



ASX Announcement

29 October 2018

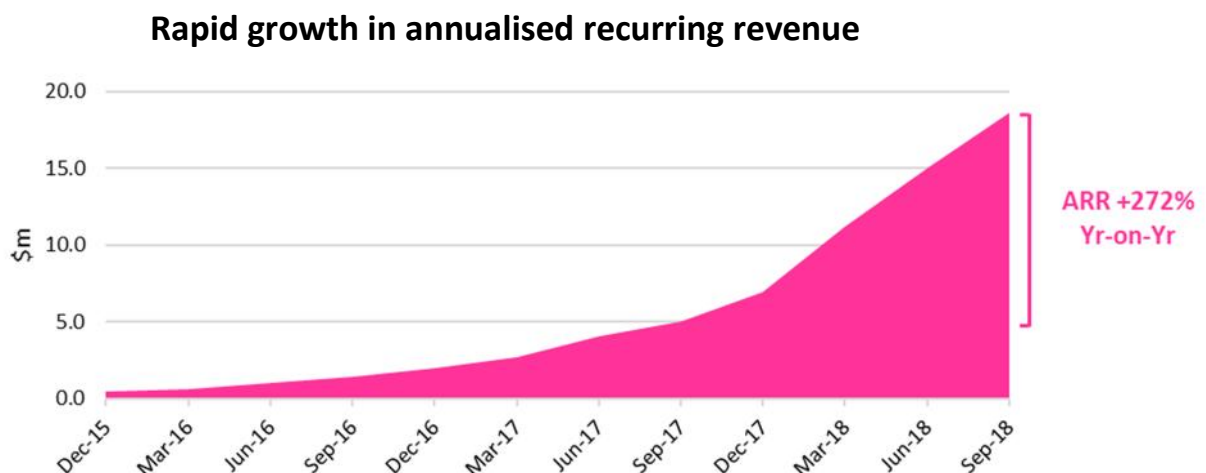
272% year-on-year growth delivers \$18.6 million of annualised recurring revenue

-) Annualised recurring revenue¹ (ARR) reached \$18.6 million as at 30 September 2018, up 272% year-on-year
-) 566 paying customers as at 30 September 2018, with significant growth continuing in enterprise customer base
-) N3 sales and marketing team in the United States generating rapid sales pipeline growth and contributing to strong customer and ARR growth
-) Ongoing joint campaigns with Microsoft continue to strengthen brand and product awareness and generate strong demand for LiveTiles' intelligent workplace offering
-) Customer cash receipts in the September quarter of \$2.4 million, up 126% on the prior corresponding quarter (September 2017)
-) Another year of strong recurring revenue growth expected in FY19, driven by sales and marketing investment, Microsoft co-marketing initiatives and robust demand for recently launched artificial intelligence products

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 30 September 2018.

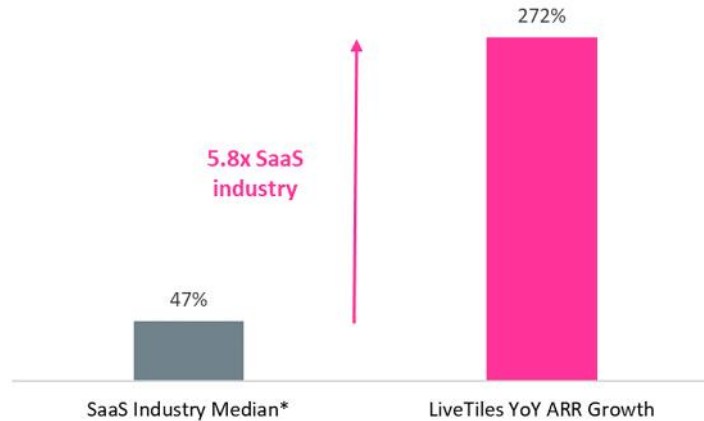
GROWTH HIGHLIGHTS

Annualised Recurring Revenue (ARR)¹ grew to **\$18.6 million** as at 30 September 2018, representing annual growth of **272%**, with ARR growing by \$3.6 million in the September quarter.



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

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

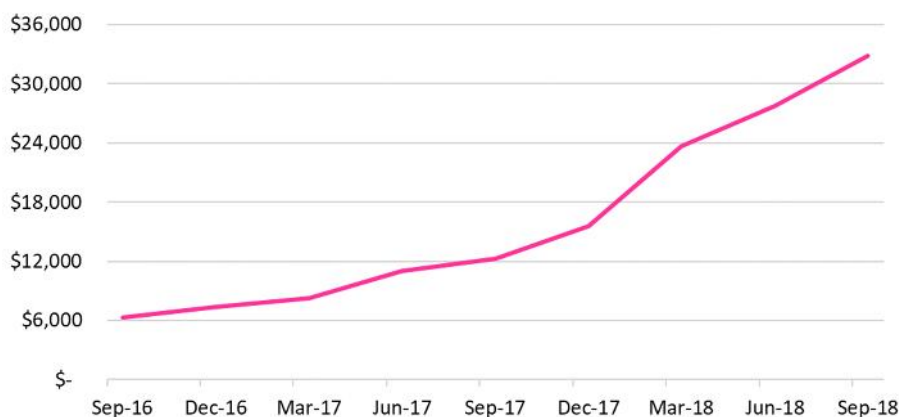


Source: KeyBanc 2017 Private SaaS Company Survey (361 respondents)

Customer numbers continued to grow strongly, with **566 paying customers** as at 30 September 2018. The Company is continuing to attract a larger 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 September quarter, up **167%** 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 167% year-on-year



Customer highlights in the September quarter included:

- One of the world's leading entertainment businesses headquartered in the United States
- A supermarket chain in the United States
- A major beverage producer headquartered in the United States
- One of the largest online stockbroking businesses in the United States
- A large logistics group headquartered in the United States
- A major airline in the Asia-Pacific region
- A large not-for-profit health services organisation in Australia
- A major Australian government-owned corporation
- A large government agency in the United Kingdom

The number of transacting partners² grew to **101** as at 30 September 2018 (**up 38%** year-on-year).

N3 DELIVERING REVENUE GROWTH AND STRONG SALES PIPELINE

LiveTiles' strategic relationship with sales and marketing consultancy and execution firm N3 continues to perform well. The N3 team is generating high and consistent volumes of leads and sales opportunities across the United States, leading to several new customers being secured from the N3 channel in the September quarter. LiveTiles expects the N3 channel to deliver strong pipeline and revenue growth throughout FY19.

CO-MARKETING INITIATIVES WITH MICROSOFT DRIVES CONTINUED STRONG DEMAND

In August, LiveTiles launched the AI Spark Partner Program – designed in collaboration with Microsoft – to participating Microsoft partners in Australia. Intended to lift the AI capabilities of Microsoft partners and accelerate the rate at which they can deploy AI solutions for their customers, the program has now been expanded to the United States. Already, several Microsoft partners have been onboarded to the Program, which has been met with strong interest. The Program is one of a number of joint-initiatives between LiveTiles and Microsoft which continue to drive strong awareness of LiveTiles' offering and robust demand.

LiveTiles was a major sponsor of Microsoft's global Ignite conference in Las Vegas in September. This major marketing event, which was attended by over 25,000 participants, has already generated a substantial uplift in LiveTiles' sales pipeline.



LiveTiles booth at Microsoft Ignite, September 2018 (Las Vegas)

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



FINANCIAL UPDATE

In August 2018, LiveTiles successfully raised **\$25 million** via a placement of shares to sophisticated and professional investors at \$0.59 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 **\$2.0 million** under a Share Purchase Plan (**'SPP'**) in September 2018.

The net proceeds from the Placement and SPP of \$25.5 million will be used to continue driving customer and revenue growth through investment in the Company's direct sales and customer success teams, further development of the Microsoft and partner channels and marketing.

LiveTiles generated customer receipts of **\$2.4 million** in the September 2018 quarter, up **126%** on the September 2017 quarter. As the Company's average customer size continues to increase, a higher proportion of customers are electing to pay their subscriptions on a month-to-month or quarterly basis.

Net cash outflow from operating activities was **\$11.0 million** in the quarter. Cash operating expenses were within the estimate provided in the Company's June quarter Appendix 4C, after taking into account the depreciation of the Australian dollar relative to the United States dollar during the quarter (which increased cash operating expenses in Australian dollar terms by \$0.15 million).

The Company's cash balance as at 30 September 2018 was **\$32.1 million**.

For the December 2018 quarter, the Company expects gross cash operating expenses will be approximately \$13.2 million, down from \$13.4 million in the September quarter. The Company is expecting significant growth in customer receipts in the December quarter.

LiveTiles is well funded to continue to execute its plans to aggressively grow its customer base and recurring revenue.

LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states: "This has been another strong quarter for LiveTiles, with growth in our ARR and customers reflecting the continued return on our sales and marketing initiatives and the growing awareness of our brand globally."

OUTLOOK

LiveTiles' investment in sales and marketing throughout FY18, together with the recent launch of the Company's AI products, co-marketing initiatives with Microsoft and the increasing momentum of the N3 partnership, gives us great confidence in our plan to deliver another year of strong revenue growth in FY19.



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, Rochester, London, Sligo, Zurich, 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.

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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,413	2,413
1.2 Payments for		
(a) research and development ¹	(741)	(741)
(b) product manufacturing and operating costs ²	(869)	(869)
(c) advertising and marketing ¹	(1,935)	(1,935)
(d) leased assets	-	-
(e) staff costs ³	(8,389)	(8,389)
(f) administration and corporate costs ²	(1,472)	(1,472)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(0)	(0)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Lease deposit	(31)	(31)
1.9 Net cash from / (used in) operating activities	(11,018)	(11,018)

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)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(195)	(195)
(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)		
Hyperfish transaction costs	(50)	(50)
2.6 Net cash from / (used in) investing activities	(245)	(245)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	27,000	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	(1,521)	(1,521)
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	25,479	25,479

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	17,844	17,844
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(11,018)	(11,018)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(245)	(245)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	25,479	25,479
4.5 Effect of movement in exchange rates on cash held	79	79
4.6 Cash and cash equivalents at end of quarter	32,139	32,139

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	32,139	17,844
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)	32,139	17,844

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

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

524

-

Payment of compensation to executive directors and directors' fees to non-executive directors.
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Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

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	(780)
9.2 Product manufacturing and operating costs	(870)
9.3 Advertising and marketing	(1,470)
9.4 Leased assets	-
9.5 Staff costs ⁴	(8,800)
9.6 Administration and corporate costs	(1,250)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(13,170)

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 October 2018

Print name: Matthew Brown