,831
Total share based payments expense		3,928,656	9,169,722

(a) Management Incentive Plan shares

On 25 August 2015, LiveTiles Limited issued 35,000,000 shares to certain Directors 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 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 shares were issued in Tranches D, E and F.

On 2 June 2017, LiveTiles Limited issued 300,000 shares to a senior employee of the Company via a loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at $0.245. These shares 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 shares 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.

NOTE 24: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

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

Tranche	A, B, C	D, E, F	G, H, I	J, K, L	M, N, O	P,Q,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 for the period ended 30 June 2020 as follows:

	Number of shares	Date issued	Vesting date	Vesting price	Expense for 12 months ended 30 June 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	22,603
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	2,770
Tranche J	200,000	20/11/2017	20/11/2018	$0.25	-
Tranche K	200,000	20/11/2017	20/11/2019	$0.25	4,310
Tranche L	200,000	20/11/2017	20/11/2020	$0.25	7,353
Tranche M	266,667	6/5/2019	5/5/2020	$0.57	38,502
Tranche N	266,667	6/5/2019	5/5/2020	$0.57	22,728
Tranche O	266,667	6/5/2019	5/5/2020	$0.57	15,153
Tranche P	560,000	16/3/2020	16/3/2021	$0.15	9,870
Tranche Q	560,000	16/3/2020	16/12/2021	$0.15	5,629
Tranche R	560,000	16/3/2020	16/12/2021	$0.15	3,585
Total					132,503

NOTE 24: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(b) Long Term Incentive Plan shares

On 16 November 2018, LiveTiles Limited issued 4,056,000 options to certain employees under the Long-Term Incentive Plan.

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 term of the option, the share price at grant date and expected price volatility of the underlying share. The value of the loan shares issued under the Management Incentive Plan has been expensed as a share based payment for the period ended 30 June 2020 as follows:

Number of options	Date issued	Vesting date	Vesting price	Expense for 12 months ended 30 June 2020 $
200,000	16/11/2019	16/11/2019	$0.41	12,767
200,000	16/11/2019	16/11/2020	$0.41	27,234
940,000	16/11/2019	16/11/2020	$0.41	65,146
940,000	16/11/2019	16/11/2021	$0.41	66,506
888,000	16/11/2019	16/11/2020	$0.59	57,265
888,000	16/11/2019	16/11/2021	$0.59	42,880
185,000	16/1/2019	16/1/2020	$0.52	12,559
185,000	16/1/2019	16/1/2021	$0.52	17,663
185,000	16/1/2019	16/1/2022	$0.52	19,357
611,325	25/11/2019	25/11/2021	$0.43	19,731
611,325	25/11/2019	25/11/2022	$0.43	14,709
1,468,500	25/11/2019	25/11/2021	$0.30	91,149
1,468,500	25/11/2019	25/11/2022	$0.30	78,488
181,000	25/11/2019	25/11/2021	$0.30	6,639
181,000	25/11/2019	25/11/2022	$0.30	4,428
450,000	16/3/2020	16/12/2021	$0.15	4,583
450,000	16/3/2020	16/12/2022	$0.15	2,919
Total				544,023

(c) Contingent payment on acquisition of Hyperfish, Inc

On 8 June 2018, LiveTiles acquired Hyperfish, Inc from Orange Fish Holdings LLC. Because part of the total amount payable to Orange Fish Holdings LLC is contingent on the continued employment of key Hyperfish 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.

(d) Contingent payment on 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 25: CASH FLOW INFORMATION

		2020 $	2019 $
a.	**Reconciliation of cash flows from operating activities with loss after income tax expense**		
	Loss after income tax expense	(31,604,441)	(42,765,589)
	Cash flows excluded from profit attributable to operating activities:		
	Non-cash flows in loss:		
	– share based payments expense	3,928,656	9,169,722
	– foreign exchange differences	1,207,703	(2,283,926)
	– depreciation and amortisation	10,256,971	3,911,926
	– deferred tax	1,164,513	(504,768)
	Changes in assets and liabilities:		
	– (increase) / decrease in trade and other receivables	3,676,534	(7,829,851)
	– decrease in other non-current assets	(235,761)	(909,907)
	– increase in trade and other payables	430,067	3,884,554
	– increase in other liabilities	942,942	6,433,296
	– increase in provisions	1,613,485	194,143
	– net current assets of acquired entities	(631,125)	(2,374,513)
	Cash flows used in operating activities	(9,250,456)	(33,074,429)

NOTE 26. RELATED PARTY TRANSACTIONS

The Group's related parties are as follows:

Parent entity

LiveTiles Limited is the legal parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 19.

Key management personnel

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

	Note	2020	2019
		$	$
Payments to key management personnel for services:			
Short term employee benefits		2,706,492	3,503,521
Post-employment benefits		42,006	41,063
Share based payments	(a)	64,500	188,241
		2,812,998	3,732,825

(a) Share based payments

The share based payments relate to the shares issued under the Management Incentive Plan (refer to Note 24(a)).

		2020	2019
		$	$
Receivables and payables to key management personnel for services:			
Non-current receivables:			
- Loans to key management personnel	(b)	697,381	226,342
Current payables:			
- Accrued short term benefits to key management personnel		(45,274)	(1,290,633)
Net receivables to key management personnel		652,107	(1,064,291)

(b) Loans to key management personnel

The loans have been provided to key management personnel of the Company at arm's length with a monthly cap of $40,000 and total capped amount of $950,000. Interest charged at 15% per annum and is capitalised annually.

NOTE 27: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables and cash.

The Group manages its exposure to key financial risks, including interest rate, foreign currency, credit risk and liquidity risk, with the objective of providing support to the delivery of the Group's financial target while protecting financial security.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include analysis of aging reports to monitor and manage credit risk, analysis of future rolling cash flow forecasts to monitor and manage liquidity risk, monitoring levels of exposure to interest rate and foreign currency risk, and assessments of market forecasts for interest rate and foreign currency exchange rate movement.

The Board reviews and agrees risk management strategies for managing each of the risk identified above.

Primary responsibility for identification and control of financial risks rests with Management under authority of the Board.

Risks exposures and responses

(i) *Interest rate risk*

The Group's exposure to interest rate risk is minimal given the Group has no borrowings.

The Group does not enter into any interest rate swaps, interest rate options or similar derivatives.

At the balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2020	2019
	$	$
Financial assets		
Cash and cash equivalents	37,791,314	14,880,920
Net exposure	37,791,314	14,880,920

	(Loss) / profit		Equity	
	Higher / (lower)		Higher / (lower)	
Judgements of reasonable possible movements	2020	2019	2020	2019
	$	$	$	$
+0.50%	188,957	74,405	188,957	74,405
-0.50%	(188,957)	(74,405)	(188,957)	(74,405)

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) *Foreign currency risk*

The Group's functional currency is Australian dollars (AUD) and the Group is exposed to transactional currency exposures. Such exposures arise primarily as a result of sales and expenses of LiveTiles Corporation being made in foreign currencies in addition to bank accounts being held in foreign entities. Foreign currency risk is managed by holding the Group's cash in a combination of USD, DKK, EUR, CHF and AUD. Management also reviews the foreign currency product pricing structure on a quarterly basis.

At balance date, the Group had the following exposure to foreign currencies that is not designated in cash flow hedges:

AUD	**2020**	**2019**
	$	**$**
Cash and cash equivalents - USD	16,231,166	5,462,747
Cash and cash equivalents - EUR	1,984,440	201,002
Cash and cash equivalents - DKK	680,063	1,544,086
Cash and cash equivalents - CHF	885,374	-
Trade and other receivables - USD	2,789,250	2,439,301
Trade and other receivables - EUR	2,123,585	57,550
Trade and other receivables - DKK	882,968	3,561,466
Trade and other receivables - CHF	1,081,985	-
Trade and other payables - USD	(507,015)	(3,212,450)
Trade and other payables - EUR	(55,002)	(42,672)
Trade and other payables - DKK	(122,097)	(2,034,139)
Trade and other payables - CHF	(396,672)	-
Net exposure	25,578,045	7,976,891

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Foreign currency risk (continued)

The following sensitivity analysis is based on the foreign exchange rate exposures in existence at the balance sheet date:

At the balance date, had the Australian dollar moved, with all other variables held constant, the loss for the year and equity would have been affected as follows:

	Post tax profit		Equity	
	Higher / (lower)		Higher / (lower)	
Judgements of reasonable possible movements	2020	2019	2020	2019
	$	$	$	$
AUD/USD +10%	1,851,340	468,970	1,851,340	468,970
AUD/USD -10%	(1,851,340)	(468,970)	(1,851,340)	(468,970)
AUD/EUR +10%	405,302	21,588	405,302	21,588
AUD/EUR -10%	(405,302)	(21,588)	(405,302)	(21,588)
AUD/DKK +10%	144,093	307,141	144,093	307,141
AUD/DKK -10%	(144,093)	(307,141)	(144,093)	(307,141)
AUD/CHF +10%	157,069	-	157,069	-
AUD/CHF -10%	(157,069)	-	(157,069)	-

The judgement of reasonable possible rate movement is based upon management's current assessment of the possible change in foreign currency exchange rates. This is based on regular review of current trends and forecasts. There has been no change in assumptions and sensitivities from the previous year.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) *Liquidity risk*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

	Less than 6 months	6 to 12 months	1 to 5 years	Total
2020				
Trade and other payables	7,443,718	-	-	7,443,718
Income tax payable	1,324,238	-	-	1,324,238
	8,767,956	-	-	8,767,956
2019				
Trade and other payables	7,013,651	-	-	7,013,651
Income tax payable	406,872	-	-	406,872
	7,420,523	-	-	7,420,523

(iv) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group assesses the credit worthiness of the counterparty before entering into a sales contract. Further mitigating this risk is the ability to turn off the customer's software if a customer begins to default on their contractual obligations. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment to those assets, as disclosed in the statement of financial position and notes to the financial statements.

(v) *Fair value of financial instruments*

Unless otherwise stated, the carrying value of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at their current market interest rate that is available for similar financial instruments.

NOTE 28: 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.

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

The table below shows the segment information provided to the CODM for the reportable segments for the financial years ending 30 June 2019 and 30 June 2020:

Consolidated - 30 June 2019	**APAC**	**Americas**	**EMEA**	**Unallocated /Head Office**	**Total**
Subscription revenue	2,654,056	10,812,671	4,625,155	-	18,091,882
Other revenue	3,498,949	329,340	29,908	535,770	4,393,967
Revenue	6,153,005	11,142,011	4,655,063	535,770	22,485,849
EBITDA	(3,609,440)	(26,013,067)	(1,095,856)	(8,468,691)	(39,187,054)
Depreciation & amortisation	(1,288,035)	(912,672)	(12,869)	(1,698,350)	(3,911,926)
Finance costs	-	-	-	-	-
Loss before income tax expenses	(4,897,475)	(26,925,739)	(1,108,725)	(10,167,041)	(43,098,980)
Income tax expense	(154,983)	(5,689)	(10,705)	504,768	333,391
Loss after income tax expenses	(5,052,458)	(26,931,428)	(1,119,430)	(9,662,273)	(42,765,859)

Consolidated – 30 June 2019					
Assets					
Segment assets	6,896,732	9,370,329	5,898,153	52,237,277	74,402,491
Liabilities					
Segment liabilities	(4,445,953)	(9,855,849)	(5,779,139)	(13,478,152)	(33,559,093)

NOTE 28: OPERATING SEGMENTS (CONTINUED)

Consolidated - 30 June 2020	**APAC**	**Americas**	**EMEA**	**Unallocated /Head Office**	**Total**
Subscription revenue	5,761,792	12,602,189	19,426,422	-	37,790,403
Other revenue	4,525,109	1,723,704	66,284	362,983	6,678,080
Revenue	10,286,901	14,325,893	19,492,706	362,983	44,468,483
EBITDA	(2,193,869)	(8,234,355)	206,134	(9,669,403)	(19,891,493)
Depreciation & amortisation	(1,032,509)	(2,230,465)	(2,819,807)	(5,340,961)	(11,423,742)
Finance costs	(15,799)	(399,174)	(10,242)	-	(425,215)
Loss before income tax expenses	(3,242,177)	(10,863,994)	(2,623,915)	(15,010,364)	(31,740,450)
Income tax expense	(158,644)	(1,137,196)	267,337	1,164,512	136,009
Loss after income tax expenses	(3,400,821)	(12,001,190)	(2,356,578)	(13,845,852)	(31,604,441)

Consolidated – 30 June 2020					
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)

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 29: CONTINGENT LIABILITIES

As per ASX announcements of 2 May 2018 and 1 June 2018, four subsidiaries of LiveTiles have been added to proceedings (among a total of 12 defendants) concerning a shareholder dispute involving the co-founders of LiveTiles, Mr Karl Redenbach (CEO) and Mr Peter Nguyen-Brown (CXO). Proceedings have been brought by Mr Karl Redenbach's brother, Mr Keith Redenbach. The proceedings have been referred to mediation to take place on 18 September 2020 before Mr McDougall QC, and set down for a hearing to occur later this year. The assessment of the directors is that the outcome remains too uncertain to recognise a liability.

NOTE 30: EVENTS AFTER THE REPORTING PERIOD

There have been no significant events affecting the Group since the end of the financial year.

NOTE 31: COMPANY DETAILS

The registered office of the Company is:

LiveTiles Limited
2 Riverside Quay
Southbank VIC 3006

The principal places of business are:

–	Australia:	Level 14 77 King Street Sydney, NSW 2000
–	USA:	137 W 25th Street 6th floor New York NY 10001
–	Denmark:	Toldbodgade 18 Copenhagen 1253
–	Switzerland:	Malzgasse 7a, Basel 4052

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 21 to 68, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
   b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director ………………………………………

Karl Redenbach

Dated this 27th day of August 2020

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

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of LiveTiles Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of LiveTiles Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 3, the Group recognised software subscription revenue and services revenue of $37,790,403 for the year ended 30 June 2020. Revenue was identified as a key audit matter as it is a key performance indicator to the users of the financial report and because of the high level of judgement involved in determining the timing and amounts recognised in revenue over the period the services and subscriptions were provided.	Our procedures, amongst others, included: • Considering whether the revenue recognition policies are in accordance with Australian Accounting Standards and the Group's accounting policies described in Note 1; • Selecting a sample of revenue transactions throughout the financial year and traced to supporting documentation, cash receipts and verified whether revenue was accounted for appropriately for the year ended 30 June 2020; and • Obtaining and inspecting the deferred revenue schedules in order to ensure that correct adjustments were recorded to recognise the revenue in the appropriate reporting period.

Accounting for the acquisition of CYCL AG

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 23 of the financial report, on 3 December 2019 LiveTiles Limited acquired 100% of the shares on issue in CYCL AG (an entity incorporated in Switzerland). The accounting for this acquisition is a key audit matter due to the significant judgment and complexity involved in assessing the fair value of identifiable assets and liabilities and the final purchase price which included contingent deferred consideration.	Our procedures, amongst others included: • Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; • Assessing the estimation of the contingent consideration by challenging the key assumptions including probability of achievement of future Annualised Recurring Revenue; • Comparing the assets and liabilities recognised on acquisition against the historical financial information of the acquired businesses;

Key audit matter	How the matter was addressed in our audit
	• Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired; • Obtaining a copy of the external valuation report to critically assess the determination of the fair values of the identifiable intangible assets associated with the acquisition; and • Assessing the adequacy of the disclosures of the acquisition.

Carrying value of Intangible Assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2020, the carrying value of Intangible Assets was $81,054k, as disclosed in Note 12. The assessment of the carrying value of Intangible Assets requires management to make significant accounting judgements and estimates in producing the discounted cash flow models used to determine whether the assets are appropriately carried. An annual impairment test for Intangible Assets is required for indefinite life assets or where there are indicators of impairment under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. Refer to Note 12 for the detailed disclosures, which include the related accounting policies and the critical accounting judgements and estimates.	Our audit procedures to address the key audit matter included, but were not limited to, the following: • Analysing management's key assumptions used in the discounted cash flow models to determine their reasonableness; • Challenging the appropriateness of management's discount rates used in the discounted cash flow models; • Challenging assumptions around timing of future cash flows; • Checking the mathematical accuracy of the discounted cash flow model; • Performing sensitivity analysis on key assumptions to determine if there would be a significant change to the carrying value of the asset; • Assessed the adequacy of the Group's disclosures in respect of Intangible Assets` carrying values and impairment assessment assumptions as disclosed in note 12 of the financial report; and • Consider any additional impairment indicators as per AASB 136 *Impairment of Assets* and the effects of such on management's assumptions.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of LiveTiles Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 27 August, 2020

The following information is current as at 21 August 2020:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	**Ordinary shares**	**% of shares listed**
1 – 1,000	383,849	0.04
1,001 – 5,000	12,883,410	1.43
5,001 – 10,000	19,791,579	2.19
10,001 – 100,000	172,248,278	19.09
100,001 and over	696,916,787	77.24
	902,223,903	100.00

b. The number of shareholdings held in less than marketable parcels is 2,888.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	**Ordinary shares**	**% of shares listed**
Karl Redenbach	110,622,082	12.26
Peter Nguyen-Brown	97,872,082	10.85
HSBC Custody Nominees (Australia) Limited	71,472,294	7.92
Webtop Holdings APS	40,127,954	4.45

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders – Ordinary Shares**

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1	ZTH TECH PTY LTD <TRITON DISCRETIONARY A/C>	91,122,082	10.10
2	NIA TECH PTY LTD <ODEON DISCRETIONARY A/C>	90,427,638	10.02
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	71,472,294	7.92
4	WEBTOP HOLDINGS APS	40,127,954	4.45
5	CITICORP NOMINEES PTY LIMITED	29,578,666	3.28
6	NATIONAL NOMINEES LIMITED	23,276,656	2.58
7	MR KARL REDENBACH	19,500,000	2.16
8	PATRICK PUNTENER	15,406,870	1.71
9	MATTHIAS WALTER	15,406,870	1.71
10	MR BRIAN COOK	10,049,132	1.11
11	ORANGE FISH HOLDINGS LLC	6,810,234	0.75
12	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,787,283	0.75
13	MR PETER NGUYEN-BROWN	6,750,000	0.75
14	MR ANTHONY SHANE KITTEL & MRS MICHELE THERESE KITTEL <KITTEL FAMILY SUPER FUND A/C>	6,126,133	0.68
15	MR KEFENG GAO	5,888,888	0.65
16	BOYCECORP PTY LTD <BOYCECORP DISCRETIONARY A/C>	5,725,490	0.63
17	MR ANDREW JAMES GRAY	5,305,556	0.59
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,141,949	0.57
19	URS BRAWAND	4,872,258	0.54
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,518,222	0.50
		464,294,175	51.45

2. The name of the company secretary is Andrew Whitten.

3. The address of the principal registered office in Australia is:

   2 Riverside Quay

   Southbank VIC 3006

   Telephone +61 2 8072 1400

4. Registers of securities are held at the following addresses:

   Automic Pty Ltd

   Level 5, 126 Phillip Street

   Sydney NSW 2000

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

   Nil