

ASX Announcement

30 September 2019

Acquisition of XINN and successful completion of institutional placement

Key Points:

- Bigtincan to acquire Boston based leader in sales enablement for financial services organisations adding key technology capabilities to Bigtincan platform
- Deal brings ~AUD\$3m in Annualised Recurring Revenue (“ARR”) to Bigtincan across 15 customers including Prudential, Mass Mutual, John Hancock and State Street Global Advisors
- XINN’s technology is the next generation of document automation for sales enablement, bringing an immediate competitive advantage for Bigtincan
- The financial services vertical offers new green field market opportunities for growth in North America, EMEA and Asia/Pacific
- Adds to FY20 revenue momentum taking ARR to \$27.8m (FY19 ARR plus acquisitions of Veelo, Asdeq, XINN)
- Institutional placement successfully completed, raising A\$20 million
- Strong support shown by both existing and new institutional shareholders

Overview of acquisition

Bigtincan Holdings Limited (ASX: BTH) (“Bigtincan”) is pleased to announce that it has entered into a binding stock purchase agreement with Xinnovation, Inc. (“XINN”) and the shareholders of XINN (“Sellers”) to acquire all of the issued stock of XINN. XINN has created the next generation of technology for document automation in the sales enablement market that is used to transform the way financial service firms engage with their customers.

XINN’s technology is unique in creating document automation as an integrated SaaS service, delivered without the need to engage in extensive services based integration programs. The XINN technology is built on over 15 years of experience in document automation and will immediately add value to Bigtincan’s solution for the world’s leading financial services firms. Unlike legacy technology, XINN’s solution allows for rapid system implementation and ease of use far exceeding alternatives in the market, putting Bigtincan in a strong competitive position against other Sales Enablement leaders.

The acquisition adds to FY20 revenue momentum taking ARR to \$27.8m (FY19 ARR of \$23.4m plus acquisitions of Veelo (~1m), Asdeq (~0.4m), XINN (~3m)).

Under the stock purchase agreement, the purchase price will comprise:

- an up-front cash payment of US\$4,500,000 on the closing of the transaction (“Closing”), subject to adjustment for working capital, indebtedness and transaction expenses;
- a payment of US\$500,000 on or before the first anniversary of Closing, subject to set-off of any amounts owed by the Sellers to Bigtincan; and
- the issue of fully paid ordinary shares in Bigtincan with a value of US\$2,500,000, with an issue price equal to the 30 day VWAP of shares in Bigtincan immediately prior to Closing (“Issue Price”). 62.5% of the shares (being the shares issued to 2 key executives) will be subject to voluntary escrow restrictions for 12 months and be subject to forfeiture if the executive voluntarily leaves the employment of Bigtincan without ‘good reason’ or if the executive is terminated by Bigtincan for ‘cause’ or against warranty claims under the stock purchase agreement.

The cash consideration will be paid from Bigtincan’s existing cash reserves, including funds raised from the placement described below. The shares to be issued to the Sellers at Closing will be issued within Bigtincan’s issuing capacity under ASX Listing Rule 7.1. Accordingly, Bigtincan will not seek shareholder approval to the issue of the shares at Closing.

In addition, 2 key executives of XINN will be eligible to receive an incentive bonus, capped at US\$4,500,000 in total, calculated as 3 times the annual recurring revenue of XINN as at 31 December 2019 less US\$7,500,000 (“Incentive Bonus”). The payment of the Incentive Bonus will be satisfied by the issue of fully paid ordinary shares in Bigtincan at the Issue Price and based on the AUD/USD exchange rate on the day prior to issue. The shares issued to the executives will be subject to voluntary escrow restrictions for 12 months (as to half) and 24 months (as to the other half) and be subject to forfeiture if the executive voluntarily leaves the employment of Bigtincan without ‘good reason’ or if the executive is terminated by Bigtincan for ‘cause’ prior to vesting. If an executive’s employment is terminated by Bigtincan without ‘cause’ or if the executive resigns for ‘good reason’ prior to 31 December 2019, the Incentive Bonus of that executive will vest in full.

Any shares to be issued for the Incentive Bonus are expected to be able to be issued within Bigtincan’s issuing capacity under ASX Listing Rule 7.1. Accordingly, Bigtincan does not intend to seek shareholder approval to the issue of shares for the Incentive Bonus.

Closing is subject to the satisfaction of customary conditions. Closing is expected to occur in the first half of October 2019.

Financial Services Market

Financial Services is one of the biggest vertical markets for enterprise software globally. By joining the Bigtincan family the XINN technology will be able to be deployed by Bigtincan to both new and expansion opportunities.

In acquiring XINN, Bigtincan adds a key puzzle piece to its technology suite now providing a compelling set of solutions across key verticals identified to investors in FY18.

Acquisition aligns with Bigtincan's stated acquisition criteria

The acquisition of XINN meets all of the acquisition criteria previously identified by Bigtincan in that it provides a positive financial impact, complementary technology, excellent people and a focused go-to-market strategy with an active customer base. In particular:

- XINN has a growing contracted annual recurring revenue base of approximately A\$3m in the United States primarily from companies in the financial services industry.
- XINN is a leader in the use of document automation as part of sales enablement for the financial services use case - a rapid area of growth in the sales enablement space.
- Bigtincan and XINN's technology is highly complementary and represents an opportunity to deliver significant value uplift to customers of both companies when combined.
- Addition of the XINN team brings additional depth of experience in both the technology vertical and the inside sales technology that will power ongoing growth in that vertical.
- The transaction complements Bigtincan's existing North American gotomarket footprint.

About XINN

Founded in 2002, XINN is headquartered in Boston, MA USA. XINN's product is a cutting edge sales enablement and document automation platform primarily servicing customers in financial services. XINN's product simplifies the process of automating presentations and collateral, enabling digital engagement and revealing valuable insights.

XINN has an experienced leadership team and staff of 12 employees and 9 contractors with teams centred in Boston, MA and Atlanta, GA USA. XINN has 15 customers including Prudential, Mass Mutual, John Hancock and State Street Global Advisors.

Institutional Placement

Bigtincan is also pleased to announce the successful completion of its \$20 million institutional placement ("Placement") of new fully paid ordinary shares ("New Shares") at \$0.54 per share. Funds from the equity raising will be used to assist with the funding of the acquisition of XINN, as well as other acquisitions that meet Bigtincan's criteria, integration and working capital purposes.

The Placement will result in the issue of approximately 37 million new shares which will rank equally with existing Bigtincan shares.

Of the above named shares, a total of 26,193,122 shares will be issued under the Company's 10% placement capacity under Listing Rule 7.1A.

Bigtincan provides the following information as required under ASX Listing Rule 3.10.5A in respect of the shares issued under Bigtincan's 10% placement capacity under Listing Rule 7.1A:

(a) The dilutive effect of the Placement on existing shareholders is as follows:¹

	Shares	%
Number of shares on issue prior to Placement	261,931,221	87.61
Dilution as a result of shares issued under LR 7.1A	26,193,122	8.76
Dilution as a result of shares issued under LR 7.1	10,843,915	3.63
Number of shares on issue following Placement	298,968,258	100.00

The percentage of the post-Placement issued capital held by the pre-Placement shareholders and new shareholders are as follows.

	%
Pre-Placement shareholders who did not participate in the Placement	47.92
Pre-Placement shareholders who participated in the Placement	46.77
New shareholders who participated in the Placement	5.31
Total	100.00

(b) The 26,193,122 shares issued under Listing Rule 7.1A will be issued to existing and new institutional and sophisticated investors as it was considered to be the most efficient mechanism for raising funds in a timely manner.

(c) There were no underwriting arrangements entered into with respect to the issue made under Listing Rule 7.1 or Listing Rule 7.1A.

(d) Bigtincan incurred fees equal to 5.5% of the funds raised by the joint lead managers under the Placement.

¹ Note: this disclosure does not take account of the proposed issues of shares in relation to the XINN acquisition.

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Additional information

Further details of the proposed acquisition and the capital raising will be set out in the Investor Presentation to be provided to the ASX later today. The Investor Presentation will contain important information, including key risks and international offer restrictions.

EC & L Baillieu and Canaccord Genuity are acting as joint lead managers of the Placement.

Further Information

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About Bigtincan

Bigtincan (ASX:BTH) helps sales and service teams increase win rates and customer satisfaction. The company's mobile, AI-powered sales enablement automation platform features the industry's premier user experience that empowers reps to more effectively engage with customers and prospects and encourages team-wide adoption. Leading brands including AT&T, ThermoFisher, Merck, ANZ Bank and others rely on Bigtincan to enhance sales productivity and fuel customer engagement. With global sales and marketing headquartered in Boston, Bigtincan also has offices across EMEA, Australia and Asia. To discover more about how your organization can benefit from the Bigtincan Hub platform, please visit www.bigtincan.com or follow @bigtincan on Twitter.