

ASX Announcement

26 April 2018

Strong customer growth delivers record \$11.2m annualised recurring revenue

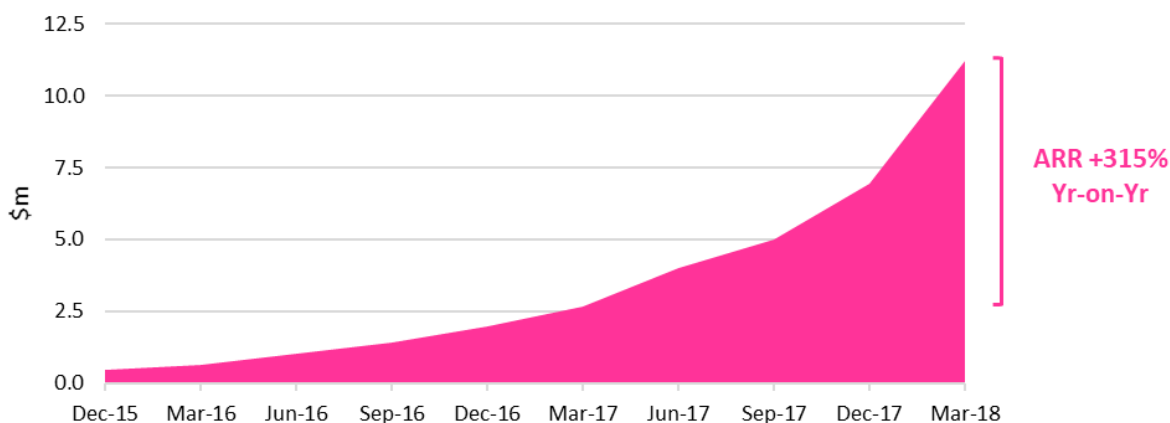
- Annualised recurring revenue¹ (ARR) reached \$11.2 million as at 31 March 2018, up 315% in the last 12 months
- 472 paying customers signed as at 31 March 2018, up 47% year-on-year, with average ARR per customer continuing to grow strongly
- Customer cash receipts in the March quarter of \$1.5 million, up 108% on the prior corresponding quarter (March 2017)
- Oversubscribed placement and SPP bring over \$20 million in funds (before costs), accelerating sales and marketing investment to drive continued customer and revenue growth
- North American sales and marketing resources significantly boosted, under major strategic partnership with key Microsoft sales and marketing vendor
- Sales and marketing investment, Microsoft co-marketing initiatives and demand for recently launched AI products expected to drive strong ARR growth in FY18 and beyond

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

GROWTH HIGHLIGHTS

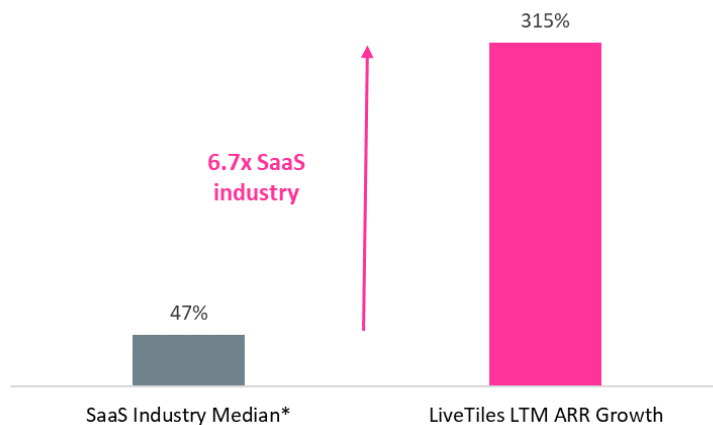
Annualised Recurring Revenue (ARR)¹ grew to **\$11.2 million** as at 31 March 2018, representing annual growth of **315%**, with \$4.3 million of ARR added in the March quarter.

Annualised recurring revenue growing rapidly



1. Annualised recurring revenue (ARR) represents committed, recurring revenue on an annualised basis (equivalent to annualised subscription revenue (ASR)). The term ARR will be adopted by LiveTiles going forward to align with commonly-used SaaS industry terminology.

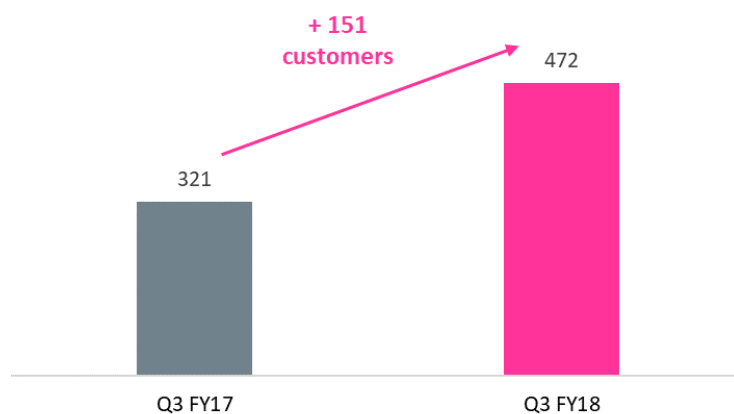
LiveTiles is growing at almost 7x the rate of the Software-as-a-Service industry



Source: KeyBanc 2017 Private SaaS Company Survey (361 respondents)

Customer numbers continued to increase strongly, with **472 paying customers** as at 31 March 2018, up 47% over the last 12 months.

From zero to 472 paying customers in just over 3 years



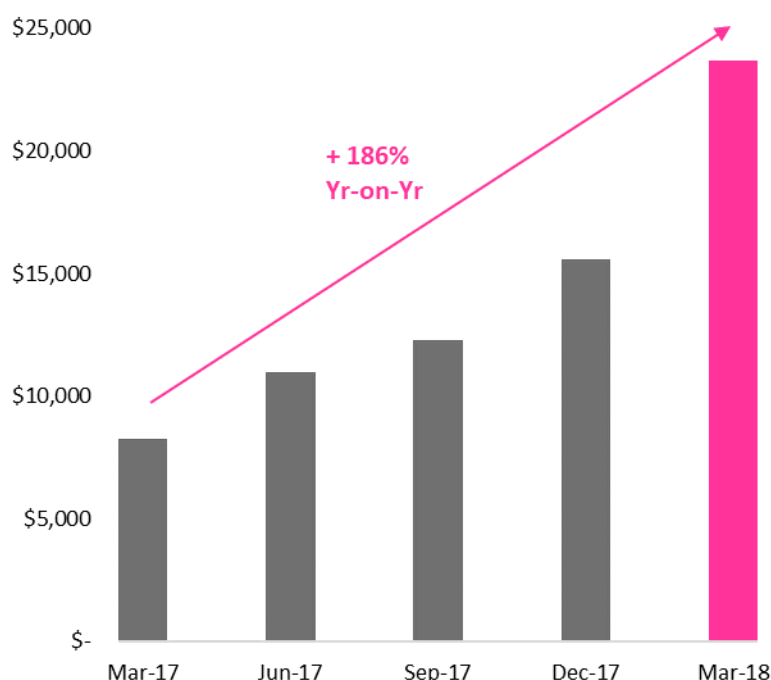
Customer highlights in the March quarter included:

- N3, a sales and marketing consultancy based in the United States (US\$225,000 per month)
- A major financial services company in the United States
- A large retirement community business in the United States
- A pharmaceutical company based in the United States
- A large British government department
- A high-end department store business based in the United Kingdom
- A major agricultural company based in Australia

- Two large Australian universities
- A global beverage business headquartered in Australia

Average ARR per customer continued to grow in the March quarter, up 186% (including N3) or 97% (excluding N3) over the last 12 months. This growth has been driven by a focussed effort to secure larger new customers together with increasing the penetration of existing customers under the Company's 'land & expand' growth strategy.

Average ARR per customer continues to trend higher



The number of transacting partners² grew to **88** as at 31 March 2018 (**up 60%** since 31 March 2017).

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

MAJOR AGREEMENT SIGNED WITH MICROSOFT VENDOR

During the quarter, LiveTiles entered a strategic partnership with N3, comprising:

- A sales and marketing execution agreement, for the promotion of LiveTiles' products by N3's sales and marketing resources; and
- A licensing agreement for the use of LiveTiles' SaaS products.

N3 is the leading outsourced sales and marketing execution vendor for Microsoft's Azure and Dynamics platforms. Based in Atlanta USA, N3 serves a global client base, which in addition to Microsoft, includes SAP, IBM and Cisco.



N3's expert understanding of Microsoft's products and its sophisticated sales and marketing platform is expected to generate strong and highly scalable customer and revenue growth for LiveTiles.

The agreement with N3 further strengthens the Company's relationship and alignment with Microsoft, and provides Microsoft's North American field representatives with greater visibility of LiveTiles' differentiated solutions.

ONGOING CO-MARKETING WITH MICROSOFT

Co-marketing activity with Microsoft has resulted in direct engagement with several large, US-based enterprises to promote the Company's quick-to-deploy Artificial Intelligence solution, LiveTiles Bots. The on-going relationship and support from Microsoft provides a strong endorsement of the LiveTiles brand and offering and has resulted in the commencement of paid pilot projects with a number of large organisations. The paid pilot projects are not included in the Company's ARR.

FINANCIAL UPDATE

In February 2018, LiveTiles successfully raised **\$20 million** via a placement of shares to sophisticated and professional investors at \$0.45 per share (**'Placement'**). The Placement was heavily oversubscribed, with strong demand from existing and new domestic and international institutional investors. The Company raised a further \$0.7 million under a Share Purchase Plan (**'SPP'**) in March 2018.

The net proceeds from the Placement and SPP of \$19.6 million will be used to accelerate investment in the Company's sales, marketing and customer success teams to drive customer and revenue growth.

LiveTiles generated customer receipts of **\$1.5 million** in the quarter, up 108% on the March 2017 quarter. Net cash outflow from operating activities was **\$3.1 million** in the quarter. The Company's cash balance as at 31 March 2018 was **\$24.0 million**.

For the June 2018 quarter, the Company expects gross operating expenses will be approximately \$10.5 million, including approximately \$3.2 million relating to the sales and marketing execution and consultancy services provided by N3.

OUTLOOK

LiveTiles' continued investment in sales and marketing is driving significant growth in our sales pipeline. This investment, together with the recent launch of our AI products, co-marketing initiatives with Microsoft and the launch of our partnership with N3, gives us great confidence in our plan to deliver strong customer and subscription revenue growth in FY18 and beyond.

For further information, please contact:

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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, Minneapolis, North Carolina, London, Zurich, Amsterdam, Sydney, Melbourne, Brisbane 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 Design, LiveTiles for SAP Software, LiveTiles MX, LiveTiles Bots, LiveTiles Intelligence and LiveTiles Mosaic. LiveTiles' customers represent a diverse range of sectors and are spread throughout the United States, United Kingdom, Europe, the Middle East and Asia-Pacific.

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 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,455	3,433
1.2 Payments for		
(a) research and development ¹	(537)	(1,275)
(b) product manufacturing and operating costs ²	(635)	(1,559)
(c) advertising and marketing ¹	(1,312)	(3,598)
(d) leased assets	-	-
(e) staff costs ³	(3,278)	(7,870)
(f) administration and corporate costs ²	(983)	(2,373)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(34)	(82)
1.7 Government grants and tax incentives	2,208	2,208
1.8 Other (provide details if material)		
Includes lease deposits, payment of accrued director's fees upon resignation of non-exec director and other non-recurring items	-	(475)
1.9 Net cash from / (used in) operating activities	(3,112)	(11,583)

¹ Includes related staffing costs

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

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(141)	(196)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
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)	-	-
2.6	Net cash from / (used in) investing activities	(141)	(196)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	20,667	32,667
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	338	1,125
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,120)	(1,720)
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	19,885	32,072

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	7,229	3,489
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,112)	(11,583)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(141)	(196)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	19,885	32,072
4.5	Effect of movement in exchange rates on cash held	116	195
4.6	Cash and cash equivalents at end of quarter	23,977	23,977

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	23,977	23,977
5.2	Call deposits	-	-
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)	23,977	23,977

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter
\$A'000

398

-

- 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.

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 <i>Add notes as necessary for an understanding of the position</i>	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	(540)
9.2 Product manufacturing and operating costs	(620)
9.3 Advertising and marketing	(1,100)
9.4 Leased assets	-
9.5 Staff costs ⁴	(7,200)
9.6 Administration and corporate costs	(1,050)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(10,510)

⁴ Includes approximately \$3.2 million relating to the sales and marketing execution and consultancy services provided by N3

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

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: 26 April 2018

Print name: Matthew Brown