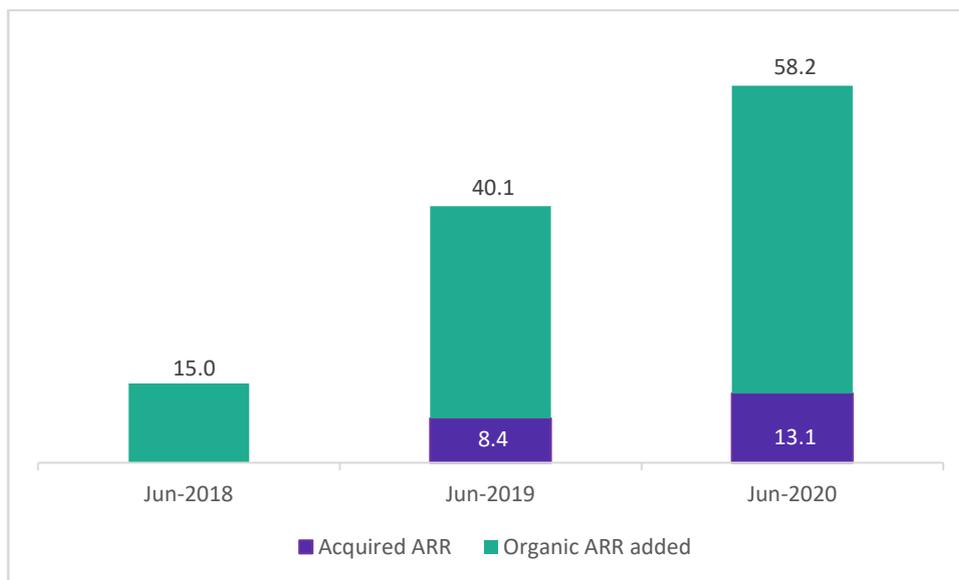


**ASX Announcement**

29 July 2020

**Positive cashflow and continued ARR growth in Q4**

- LiveTiles generated positive quarterly operating cashflow for the first time in Q4FY20 (excluding both non-recurring income and expenses) of \$1.2m
- Cash on hand grew by \$4.0m during Q4 to \$37.8m as at 30 June 2020
- Customer cash receipts of \$11.2m, a third consecutive record quarter
- Annualised recurring revenue (ARR) has grown to \$58.2m on a constant currency basis, up 45% in the last year and up 288% in 2 years
- Continued mixed operating conditions with lockdowns and economic uncertainty, offset by a continued robust pipeline and refreshed product portfolio. Strong medium & long-term outlook, with COVID playing a global role to accelerate digital workplace software adoption

**ARR growth history**

Note: Jun-2020 ARR is shown on a constant currency basis (when compared with 31 March 2020 FX rates)



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

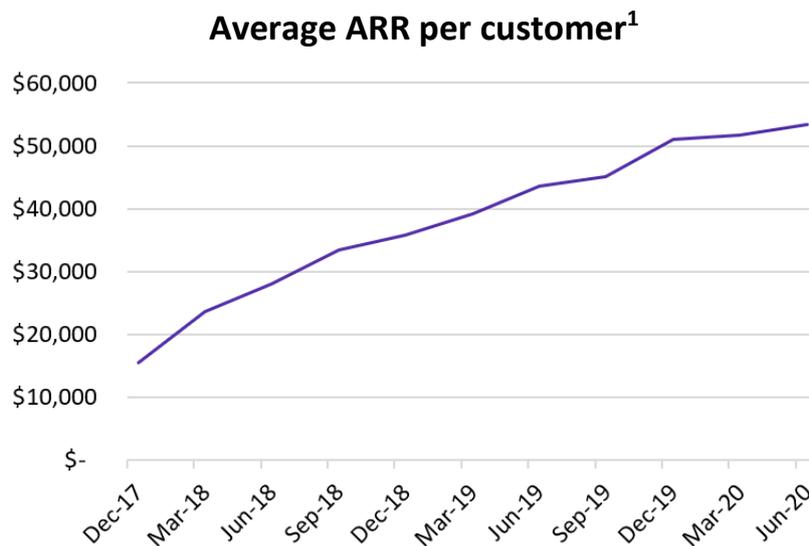
On a constant currency basis, using FX rates as at 31 March 2020, ARR as at June 30 was **\$58.2m**, representing growth of \$3.0m on 31 March ARR of \$55.2m and year on year growth of 45%.

On a reported currency basis, ARR reached **\$53.8m** as at 30 June 2020, representing year on year growth of 34%, and growth of 3.6 times when compared with two years ago.

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.

### Customer Numbers and Average Contract Value

Customer numbers rose from 1,068 at 31 March to **1,092** at 30 June. On a constant currency basis, using FX rates as at 31 March 2020, Average ARR per customer was **\$53,317**, a 3% increase when compared to 31 March levels. On a reported currency basis, average ARR per customer was \$49,248, reflecting growth of 13% on the prior corresponding period.



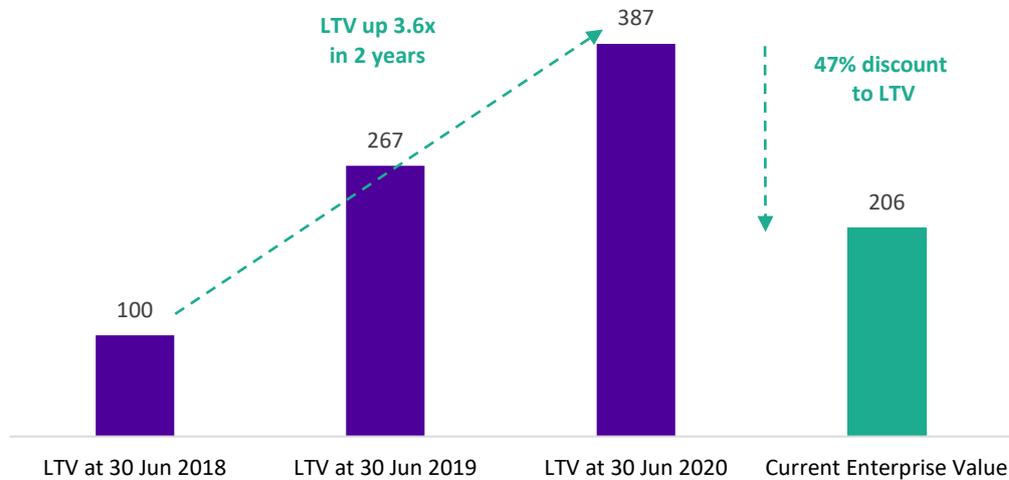
### Product Marketing Refresh

On July 1, LiveTiles launched its new portfolio of products and services to market, which consolidated and simplified the Company's brands and offerings into an easier to understand model for customers to purchase from LiveTiles. This new model is now live on our new website at [www.livetilesglobal.com](http://www.livetilesglobal.com). This new model is designed to attract more enterprise customers and increase average contract value.

<sup>1</sup> On a constant currency basis (for 30 June 2020), using FX rates as at 31 March 2020.

## Lifetime Value vs Enterprise Value

The Company continues to build a valuable long-term set of cash flows in its recurring revenue business model, and is trading at a **47%** discount to the estimated lifetime value of recurring customer contracts<sup>2</sup>.



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

## Operating Environment

COVID-19 has caused us to revisit our balance between cash burn and growth. Although LiveTiles is pleased with the growing book of recurring revenue, during the quarter it became clear that the prudent step was to ensure we maintained our strong balance sheet and see the pandemic through successfully. The Board ultimately concluded that we had to prioritise lowering cash burn and do so in a way that established a firm operating platform for the future.

There has been no change in long-term strategy or market opportunity for LiveTiles, but a current disruption that remains with us in the near-term, including a challenging sales environment for enterprise software generally, ahead of what we believe to be strong medium and long-term tailwinds towards adoption of digital workplace software. The company's pipeline has been building strongly throughout the last quarter through both direct and partner sales channels.

## Cash Balance & Operating Cash Flow

Cash balance was **\$37.8m** as at 30 June 2020, a rise of \$4.0m or 12% on 31 March cash levels. This strengthened financial position reflects substantially improved operating cashflow in Q4FY2020 (when compared with Q3FY2020), largely due to lower cash operating expenses as per the Company's strategy to lower cash burn in CY2020, growth in customer cash receipts and receipt of government R&D funds.

<sup>2</sup> LTV = Lifetime Value. Assumes 80% gross margin, 95% net retention and an 8% discount rate. Gross margin assumption reflects mix of recurring product and services revenue following the acquisitions of Wizdom and CYCL. Net retention = (ARR expansion from existing customers less churn in trailing 12 months) / ARR at beginning of 12 month period. Based on LiveTiles' Enterprise Value (market capitalisation as at 28 July 2020 less net cash as at 30 June 2020).

During the quarter the Company undertook significant cost reduction actions as previously announced, including a reduction in headcount by over 50 roles, and significantly reduced non-labour expenses. In the interests of long-term employee retention and engagement the Company has returned all employees to 100% hours effective at the end of Q4, and has implemented limited hiring for priority talent areas.

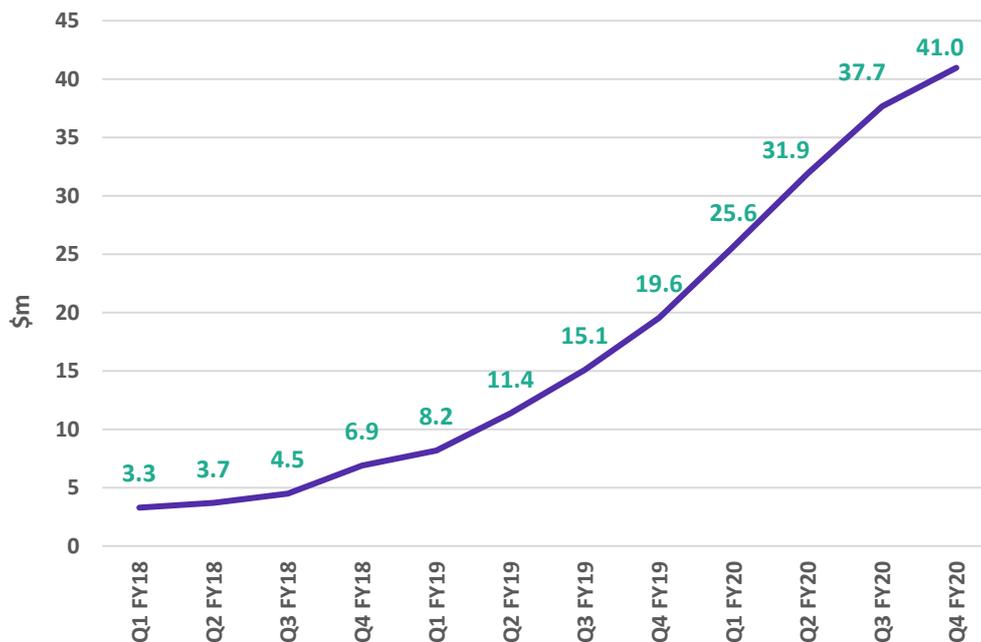
A significant reduction in cash burn has been achieved in Q4, notwithstanding the impact of one-off redundancy payments. Further, the Company generated positive operating cash flows of approximately \$2m in the month of June. The full benefit of these cost reduction initiatives will be realised during the September quarter, however at this stage the Company does not expect to be operating cash burn neutral in Q1FY2021 in light of current operating conditions.

LiveTiles reconfirms its objective to achieve operating cash flow breakeven point during calendar 2020, subject to market conditions. The Company continues to review additional options to reduce cash burn, including short-term revenue and cost initiatives, in order to achieve cash flow breakeven in 2020.

### Customer cash receipts

Trailing-twelve-month (TTM) customer cash receipts rose 9% in Q4 to \$41.0m, whilst full year FY2020 cash receipts rose 114% on the prior year.

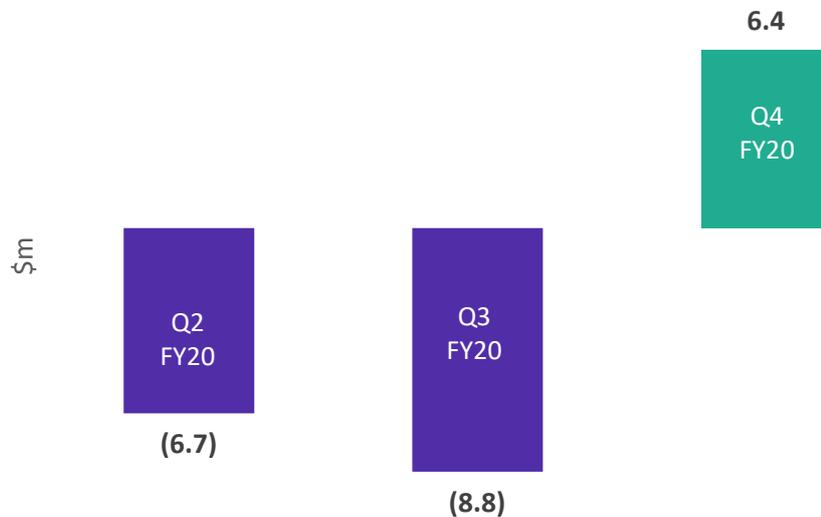
### Strong growth in customer receipts (TTM)



## Operating cash flow

Operating cash flow, inclusive of R&D and government grants and tax incentives, improved by \$15.2m in Q4, from an operating cash deficit of \$8.8m in Q3 to a \$6.4m operating cash surplus in Q4.

### Improving net operating cash flow (reported basis)

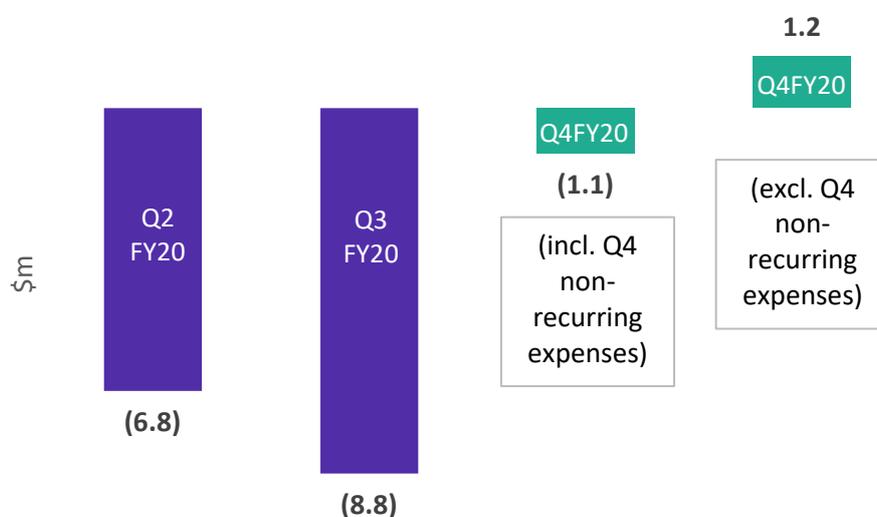


## Normalised operating cash flow

Normalised operating cash flow, excluding R&D and government grants, tax incentives and non-recurring expenses, improved by \$10.0m from a deficit of \$8.8m in Q3 to positive \$1.2m in Q4.

After including Q4 non-recurring expenses of \$2.3m, operating cash flow improved by 88% from (\$8.8m) in Q3 to (\$1.1m) in Q4.

### Improving net operating cash flow (excl. Q4 government grant income)



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



#### Q4 Highlights

Customer additions for Q4 include:

- A major league professional sports team (United States)
- A state government agency (Australia)
- A government owned manufacturer (Australia)
- A not-for-profit healthcare provider (United Kingdom)
- A local financial institution (United States)
- An insurance provider (Denmark)
- A global property and infrastructure development company (Australia)
- A national construction company (United States)
- A global shipping operator (United States)
- A healthcare consulting company (United States)
- A global natural resources company (Switzerland)
- A financial institution (Denmark)
- A city council (United Kingdom)
- A biopharmaceutical company (United States)
- A primary care healthcare operator (United States)

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

- Announced a partnership with leading intelligent meeting technology company Linius;
- Received research & development tax refunds of \$5.6m from the Australian Taxation Office;
- Moved to 100% remote working for all roles globally, as required during the pandemic;
- Implemented significant cost reduction measures;
- Completed a major brand refresh of the product portfolio; and
- Been recognised prominently by Forrester in their inaugural Intranet Platforms report.

During the quarter global technology analyst firm Forrester released their inaugural Intranet Platforms Q2 2020 Forrester Wave report, where LiveTiles was named one of the strongest performers, in addition to having the strongest market presence alongside Atlassian and Microsoft. This type of research is a significant step for the intranet software category, analyst coverage helps formally define the market and market opportunity, and many executives of the largest companies in the world subscribe to this service.



**LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states:** “We are very pleased with our overall Q4 results, particularly the significant step-change we have made on our operating expenditures and cash flow.

“We were recently named as Australia’s fastest growing technology company, but we’ve had to make some very difficult, deliberate decisions this quarter to balance this growth with sensible cost controls and expenditure.

“Our team is hugely energised with the opportunity to help customers supporting their employees to communicate and collaborate in the new world of remote and work from home.

“We passionately believe LiveTiles is well positioned to flourish and as co-founders, shareholders, directors and executives we take a long-term view in building shareholder value”.



## CONFERENCE CALL

The Company will hold a brief conference call for investors at 11.00am Sydney time today.

Registration details are available at: <https://s1.c-conf.com/diamondpass/10009018-invite.html>

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

This announcement has been authorised for release by the Board.

### For further information, please contact:

#### Investors

Maureen Baker

+61 (0)438 571 970

[maureen.baker@livetiles.nyc](mailto:maureen.baker@livetiles.nyc)

#### Media

Alex Liddington-Cox

+61 (0)474 701 469

[alexander.lc@livetiles.nyc](mailto:alexander.lc@livetiles.nyc)

### About LiveTiles:

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

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,000 Enterprise customers in over 30 countries. LiveTiles was named by *The Australian Financial Review* as Australia's fastest growing technology company in 2020 and by Forrester as one of the Top 12 companies in this space globally.

## Appendix 4C

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

Name of entity

LiveTiles Limited

ABN

95 066 139 991

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,199	40,969
1.2 Payments for		
(a) research and development	(1,191)	(6,271)
(b) product manufacturing and operating costs	(2,450)	(12,376)
(c) advertising and marketing	(868)	(6,528)
(d) leased assets	(13)	(31)
(e) staff costs	(4,799)	(29,225)
(f) administration and corporate costs	(656)	(7,952)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	176
1.5 Interest and other costs of finance paid	-	(8)
1.6 Income taxes paid	-	(236)
1.7 Government grants and tax incentives	7,536	11,458
1.8 Other (provide details if material)		
Non-recurring legal fees	(41)	(560)
Non-recurring staff costs	(2,301)	(3,827)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>6,440</b>	<b>(14,410)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	(6,373)
	(b) businesses	-	-
	(c) property, plant and equipment	-	(17)
	(d) investments	-	-
	(e) intellectual property		
	(f) other non-current assets	(90)	(203)
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	(109)	(373)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	Wizdom earn out	-	(3,967)
	CYCL net cash upon acquisition	-	(749)
	Acquisition transaction costs	-	(340)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(199)</b>	<b>(12,022)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	55,000
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	-	(4,046)
3.5	Proceeds from borrowings	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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>50,954</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	33,754	14,814
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,440	(14,410)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(199)	(12,022)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	50,954
4.5	Effect of movement in exchange rates on cash held	(2,221)	(1,561)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>37,774</b>	<b>37,774</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	22,805	23,609
5.2	Call deposits	14,970	10,145
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>37,774</b>	<b>33,754</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
352
109

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.

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7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

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.

The Company has received the following COVID-related funding packages:

USA

Lender: Evans Bank, N.A. (under the US Government's Paycheck Protection Program)

Amount: US\$1,279,800 (monies received during the current quarter)

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. This will be tested during Q1FY21.

The receipt of the Paycheck Protection Program funds is included in section 1.7 as management have determined the Company meets the requirements for the loan to be forgiven and therefore takes the substance of a grant rather than a loan.

Switzerland

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	6,440
8.2 Cash and cash equivalents at quarter end (Item 4.6)	37,774
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	37,774
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	n/a

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

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

Answer:

N/A

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

Answer:

N/A

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

Answer:

N/A

### 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: 29 July 2020



Authorised by: Rowan Wilkie, CFO

### 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.

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

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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.