

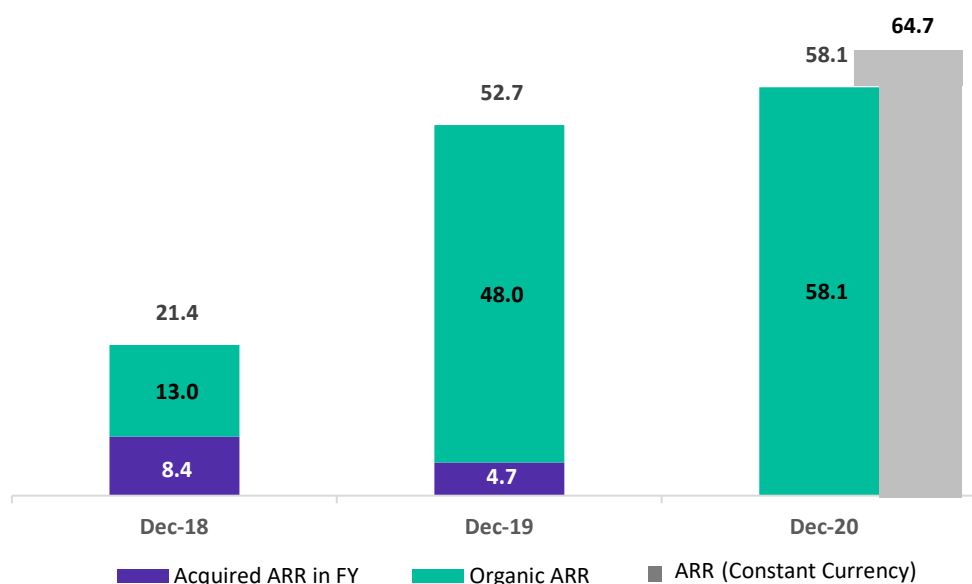
**ASX Announcement**

28 January 2021

**ARR grows to \$64.7m and record cash receipts of \$13m**

- Annualised recurring revenue (ARR) has grown to \$64.7m on a Constant Currency basis; a 23% growth over the same quarter from last year and up 200% in 2 years. On a reported currency basis ARR has grown to \$58.1m.
- Another record cash receipts quarter of \$13m and 25% higher than prior corresponding period (Dec Qtr FY20). Net operating cash outflow (excluding grants and non-recurring items) of \$2.7m; a 56% improvement on the corresponding period last year.
- LiveTiles Customer Lifetime Value reaches \$403m, a 3x increase over 2 years.
- Cash on hand as at 31 December 2020 of \$19.2m
- With increased pipeline growth in recent quarters and the successes of recently won customer deals, the business has strategically invested in expanding its Sales and Customer Success team capacity by 43% to capitalise on these opportunities.

**LiveTiles Limited (ASX:LVT) (LiveTiles or the Company)**, the global leader in intelligent workplace software for employee collaboration and communications, has today released its Appendix 4C and is pleased to announce another quarter of strong ARR growth and record cash receipts.

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

<sup>1</sup> December 2020 ARR is shown on a constant currency basis (when compared with 31 March 2020 FX rates)

Note: The Group commenced constant currency reporting in the quarter ended 30 June 2020

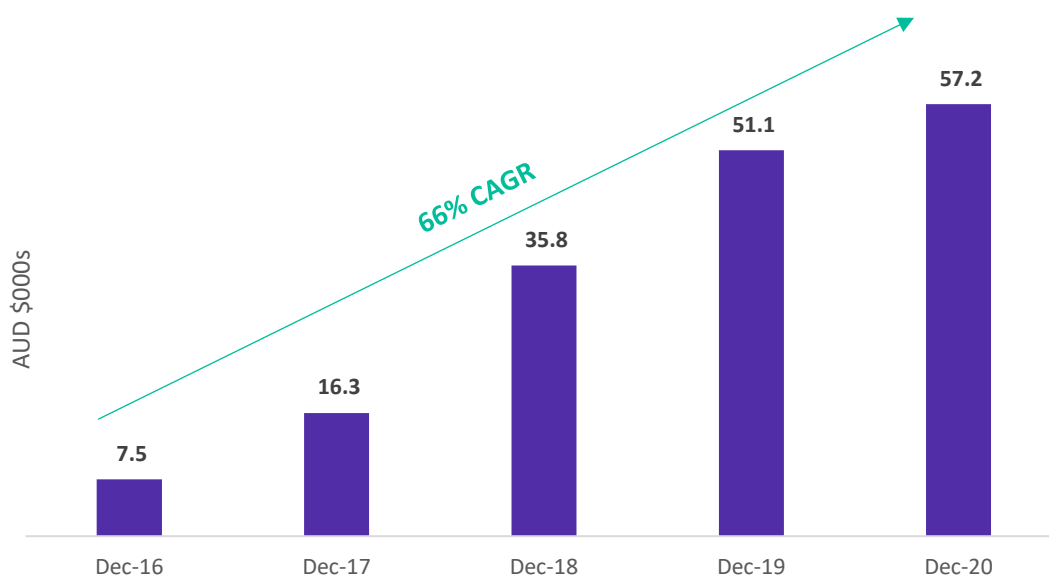
**ARR AND CUSTOMER UPDATE**

On a reported currency basis, ARR reached \$58.1m as at 31 December 2020, with year on year (YoY) 10% growth and a 171% increase when compared with two years ago. A strong quarter of growth achieved notwithstanding adverse FX translation impacts and additional COVID lockdowns globally.

On a constant currency basis<sup>2</sup>, ARR as at December 31 was \$64.7m, growing \$3m from 30 September 2020 ARR of \$61.7m and a YoY growth of 23% to the prior period quarter (Dec19)

Customer numbers rose from 1,116 as at 30 September to 1,132 at 31 December.

Average ARR per Customer as at 31 December 2020 on a constant currency basis<sup>2</sup>. Average ARR per customer was \$57,245; a 12% increase over prior year quarter. On a reported currency basis, average ARR per customer was \$51,329.

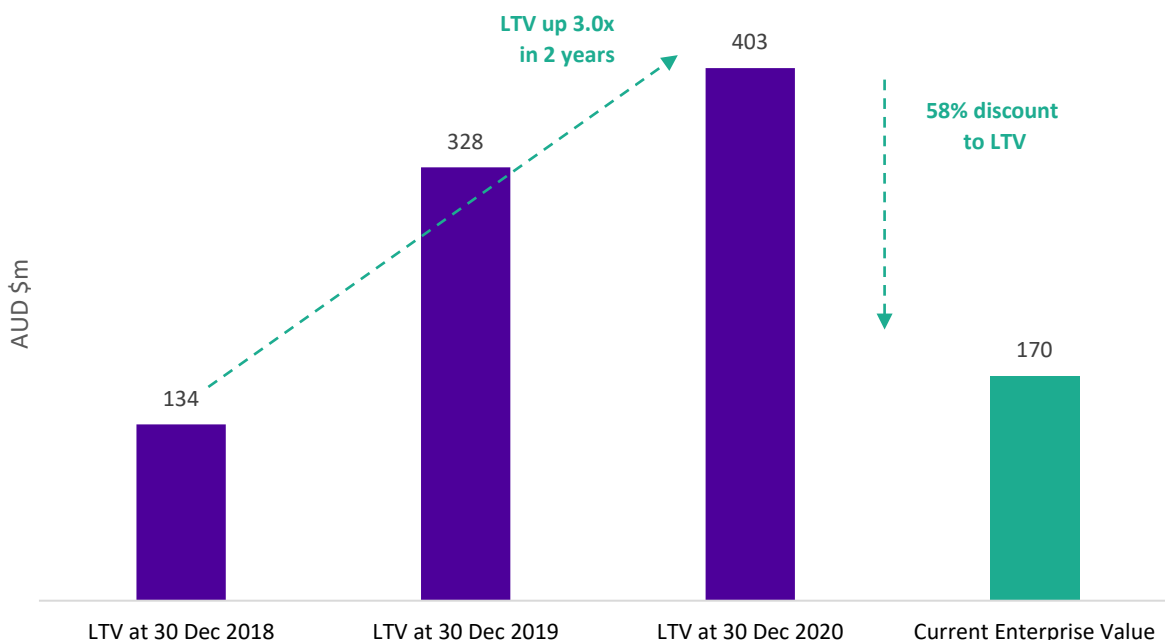
**Average ARR per customer<sup>2</sup> up 12% year-on-year**

Customer highlights made in Q2 FY21 included:

- A national Real Estate Agency (Australia), won via LiveTiles Reach as the lead value proposition
- A global construction software company (USA)
- A leading all-industry Insurance Provider (Switzerland)
- Leading Accountancy and audit firm (Australia)
- A leading Financial Services company (USA)
- A North American hotel and hospitality company (Canada)
- A major hospital (Netherlands)
- Multi-national online credit rating provider (United Kingdom)
- Leading Australian Dental firm (Australia)
- Government Tourism Authority (Australia)
- Prominent Australian University (Australia)
- A leading luxury Goods producer (Switzerland)
- A leading global blood glucose (Diabetic care) monitoring company (USA)

### Lifetime Value vs Enterprise Value

The Company continues to build a valuable long-term set of cash flows in its recurring revenue business model and is trading at a 58% discount to the estimated lifetime value of recurring customer contracts<sup>3</sup>.



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

### Business and Operations Highlights

With the impacts of COVID-19 now much better understood by governments and organisations globally and optimism returning with vaccine rollouts, we are seeing a sense of normality return to many business operations. Europe and USA, despite the ongoing current challenges with COVID-19 continue to show signs of markets rebounding and buyers re-engaging. Reflected with a +23% increase for LiveTiles in its forward-looking pipeline for those regions compared to the prior quarter.

Throughout the quarter the Company has had many great achievements in addition to the above Customer wins, with some of the key highlights and business operation updates including:

- Through continued investment into further product R&D, the company successfully launched into market an enhanced LiveTiles Quantum product offering with two new powerful capabilities, LiveTiles Vibe and LiveTiles Smart Video.
  - LiveTiles is currently working with a large Australian University on a Smart Video pilot.
  - LiveTiles Vibe launched in November in close partnership with Microsoft, targeting a large addressable market, was developed out of growing demand during the pandemic for companies to gather feedback easily and quickly from employees. Have achieved significant interest in the product and LiveTiles will execute on its strategic objectives in 2021 to make it a big success.
- Successfully delivered a Virtual “Love Your Work” all-day Conference with +1,700 registrants and received extremely positive feedback across the customers, partners and investor base.
- Announced a further strengthening of the Canva and LiveTiles strategic partnership with the

<sup>3</sup> LTV = Lifetime Value. Assumes 75% gross margin, 95% net retention and an 8% discount rate. Gross margin assumption reflects mix of recurring product and services revenue following the acquisitions of Wizdom and CYCL. Net retention = (ARR expansion from existing customers less churn in trailing 12 months) / ARR at beginning of 12 month period. Based on LiveTiles’ Enterprise Value (market capitalisation as at 27 January 2021 less net cash at 31 December 2020).

launch of the LiveTiles Employee Experience Academy, creating a thought-leadership resource for current and prospective customers on best practice to enhancing digital workplaces and employee engagement initiatives.

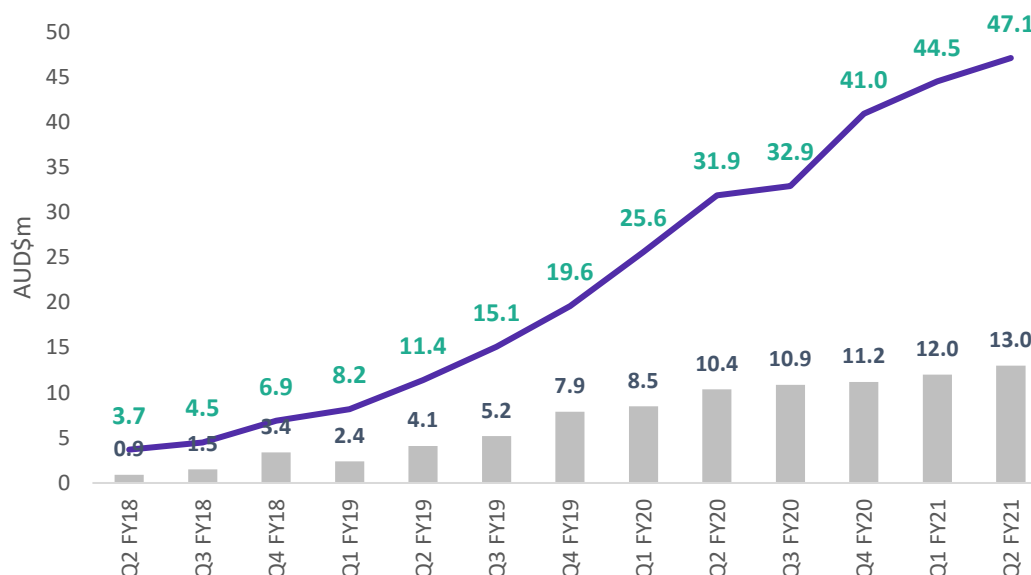
- Continuing success and growth in the recently launched LiveTiles Reach Product being well received in the market, highlighted by 75% increase in LiveTiles Reach deals in pipeline.
- Settled the legal proceedings against the company, the Group now has no unresolved litigation.

## FINANCIAL UPDATE

### Cash receipts

LiveTiles generated another record cash receipts quarter of **\$13m, +25% increase** on the prior corresponding quarter (Dec 2019). The Trailing-twelve-month (TTM) cash receipts rose 6% in Q2FY21 to **\$47.1m, a 48% increase** on the prior year.

### Continued strong growth in cash receipts (TTM)

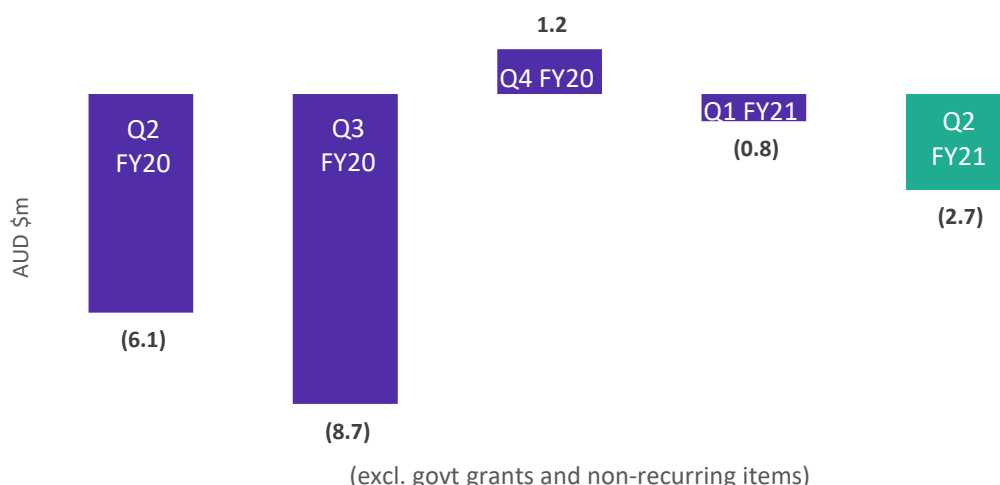
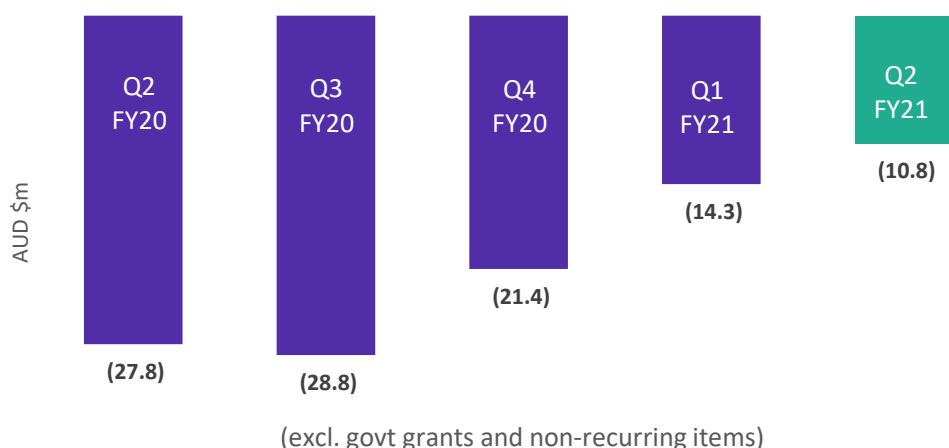


### Cash Balance & Operating Cash Flow

Cash on hand balance as at 31 December 2020 was **\$19.2 million**, which includes an unfavourable \$1.3m effect of movement in exchange rates for cash transacted and cash on hand.

Net Cash outflow from operating activities was **\$13.6m** in the quarter. Underlying normalised operating cash outflows for the quarter was **\$2.7m** (excluding govt R&D grants and non-recurring items), an improvement of \$3.4m and 56% from the prior year corresponding quarter (Dec 2019) which had a cash deficit of \$6.1m. During the quarter, the business focused on expanding its Sales and Customer facing teams by 43% to capitalise on the opportunities in the sales pipeline and increase in customer work programs.

The key drivers to the non-recurring cash items in the quarter were employee redundancy payments (\$1.1m) relating to the significant cost reductions initiatives announced at the end of FY20 and (\$9.8m) in litigation settlement charges and associated legal costs relating to the now resolved litigation case as previously announced in October 2020.

**Net operating cash flow by quarter (excl. govt grant & non-recurring items)****TTM net operating cash flow (excl. govt grant & non-recurring items)**

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

**LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states:** "We are pleased again with our overall Q2 results, achieving for the first time \$13m in cash receipts in a single quarter".

"Our annualised recurring revenue (ARR) continues to grow every quarter and has now risen to \$64.7m, a 200% increase over the last 2 years."

"Our sales pipeline continues to show accelerated growth from both direct and partner sales channels, with a large portion of the pipeline growth generated from our recently launched new product suites such as LiveTiles Reach, as companies around the world look to implement COVID-19 re-opening strategies by embracing digital workplace solutions.

Having achieved a positive underlying operating cashflow for a 6 month period, we strategically invested in sales, marketing and customer success in the December quarter to capitalise on significant opportunities in our pipeline.

"We are also extremely pleased to have welcomed a large, globally recognised institutional fund as a substantial LiveTiles shareholder, a great recognition of the future value and opportunity of the business."

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

**CONFERENCE CALL**

The Company will hold a brief conference call for investors 11.00am Sydney Time, Thursday 28 January 2021.

Registration details are available at: [Q2 Results call registration](#)

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

This announcement has been authorised for release by the Board.

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

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**About LiveTiles:**

LiveTiles is the global leader in intelligent workplace software for employee collaboration and communications , creating and delivering solutions that drive digital transformation, productivity, and employee engagement in the modern workplace.

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,100 Enterprise customers in over 30 countries. LiveTiles was named by The Australian Financial Review as Australia’s fastest growing technology company in 2020, recognised by Gartner as the largest vendor, outside of Workplace by Facebook, in the Intranet Packaged Software Solutions industry and also by Forrester as a leader in this space globally.

## Appendix 4C

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

**Name of entity**

LiveTiles Limited

**ABN**

95 066 139 991

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

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,005	25,031
1.2 Payments for		
(a) research and development	(1,371)	(2,888)
(b) product manufacturing and operating costs	(2,707)	(5,588)
(c) advertising and marketing	(1,015)	(1,936)
(d) leased assets	(13)	(27)
(e) staff costs	(7,187)	(12,087)
(f) administration and corporate costs	(3,379)	(5,958)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Non-recurring legal fees	(9,770)	(10,195)
Non-recurring staff costs	(1,129)	(2,406)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(13,563)</b>	<b>(16,025)</b>

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(55)	(55)
2.2	Proceeds from disposal of:	-	-
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(447)	(546)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(502)</b>	<b>(601)</b>

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



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	34,626	37,774
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(13,563)	(16,025)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(502)	(601)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1,329)	(1,916)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>19,232</b>	<b>19,232</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	18,831	23,032
5.2	Call deposits	2	11,594
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
	Cash held in trust	400	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>19,232</b>	<b>34,626</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	532
6.2	Aggregate amount of payments to related parties and their associates included in item 2	447
Item 6.1: Payment of compensation to executive directors and directors' fees to non-executive directors.		
Item 6.2: Loan to executive directors on arms length terms including market tested interest rate.		

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

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(13,563)
8.2	Cash and cash equivalents at quarter end (item 4.6)	19,232
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	19,232
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.41
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

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

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

Answer:

LiveTiles does not expect its operating expenditure to continue at the current period's amounts, due to non-recurring cash payment items of \$10.9m incurred in the quarter, including one-off litigation settlement payment and associated legal costs totalling \$9.8m and one-off employee costs of \$1.1m. These costs are not expected to continue in the future.

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

Answer:

Management has made an assessment and determination that the company can operate as a going concern at this point in time and without additional funding, subject to market and operating conditions.

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

Answer:

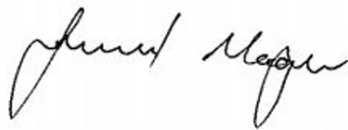
Management expects the entity to continue to operate as a going concern, as the current quarter underlying recurring operational spend for the company is \$2.7m compared to a cash balance of \$19.2m. Management also continuously looks to improve operational synergies for further savings.

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

## Compliance statement

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

Date: .....28 January 2021.....



Authorised by: .....  
.....

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

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.