

ASX Announcement

29 April 2021

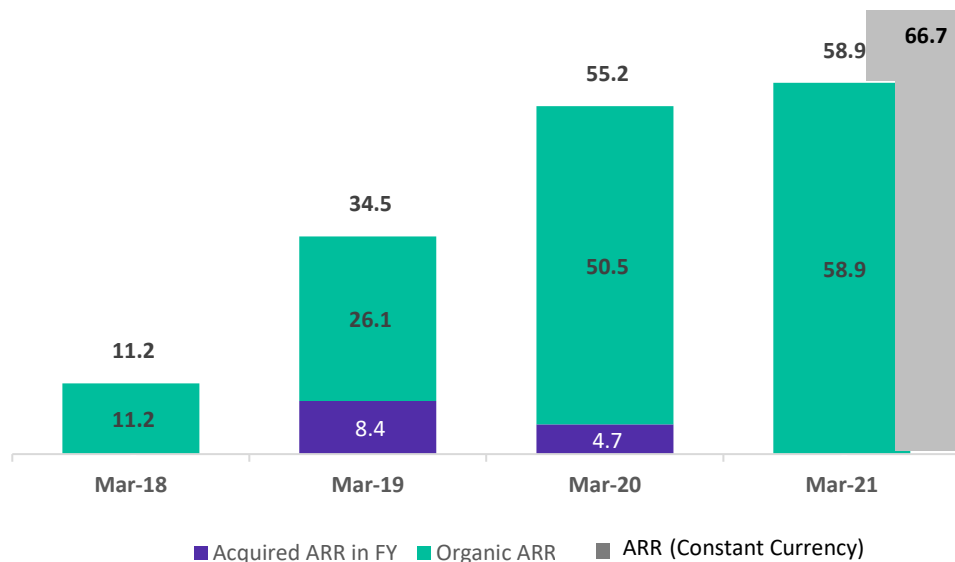
LiveTiles continues growth with increased ARR, a record customer contract signing and strong cash receipts.

Highlights

- A company record \$3m, 3-year customer contract signed with United Health Group, a top 10 Fortune 100 company with over 325,000 employees.
- Annualised recurring revenue (ARR) of \$66.7m on a Constant Currency basis; a 21% growth versus prior corresponding period (pcp). On a reported currency basis ARR has grown 7% to \$58.9m.
- Another strong cash receipts quarter of \$12.2m; 12% higher than the pcp. Net operating cash outflow (excluding grants and non-recurring items) of \$1.6m; a 74% improvement on the pcp and \$1.1m reduced burn rate when compared to Q2FY21.
- Completed and awarded the ISO27001:2013 certification, a globally recognised information security management certification
- Strong cash runway with \$16.8m Cash on hand as at 31 March 2021

LiveTiles Limited (ASX:LVT) (LiveTiles or the Company), the global leader in employee experience software for employee collaboration and communications, has today released its Appendix 4C and Quarterly activities report for the three month period ended 31 March 2021.

ARR growth history¹



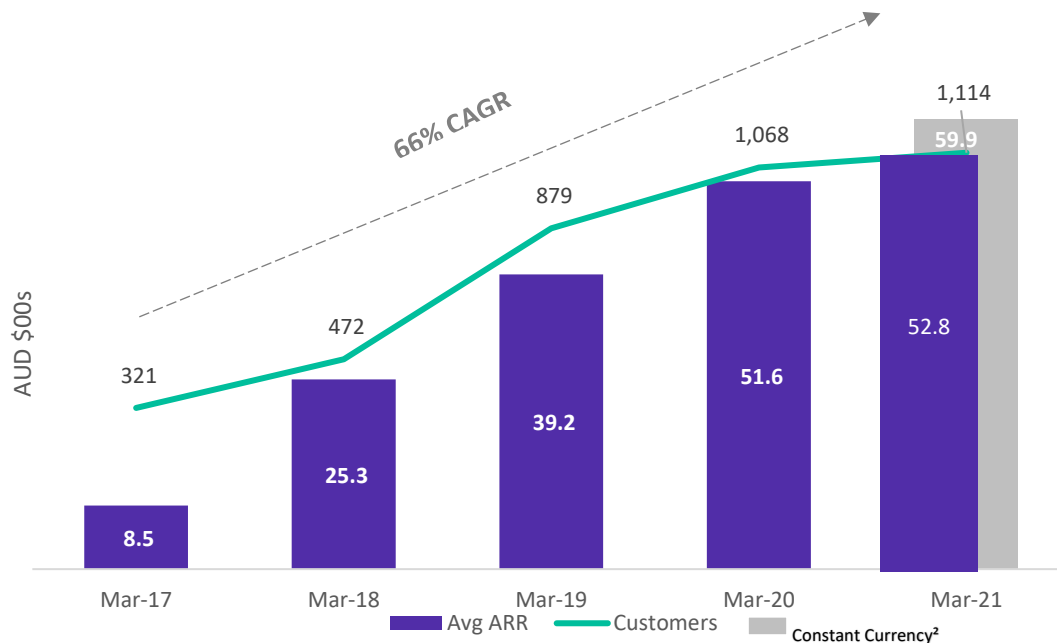
¹ March 31 2021 ARR is shown on a constant currency basis (when compared with 31 March 2020 FX rates)
Note: The Group commenced constant currency reporting in the quarter ended 30 June 2020

ARR AND CUSTOMER UPDATE

ARR on a reported currency basis, reached \$58.9m as at 31 March 2021, a 7% growth from pcp and a 72% increase when compared with two years ago. Another quarter of growth achieved; notwithstanding continued challenges with COVID lockdowns globally. On a constant currency basis², ARR as at March 31 was \$64.7m, growing \$2m in the 3 months from 31 December 2020 ARR of \$64.7m.

Customer numbers as at 31 March 2021 were 1,114, an increase of 46 from the pcp and a net decrease of 18 (-2%) from 31 March 2020, with 80% of the customer decrease to prior quarter coming from the small / mid-market segment.

Average ARR per Customer as at 31 March 2021 on a constant currency basis² was \$59.9k; a 16% increase over pcp. On a reported currency basis, average ARR per customer was \$52.8k.

Average ARR per customer² up 16% year-on-year**Customer highlights made in Q3 FY21 included:**

Company's largest ever customer signing as announced on 17 February, with a record \$3m, three-year contract with United Healthcare Group, a top 10 Fortune 100 company with over 300,000 employees. This was the second record deal announced in less than four months.

In addition to the above record deal, the following other key customer signings were made during the quarter:

- A top Australian University (Australia)
- Canadian Federal government department (Canada)
- A world leader in production of essential nutrients (Netherlands)
- 2nd Largest Australian Hospitality and Venue Group (Australia)
- A North American retail cosmetic group (USA)

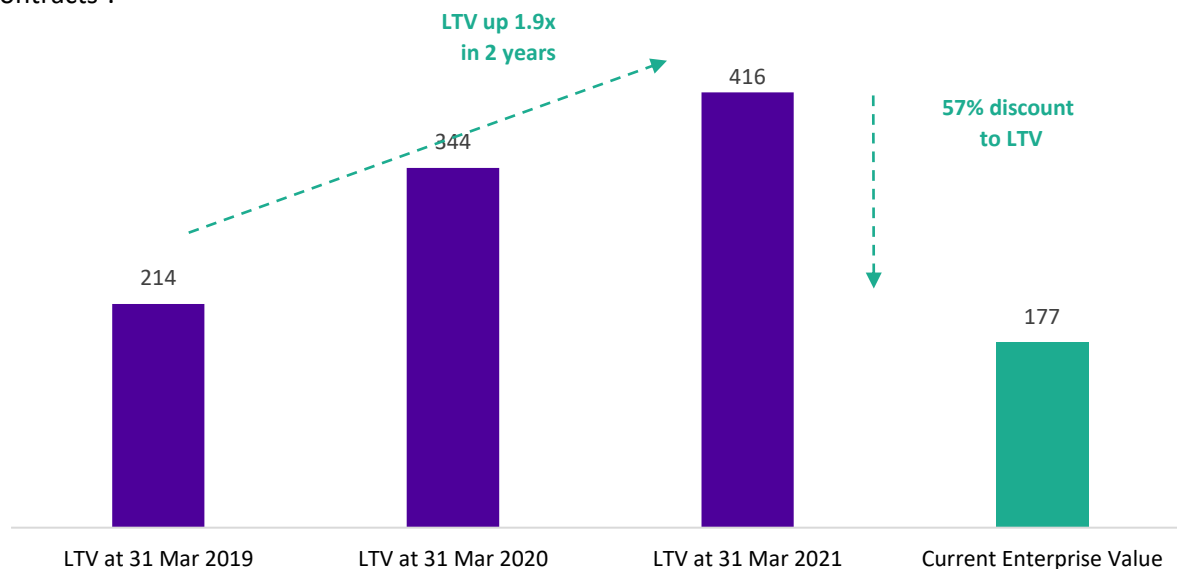
² March 31 2021 ARR is shown on a constant currency basis (when compared with 31 March 2020 FX rates)

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

- A European Insurance Agency Group (Germany)
- A US state government health care department (USA)
- A UK based not-for-profit organisation (UK)

Lifetime Value vs Enterprise Value

LiveTiles continues to build a valuable long-term set of cash flows in its recurring revenue business model and is trading at 57% discount to the estimated lifetime value of recurring customer contracts³.



³ Note: 31 March 2021 LTV reflects ARR on a constant currency basis (when compared with 31 March 2020 FX rates)

Business and Operations Highlights

Over the past 15 months; in what has been challenging times globally with COVID-19, LiveTiles has continued to grow its ARR each quarter, whilst drastically reducing its operating cashflow costs. As a result, the company is well positioned to withstand any ongoing uncertainties associated with COVID-19 and is now firmly focussed on growth as evidenced by recent growth in demand for RFPs.

Throughout the quarter the Company operationally realised many great accomplishments in addition to the above Customer wins, with some of the highlights including:

- Successfully completed and awarded ISO27001:2013 certification, a globally recognised information security management certification. This certification is a response to growing enterprise demand and speeds up the sales cycle and reassures our operating processes.
- Announced that LiveTiles had joined the Nasdaq listed ServiceNow global partner program to help diversify the Company's enterprise sales pipeline strategy with expanded platform integration touchpoints.
- Another quarter of strong sales pipeline activity as buying sentiments continue to return after the wide ranging COVID shutdowns during 2020 with another 14% growth in sales pipeline compared to prior quarter (Dec31 2020). In particular, Reach during the third quarter saw continued success and growth, highlighted with a 140% increase in sales pipeline value of Reach deals over the past three months.

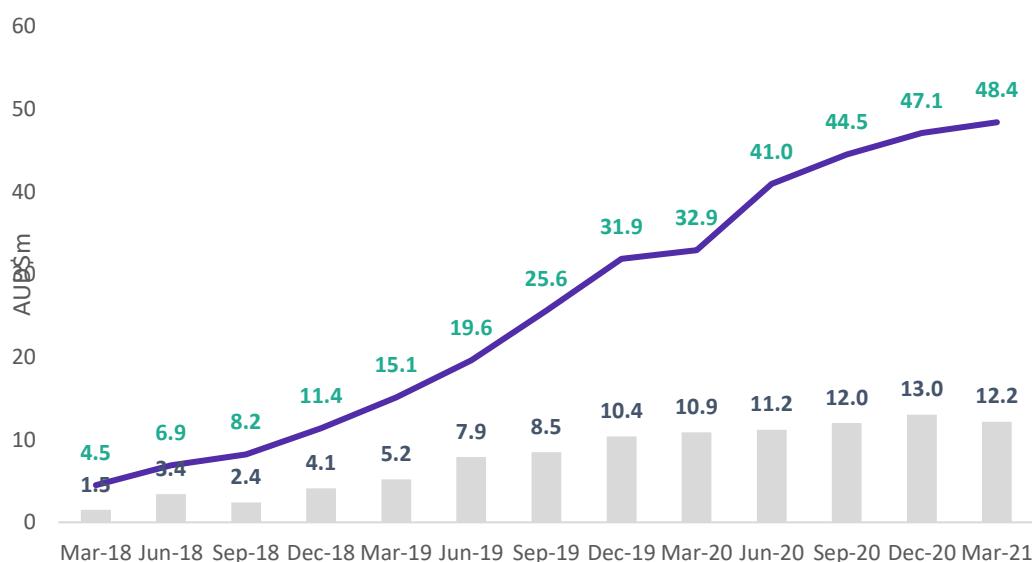
³ LTV = Lifetime Value. Assumes 75% gross margin, 95% net retention and an 8% discount rate. Gross margin assumption reflects mix of recurring product and services revenue following the acquisitions of Wizdom and CYCL. Net retention = (ARR expansion from existing customers less churn in trailing 12 months) / ARR at beginning of 12 month period. Based on LiveTiles' Enterprise Value (market capitalisation as at 25 April 2021 less net cash at 31 March 2021).

FINANCIAL UPDATE

Cash receipts

LiveTiles recorded cash receipts of **\$12.2m, +12% increase** on the pcp (Mar31 2020) and -6% on prior quarter (Q2-21) reflecting the seasonality of annual cash payments collected from enterprise customers. The Trailing-twelve-month (TTM) cash receipts rose to **\$48.4m, a 47% increase** on the prior year and a 121% 3year CAGR¹.

Continued strong growth in cash receipts (TTM)



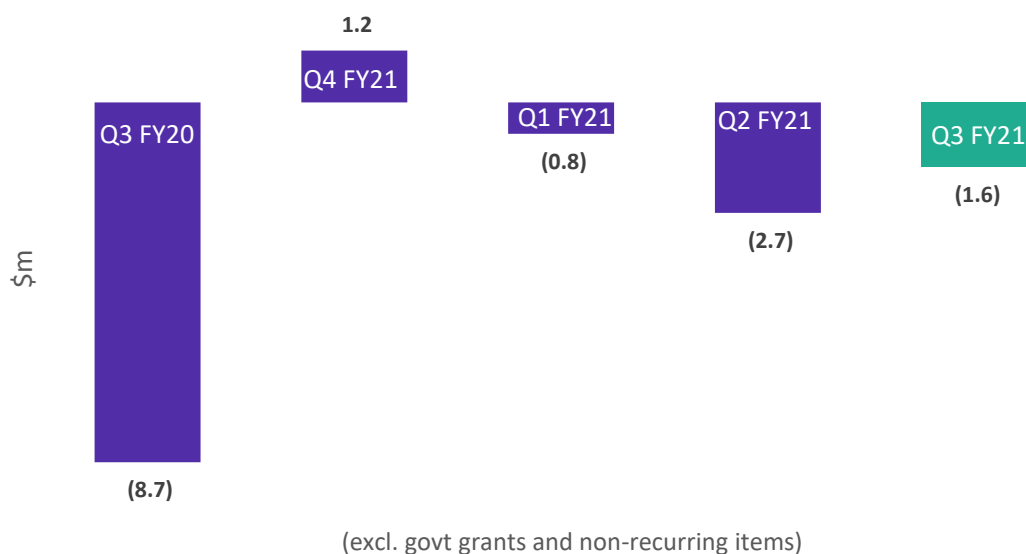
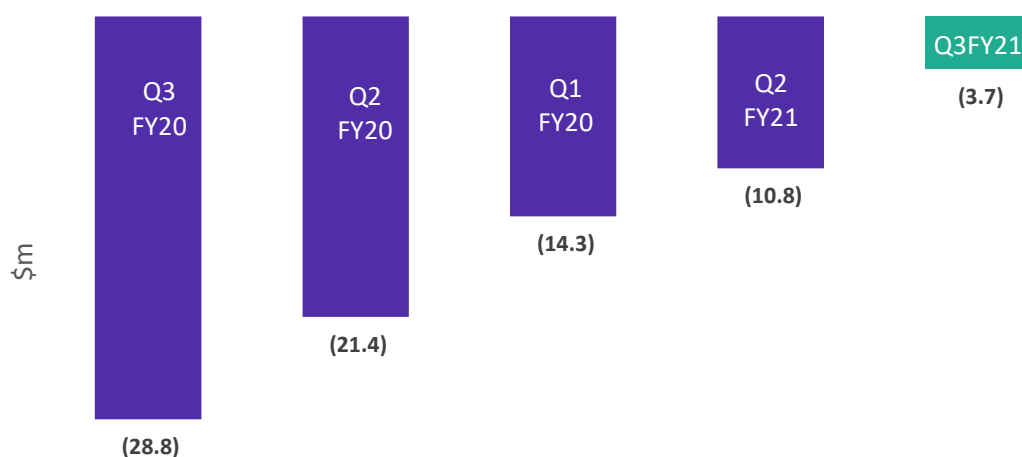
Cash Balance & Operating Cash Flow

Cash on hand balance as at 31 March 2021 was **\$16.8 million**.

Net Cash Outflows from operating activities in the quarter was \$2.3m, an improvement of 74% compared to same pcp (March 2020).

Underlying normalised operating cash outflows for the quarter was \$1.6m (excluding govt R&D grants and non-recurring items). Cash outflows related to business operations included: R&D (\$1.2m), Product Manufacturing (\$2m) Advertising and Marketing (\$0.7m), Staff costs (\$6.6m) and Administration and Corporate costs (\$3.1m), non-recurring (\$0.7m). Staff costs improved \$0.5m on prior quarter reflecting reduced headcount through the quarter and one-off bonuses made in Q2

The key driver to the non-recurring cash items in the quarter was (\$0.7m) of 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 very pleased again with our overall Q3 results, in what continues to be a challenging operating macro environment across the globe, achieving continued growth in our ARR results, reducing our net cash outflows and maintaining a healthy cash position".

"Our annualised recurring revenue (ARR) continues to grow every quarter and has now risen to \$66.7m², a 93% increase over the last 2 years."

² March 31 2021 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

For the second quarter in a row, we have broken our company record for a customer signing with a 3 year, \$3m deal with United Healthcare Group. During the quarter we also saw a record number of requests for proposals with 21 RFP'S in motion for this CY2021 pipeline. These developments reinforce our confidence in the Employee Experience evolution, the breadth of this addressable and emerging market and the positioning of the LiveTiles strategy for success"

"We are also very pleased to welcome the appointments of Fiona Le Brocq and Jesse Todd as independent Non-Executive Directors to the Board to further consolidate our status as a global employee experience industry leader and help drive the company in its next phase of growth."

"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 29 April 2021.

Registration details are available at: [Q3 Results call registration](#)

A recording of the conference call will be made available on the Company's website at www.livetilesglobal.com

This announcement has been authorised for release by the Board.

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About LiveTiles:

LiveTiles is a global leader in the employee experience 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 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		12,185	37,216
1.2 Payments for			
(a) research and development		(1,208)	(4,096)
(b) product manufacturing and operating costs		(1,993)	(7,581)
(c) advertising and marketing		(754)	(2,690)
(d) leased assets		(12)	(39)
(e) staff costs		(6,637)	(18,724)
(f) administration and corporate costs		(3,139)	(9,096)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	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		(727)	(10,922)
Non-recurring staff costs		-	(2,406)
1.9 Net cash from / (used in) operating activities		(2,285)	(18,310)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	(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	-	(546)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(601)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	19,232	37,774
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,285)	(18,310)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(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	(194)	(2,109)
4.6	Cash and cash equivalents at end of period	16,754	16,754

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	16,754	18,831
5.2	Call deposits	-	2
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
	Cash held in trust	-	400
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,754	19,232

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	508
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
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.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	Total financing facilities	-	-
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.		
<p>The Company has received the following COVID-related funding packages:</p> <p><u>USA</u></p> <p>Lender: Evans Bank, N.A. (under the US Government's 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></p> <p>Lender: UBS AG (under the Swiss Government's Coronavirus bridging loan program) Amount: CHF 500,000 (available but undrawn – no monies have been received by the Company) Interest rate: currently 0% p.a. Maturity: 5 years from April 2025 Secured / unsecured: Unsecured</p>			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,285)
8.2	Cash and cash equivalents at quarter end (item 4.6)	16,754
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	16,754
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.33
<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:

N/A

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

Answer:

N/A

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

Answer:

N/A

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

Compliance statement

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

Date:29 April 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.