

ASX Announcement

29 January 2019

232% year-on-year growth delivers \$22.9 million of annualised recurring revenue

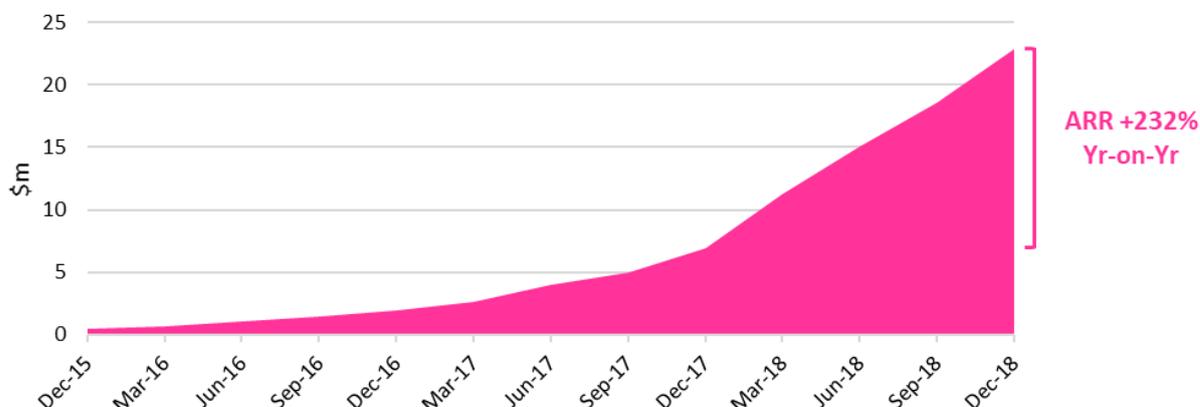
- Annualised recurring revenue¹ (ARR) reached \$22.9 million as at 31 December 2018, up 232% year-on-year
- 598 paying customers as at 31 December 2018, with robust enterprise customer growth continuing
- N3 sales and marketing team continues to generate rapid sales pipeline growth, with conversions contributing to strong customer and ARR growth
- Recently-acquired Hyperfish business performing above plan, with Hyperfish ARR more than tripling in the past 6 months
- Ongoing high-impact campaigns and other joint-marketing initiatives with Microsoft generating strong awareness and demand for LiveTiles' intelligent workplace offering
- Strong customer and revenue growth expected to continue in FY19, bolstered by increasing product and brand awareness and conversion of a strong sales pipeline

LiveTiles Limited (ASX:LVT) ('LiveTiles' or 'the Company'), a global software company that empowers its users to create their own intelligent workplace experiences, has today released its Appendix 4C and is pleased to provide an update on its activities for the quarter ending 31 December 2018.

GROWTH HIGHLIGHTS

Annualised Recurring Revenue (ARR)¹ grew to **\$22.9 million** as at 31 December 2018, representing annual growth of **232%**, with ARR growing by **\$4.3 million** in the December quarter.

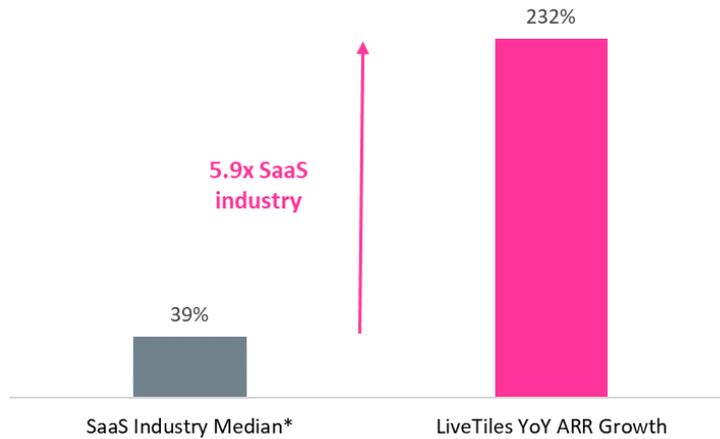
Rapid growth in annualised recurring revenue



¹ Annualised recurring revenue (ARR) represents committed, recurring revenue on an annualised basis

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LiveTiles is growing at almost 6x the rate of the Software-as-a-Service industry

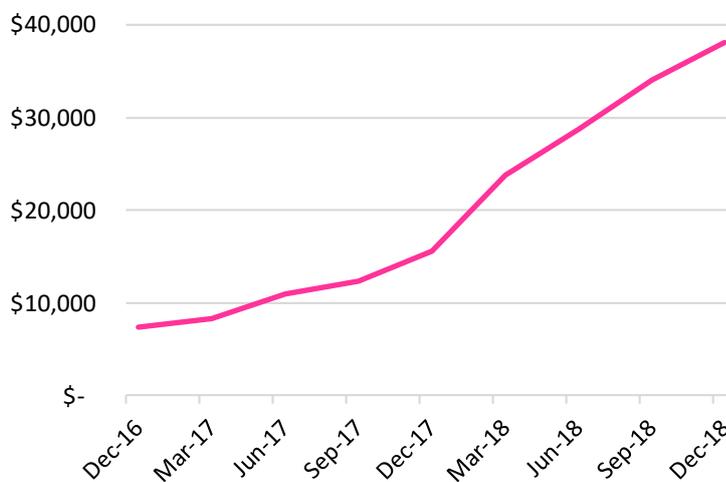


* Source: KeyBanc 2018 Private SaaS Company Survey (for companies >US\$5m ARR; 171 respondents)

Customer numbers continued to grow strongly, with **598 paying customers** as at 31 December 2018. The Company is continuing to secure a growing proportion of enterprise customers, driven by LiveTiles' investment in experienced direct sales personnel, co-marketing initiatives with Microsoft and growing brand awareness.

Average ARR per customer continued to trend higher in the December quarter, up **145%** over the last 12 months, driven by strong new enterprise customer growth and increased penetration of existing customers via the Company's 'land & expand' growth strategy.

Average ARR per customer up 145% year-on-year



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Customer highlights in the December quarter included:

- One of the world's largest IT consulting companies, headquartered in the United States
- A top-tier global real estate services company, headquartered in the United States
- A multinational engineering and construction company, headquartered in the United States
- A major university in the United States
- A large agricultural cooperative in the United States
- A top-tier professional services firm in Australia
- A global insurance company in the Asia-Pacific region
- Two government departments in Australia
- A global luxury goods conglomerate, headquartered in Europe

The number of transacting partners² grew to **111** as at 31 December 2018 (**up 37%** year-on-year).

N3 DELIVERING REVENUE GROWTH AND STRONG SALES PIPELINE

In mid-November 2018, LiveTiles announced that the N3 sales and marketing team had generated a pipeline of sales opportunities for LiveTiles which were in excess of \$50 million. This strong performance continues, with the N3-generated sales pipeline continuing to grow rapidly and pipeline conversion expected to continue to increase throughout FY19.

HYPERFISH ACHIEVING RAPID ARR GROWTH

Since its acquisition in June 2018, Hyperfish has performed strongly, with ARR more than tripling since the acquisition completed. Hyperfish has successfully exceeded the first earn-out target by achieving ARR of more than US\$1.0m by 31 December 2018.

In accordance with the key acquisition terms announced in May 2018, 6.77 million LiveTiles shares will be issued to the vendors as consideration for achieving the first earn-out. The shares are subject to an escrow period of 12 months.

Several customers have already acquired Hyperfish software as part of the LiveTiles Intelligent Workplace bundle, demonstrating the highly complementary fit between LiveTiles' suite of intelligent workplace software and Hyperfish's artificial intelligence-powered employee profile and directory management software.

The Hyperfish sales pipeline continues to grow rapidly, including via the N3 channel, and is expected to contribute to the Company's strong customer and ARR growth in FY19 and beyond. LiveTiles also expects Hyperfish will be cash flow positive on a run-rate basis by 31 December 2019.

FORMER MICROSOFT SENIOR EXECUTIVE APPOINTED TO DRIVE GLOBAL GROWTH

As announced earlier this month, David Vander has joined LiveTiles as Global Growth Director. David has held senior executive positions with Microsoft for the past 16 years. As Worldwide Industry Lead for Microsoft's Services division, David helped launch and grow Microsoft's global business consulting practice across the financial services, retail, manufacturing, government, healthcare and education sectors. David previously oversaw Microsoft's strategy as Asia Pacific Services Lead, where based in Singapore he provided consulting and other support across 12 countries in the region. In Seattle, he was

² LiveTiles resellers that have closed at least one LiveTiles software licensing transaction.

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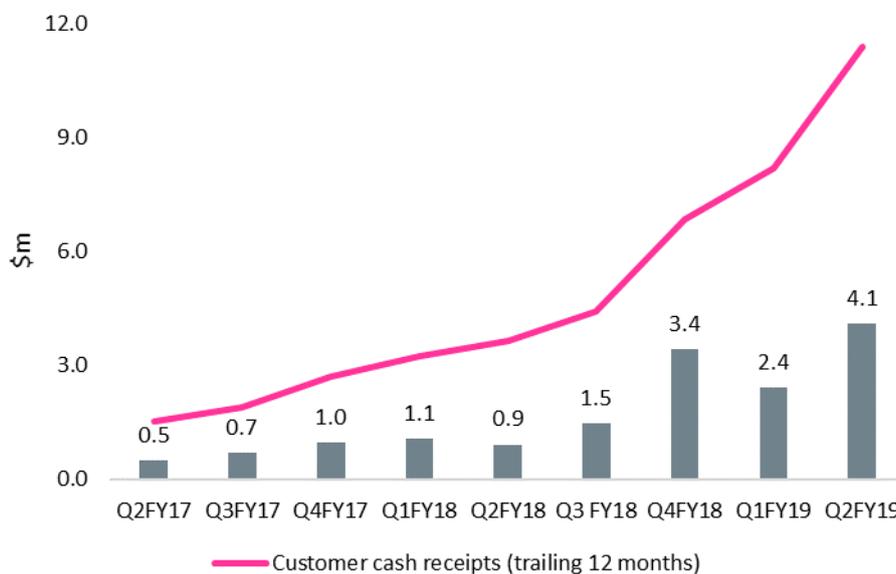
the former Worldwide Sales Excellence Lead for Microsoft's Enterprise Sales business and was also the Worldwide Managing Director for Microsoft's Banking and Financial Services Industry.

David's appointment is expected to further strengthen the Company's global relationship with Microsoft and drive new strategic relationships and commercial opportunities.

FINANCIAL UPDATE

LiveTiles generated customer cash receipts of **\$4.1 million** in the December 2018 quarter, up **69%** on the September 2018 quarter and up **350%** on the prior corresponding quarter (December 2017).

Strong growth in customer cash receipts



Net cash outflow from operating activities was **\$9.6 million** in the quarter (**\$9.0 million** before non-recurring items). Cash operating expenses before non-recurring items were below the estimate provided in the Company's September quarter Appendix 4C.

The Company's cash balance as at 31 December 2018 was **\$22.5 million**.

For the March 2019 quarter, the Company expects gross cash operating expenses will be approximately \$11.7 million, down from \$13.7 million in the December quarter.

LiveTiles expects gross cash operating expenses for the six months to 30 June 2019 to be significantly lower than gross cash operating expense for the six months to 31 December 2018 driven by:

- normalisation of expenses relating to the sales and marketing execution services provided by N3 in the United States following the completion of the recruiting, onboarding and training phase; and
- cost savings from several non-customer facing staff reductions implemented in the December 2018 quarter.

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LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states: “We are pleased that this has been yet another strong quarter of growth in ARR, which reached \$22.9 million at the end of the quarter. The past 12 months has delivered a more than three-fold increase in ARR and we are confident our strong growth will continue in FY19.”

“The N3 sales and marketing channel and our unique global partnership with Microsoft continue to build a very large pipeline of sales opportunities. We remain focused on converting this large and growing pipeline into new customers in FY19 and beyond.”

OUTLOOK

LiveTiles expects to deliver another year of strong revenue growth in FY19, driven by the Company’s investment in sales and marketing, the recent launch of the Company’s AI products, co-marketing initiatives with Microsoft and the increasing momentum of the N3 partnership.

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About LiveTiles:

LiveTiles is a global software company headquartered in New York, with operations in Seattle, Tri-Cities (Washington State), San Francisco, Los Angeles, Chicago, North Carolina, Rochester, London, Sligo, Amsterdam, Sydney, Melbourne, Brisbane, Geelong and Hobart. LiveTiles offers intelligent workplace software for the commercial, government and education markets, and is an award-winning Microsoft Partner. LiveTiles’ products comprise LiveTiles Intelligent Workplace, LiveTiles Design, LiveTiles Bots, LiveTiles Intelligence, LiveTiles for SAP Software, LiveTiles MX, LiveTiles Mosaic and Hyperfish. LiveTiles’ customers represent a diverse range of sectors and are spread throughout the United States, United Kingdom, Europe, the Middle East and Asia-Pacific.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

LiveTiles Limited

ABN

95 066 139 991

Quarter ended ("current quarter")

31 December 2018

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	4,089	6,501
1.2 Payments for		
(a) research and development ¹	(929)	(1,670)
(b) product manufacturing and operating costs ²	(801)	(1,671)
(c) advertising and marketing ¹	(1,598)	(3,533)
(d) leased assets	-	-
(e) staff costs ³	(8,690)	(17,079)
(f) administration and corporate costs ²	(1,204)	(2,676)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	107	113
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 staff costs	(508)	(508)
Other non-recurring items	(98)	(128)
1.9 Net cash from / (used in) operating activities	(9,633)	(20,651)

¹ Includes related staffing costs

² Excludes related staffing costs which are included in 1.2(e)

³ Includes all staffing costs (including N3), except those included in 1.2(a) and 1.2(c)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(98)	(293)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(6)	(6)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
Hyperfish transaction costs	-	(50)
2.6 Net cash from / (used in) investing activities	(104)	(349)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	27,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(54)	(1,575)
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	(54)	25,425

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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 quarter/year to date	32,139	17,844
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(9,633)	(20,651)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(104)	(349)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(54)	25,425
4.5 Effect of movement in exchange rates on cash held	109	188
4.6 Cash and cash equivalents at end of quarter	22,457	22,457

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	15,457	32,139
5.2 Call deposits	7,000	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,457	32,139

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	779
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of compensation to executive directors and directors' fees to non-executive directors.

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(950)
9.2 Product manufacturing and operating costs	(895)
9.3 Advertising and marketing	(1,450)
9.4 Leased assets	-
9.5 Staff costs ⁴	(7,075)
9.6 Administration and corporate costs	(1,310)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(11,680)

⁴ Includes costs of sales and marketing execution and consultancy services provided by N3

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

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.

Sign here:



Chief Financial Officer & Director

Date: 29 January 2019

Print name:

Matthew Brown

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