

ASX Announcement

29 April 2019

208% annual growth delivers \$34.5 million of annualised recurring revenue

- Annualised recurring revenue¹ (ARR) reached \$34.5 million as at 31 March 2019, up 208% in the last 12 months
- 879 paying customers as at 31 March 2019, with ongoing substantial growth in the Company's enterprise customer base
- Acquisition of Wizdom, Europe's leading 'plug and play', Microsoft-aligned digital workplace software business, completed during the quarter
- Significant improvement in operating cash flow achieved, with net operating cash outflow improving from \$9.6 million in the December 2018 quarter to \$7.8 million in the March 2019 quarter, representing a 19% improvement
- Increasing brand and product awareness and conversion of a strong sales pipeline expected to deliver continued strong customer and revenue growth in FY19 and beyond
- LiveTiles' key objective is to organically grow ARR to at least \$100 million by 30 June 2021

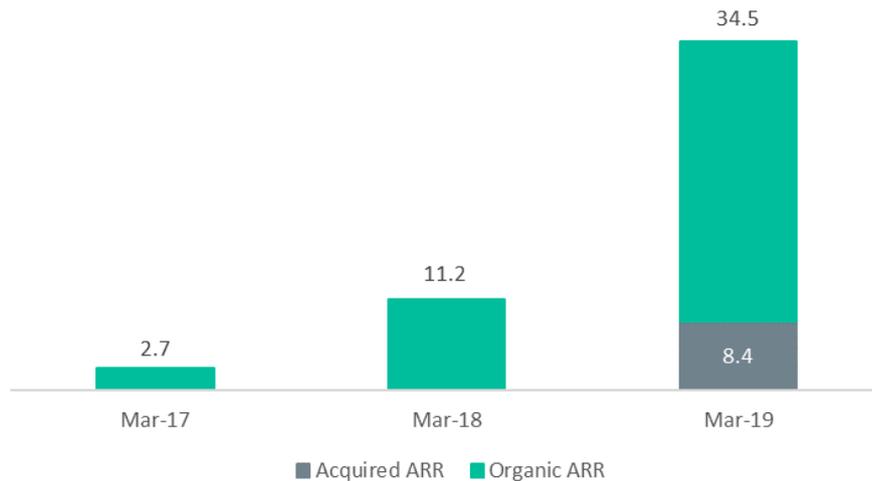
LiveTiles Limited (ASX:LVT) ('LiveTiles' or 'the Company'), a global software company that empowers its users to create their own intelligent workplace experiences, has today released its Appendix 4C and is pleased to provide an update on its activities for the quarter ending 31 March 2019.

Annualised recurring revenue growing rapidly (\$m)



Annualised Recurring Revenue (ARR)¹ grew to **\$34.5 million** as at 31 March 2019, representing annual growth of **208%**. Significant organic ARR growth of **\$3.6 million** was achieved in the March quarter, despite this typically being a less active quarter for Microsoft-aligned enterprise software sales.

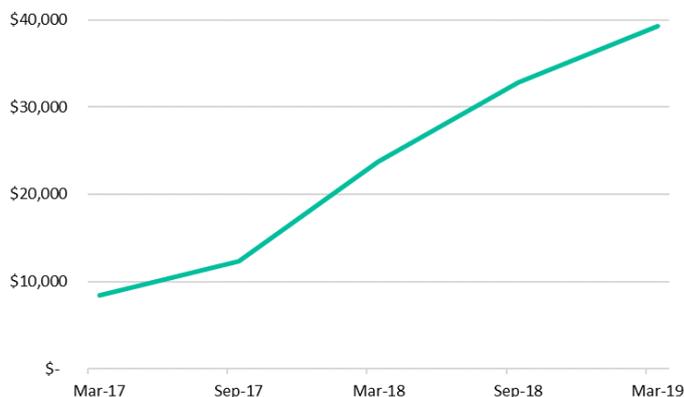
Year-on-year ARR growth (\$m)²



Customer numbers continued to grow strongly, with **879 paying customers** as at 31 March 2019, up from 472 as at 31 March 2018. The Company is continuing to secure a growing proportion of enterprise customers, driven by LiveTiles' sales and marketing investments, high impact co-marketing initiatives with Microsoft and strengthening brand awareness.

Average ARR per customer continued to trend higher in the March quarter, up 65% over the last 12 months, driven by ongoing substantial growth in the Company's enterprise customer base and up-selling newer products to existing customers.

Average ARR per customer up 65% year-on-year



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

² Acquired ARR comprises Wisdom's ARR as at 31 December 2018 (\$8.0 million) and Hyperfish's ARR as at 30 June 2018 (\$0.4 million)



Customer highlights in the March quarter included:

- A global investment manager (USA)
- A large life insurance company (USA)
- A cable television network (USA)
- A major consumer products manufacturer (USA)
- One of the world's largest pharmaceutical companies (Europe)
- A major real estate group (Europe)
- A multinational financial services group (United Kingdom)
- A top-tier university (United Kingdom)
- A major financial services institution (Australia)
- A State government health department (Australia)
- A State-owned utility (Australia)
- A State government agency (Australia)
- A global professional services group (Australia)

The number of transacting partners grew to **144** as at 31 March 2019 (**up 64%** year-on-year)³.

WIZDOM ACQUISITION

In February 2019, LiveTiles completed the acquisition of Wizdom, the leading Microsoft-aligned, digital workplace software business in Europe. Wizdom's software provides customers with the tools to drive employee engagement, collaboration and compliance.

Headquartered in Copenhagen, Denmark, Wizdom had ARR of \$8.0 million as at 31 December 2018, comprising a high-quality customer base of 243 customers across Europe and the United Kingdom.

Wizdom provides LiveTiles with an established European presence and a strong position from which to grow regionally. The acquisition also enables LiveTiles to extend its intelligent workplace platform to deliver new news and content publishing capabilities and provides attractive cross-sell opportunities to LiveTiles and Wizdom customers.

FURTHER OPERATIONAL HIGHLIGHTS

- In January, Microsoft selected LiveTiles as one of four partners in Australia to participate in Microsoft's Global P2P Integrated Solutions Program. Under the Program, LiveTiles is working closely with Microsoft, SingleCell, Intelledox and Veritec to build an enterprise solution that will be published in Microsoft's cloud marketplace (AppSource and Azure Marketplace). Participation in the program is expected to drive further strong co-selling opportunities with Microsoft and assist the Company with scaling its solutions globally.
- In March, LiveTiles announced a strategic partnership with Canadian artificial intelligence (AI) company Testfire Labs to deliver LiveTiles' Intelligent Meeting Suite – a world-first intelligent meeting experience. The suite will leverage voice, AI and machine learning technology to capture unstructured data from meetings and deliver an engaging employee experience with actionable insights. The partnership expands LiveTiles' addressable market and the solution will be jointly-marketed globally to mid-market and enterprise organisations.

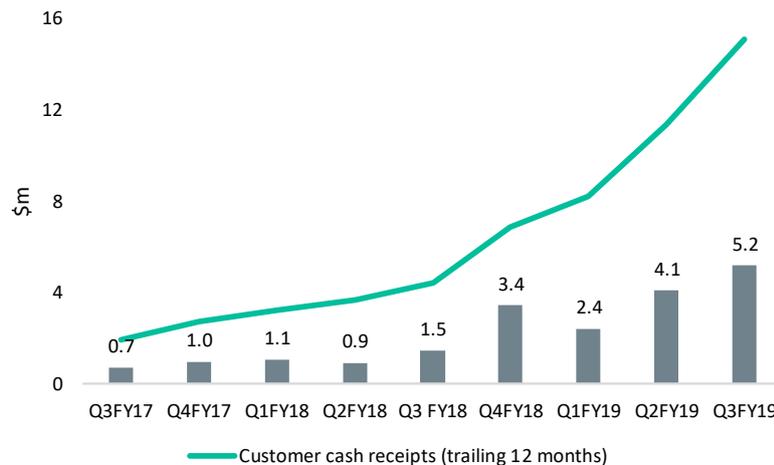
³ LiveTiles resellers that have closed at least one LiveTiles software licensing transaction

- In April, LiveTiles was selected as the first Intelligent Workplace software provider by the Australian Federal Government’s Digital Transformation Agency (DTA) panel. LiveTiles will leverage its DTA Panel status to accelerate sales to Federal Government departments and agencies.
- Following quarter-end, LiveTiles formed a strategic partnership with The University of Oxford backed company Zegami, to launch an intelligent visual data analytics capability. Under the partnership, Zegami’s visual data analytics technology will be integrated with LiveTiles’ Intelligent Workplace Platform to provide a big data analysis solution for existing and future enterprise customers.

FINANCIAL UPDATE

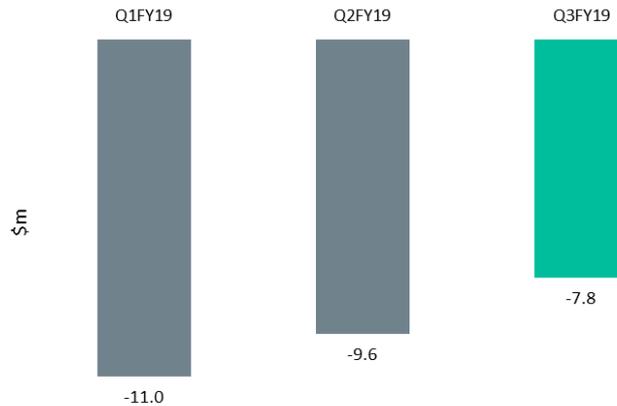
LiveTiles generated customer cash receipts of **\$5.2 million** in the March 2019 quarter, **up 256%** on the prior corresponding quarter (March 2018).

Strong growth in customer cash receipts



Net cash outflow from operating activities was **\$7.8 million** in the quarter, a significant improvement on the December 2018 quarter’s net operating cash outflow of \$9.6 million. Cash operating expenses were below the March 2019 quarter estimate provided in the Company’s December 2018 quarter Appendix 4C (which excluded Wizdom’s operating expenses).

Improving net operating cash flow



The Company's cash balance as at 31 March 2019 was **\$21.1 million**.

For the June 2019 quarter, the Company expects gross cash operating expenses will be approximately \$14.5 million, which is broadly in line with the Company's pro-forma gross cash operating expenses in the March 2019 quarter (including Wizdom).

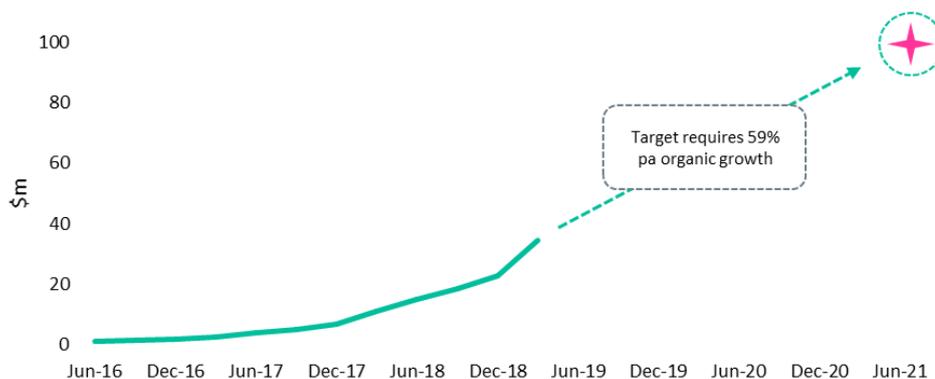
LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states: "We were pleased to achieve another quarter of robust growth, with ARR more than tripling over the past 12 months to \$34.5 million. We are confident of continuing to deliver strong growth in FY19 and beyond."

OUTLOOK

LiveTiles expects to deliver another year of strong revenue growth in FY19, driven by the Company's investment in sales and marketing, the 2018 launch of the Company's AI products, high-impact co-marketing initiatives with Microsoft, plus a strong organic growth contribution from Wizdom.

LiveTiles' key objective is to organically grow ARR to at least \$100 million by 30 June 2021.

\$100m ARR target





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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, Copenhagen, 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, Hyperfish and Wizdom. 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 2019

| 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 | 5,185 | 11,686 |
| 1.2 Payments for | | |
| (a) research and development ¹ | (1,911) | (3,581) |
| (b) product manufacturing and operating costs ² | (955) | (2,625) |
| (c) advertising and marketing ¹ | (1,700) | (5,233) |
| (d) leased assets | - | - |
| (e) staff costs ³ | (7,266) | (24,345) |
| (f) administration and corporate costs ² | (1,088) | (3,764) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 55 | 168 |
| 1.5 Interest and other costs of finance paid | (1) | (1) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 2 | 2 |
| 1.8 Other (provide details if material) | | |
| Non-recurring staff costs | (18) | (526) |
| Other non-recurring items | (60) | (188) |
| 1.9 Net cash from / (used in) operating activities | (7,756) | (28,407) |

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 (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (22) | (314) |
| (b) businesses (see item 10) | (9,000) | (9,000) |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) other non-current assets | - | (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) | | |
| Wizdom net cash upon acquisition | 1,151 | 1,151 |
| Acquisition transaction costs | (22) | (72) |
| 2.6 Net cash from / (used in) investing activities | (7,893) | (8,242) |

| | | |
|---|---------------|---------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 15,300 | 42,300 |
| 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 | (968) | (2,543) |
| 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 | 14,332 | 39,757 |

| 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 | 22,457 | 17,844 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (7,756) | (28,407) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (7,893) | (8,242) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 14,332 | 39,757 |
| 4.5 Effect of movement in exchange rates on cash held | (31) | 157 |
| 4.6 Cash and cash equivalents at end of quarter | 21,109 | 21,109 |

| 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 | 13,109 | 15,457 |
| 5.2 Call deposits | 8,000 | 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) | 21,109 | 22,457 |

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 |
|------------------------------------|
| 511 |
| - |

| |
|--|
| 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 | (2,660) |
| 9.2 Product manufacturing and operating costs | (1,330) |
| 9.3 Advertising and marketing | (1,900) |
| 9.4 Leased assets | - |
| 9.5 Staff costs ⁴ | (7,550) |
| 9.6 Administration and corporate costs | (1,100) |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | (14,540) |

⁴ Includes costs of 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 | Wizdom A/S | N/A |
| 10.2 Place of incorporation or registration | Denmark | |
| 10.3 Consideration for acquisition or disposal | \$9,000,000 and 49,715,598 fully paid ordinary shares ⁵ | |
| 10.4 Total net assets | \$(2,244) | |
| 10.5 Nature of business | Enterprise software | |

5. Excluding earn-out consideration (refer to the Company's ASX announcement dated 5 February 2019 for further details)

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 April 2019

Print name: Matthew Brown