

ASX Announcement

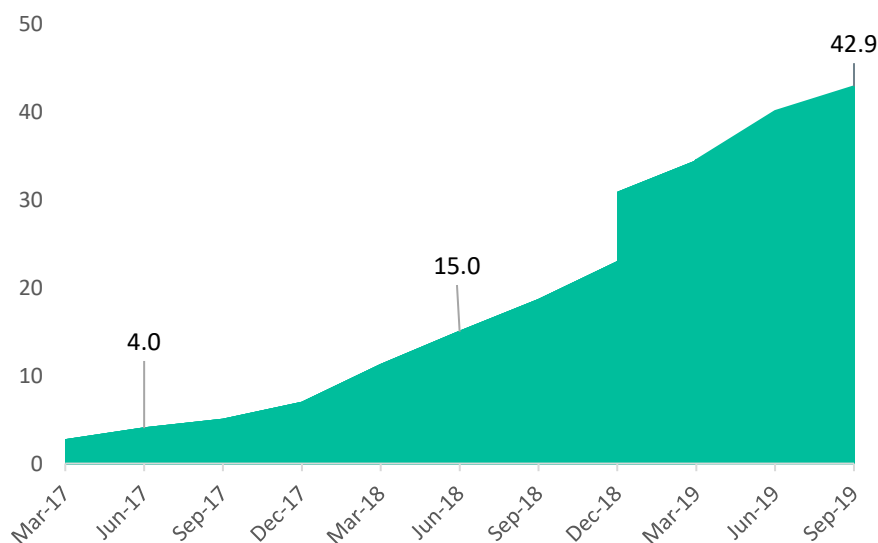
29 October 2019

131% annualised recurring revenue growth, record Q1 cash receipts

- Annualised recurring revenue¹ (ARR) reaches \$42.9 million as at 30 September 2019, up from \$40.1 million as at 30 June 2019. ARR has grown 131% in the last year and is up 8.6x in 2 years
- Q1 FY20 saw strong APAC region performance offset by seasonal buying patterns in the US and European regions. The Company is pleased with sales and marketing activity early in Q2, with a strengthening pipeline and more engaged partner channel
- 952 paying customers as at 30 September 2019, reflecting ongoing customer base growth
- Customer cash receipts rose 252% on the prior corresponding period to \$8.5m
- Net operating cash outflow of \$5.3 million in the September 2019 quarter, the fifth consecutive quarter of net operating cash flow improvement
- LiveTiles expects to deliver another year of strong customer and revenue growth in FY20

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 2019.

Annualised recurring revenue growing rapidly (\$m)



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

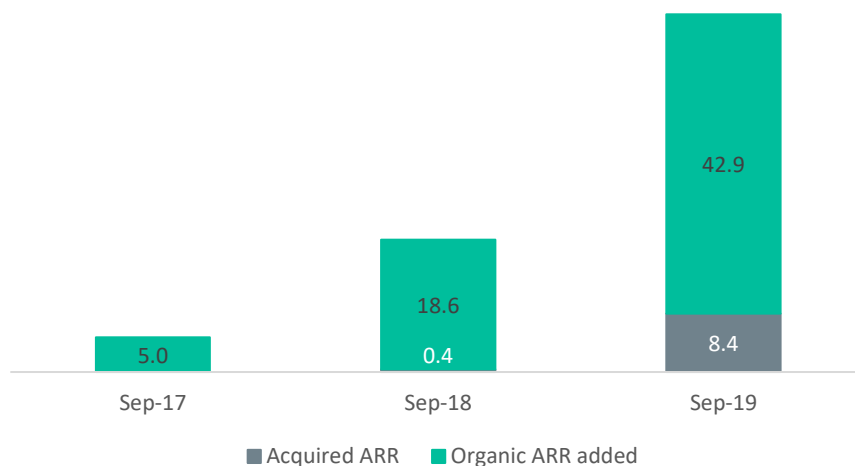


ARR reached **\$42.9 million** as at 30 September 2019, representing year on year growth of **131%**, and up 8.6 times when compared with two years ago. Q1 saw strong APAC region performance offset by seasonal buying patterns in the US and European regions.

The Company is pleased with sales and marketing activity early in Q2, with a strengthening pipeline and a larger and more engaged partner channel. Further, early customer and partner response to Wizdom and its bundling with other LiveTiles products including Page Designer and Hyperfish is driving pipeline growth.

The marketing of bundles commenced during Q4 FY19 with pipeline and sales impact expected to strengthen throughout FY20, coupled with the Company's partner-focused strategy. These efforts position the business to deliver on FY20 and long-term growth targets through more bundled offerings, which naturally have a longer sales cycle but higher average contract value and retention rate.

Year-on-year ARR growth (\$m)²

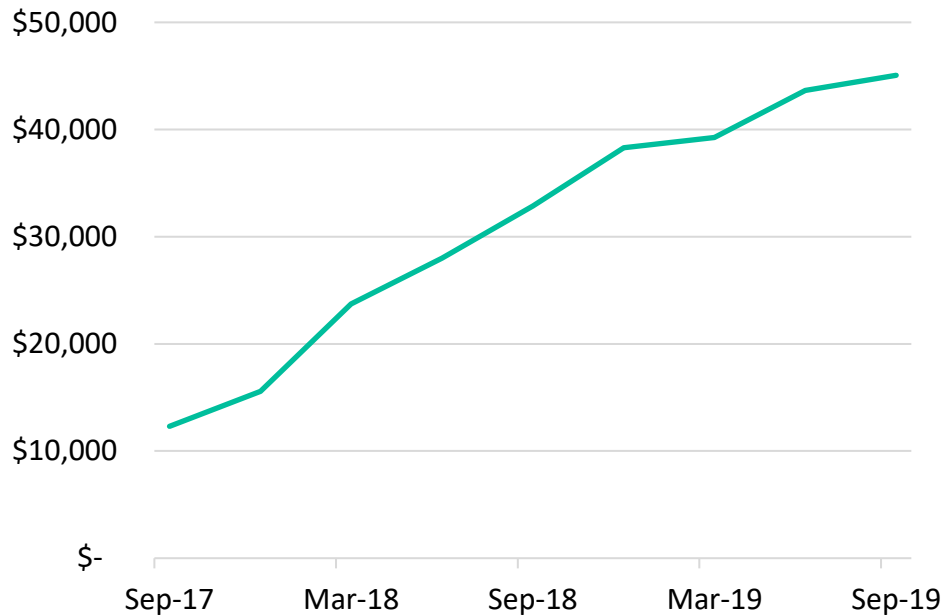


Customer numbers continued to grow strongly, with **952 paying customers** as at 30 September 2019, up from **566** customers as at 30 September 2018. The Company is continuing to broaden its global base of enterprise customers, driven by LiveTiles' portfolio of products, its ongoing sales and marketing investments and co-marketing initiatives with Microsoft and other partners.

Average ARR per customer continued to trend higher in the September quarter, up 37% over the last 12 months to over \$45,000, driven by ongoing growth in the Company's enterprise customer base, product cross-selling and bundling and increased penetration of the employee base of existing customers.

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

Average ARR per customer up 37% year-on-year



Customer highlights in the September quarter included:

- An international healthcare manufacturer (Europe)
- A financial services business (Europe)
- A local government (Europe)
- A public research university (Europe)
- A large housing association (Europe)
- An international non-profit legal corporation (USA)
- A non-profit legal advocacy organisation (USA)
- A global non-profit leadership development organisation (USA)
- An international film company (USA)
- A global construction engineering company (USA)
- An international manufacturer (USA)
- A medical research institute (Australia)
- A global infrastructure and environmental company (Australia)
- A state government department (Australia)
- A professional sports club (Australia)
- A large infrastructure services provider (Australia)
- A global communications infrastructure provider (Australia)
- A television network (New Zealand)

In addition to these major customer wins during the quarter, the Company has:

- Established a partnership with UiPath, the world leader in robotic process automation (RPA)
- Been chosen by Microsoft to present at their largest annual partner event (Inspire)
- Confirmed receipt of 2017 and 2018 R&D tax refunds of \$3.8 million
- Launched a learning & development partnership with Go1

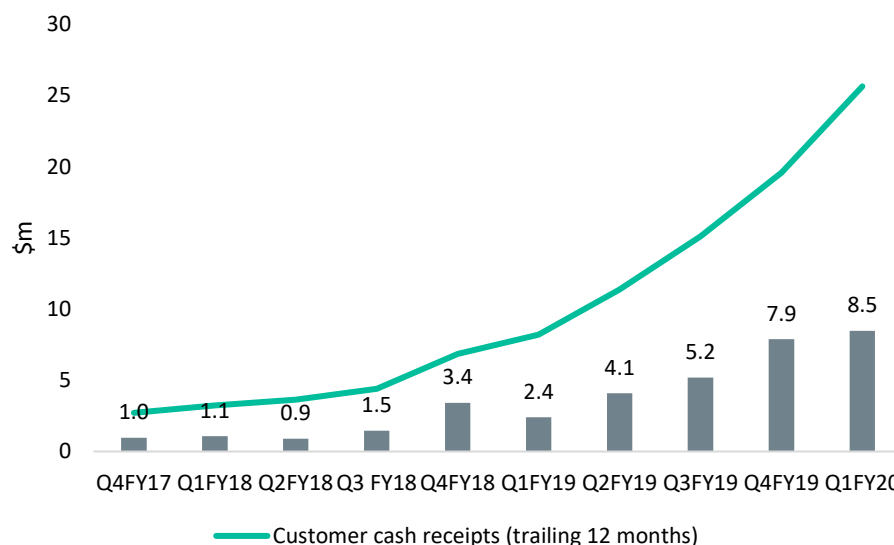
- Raised \$50 million of equity via placement, and completed a \$5 million Share Purchase Plan
- Announced Board renewal including Dana Rasmussen joining as a non-executive Director

The number of transacting partners grew to **185** as at 30 September 2019 (**up 83%** year-on-year)³. The Company launched a refreshed partner program during the quarter, and is focused on supporting its base of several hundred onboarded partners to build their pipeline of LiveTiles (including Wizdom) projects, accelerating the adoption of intranet software instead of custom-developed projects, consistent with LiveTiles strategy.

FINANCIAL UPDATE

LiveTiles generated customer cash receipts of **\$8.5 million** in the September 2019 quarter, **up 252%** on the prior corresponding quarter (September 2018) and the fourth consecutive record quarter for cash receipts in the Company's history.

Strong growth in customer cash receipts

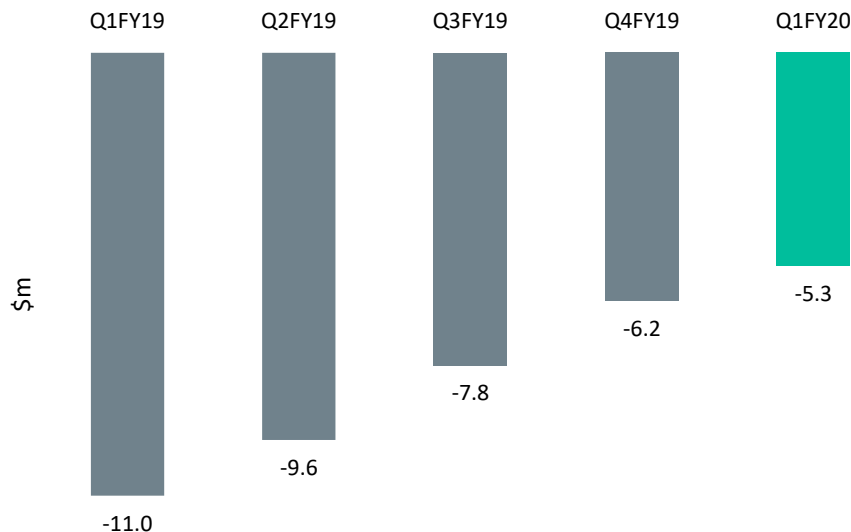


Net cash outflow from operating activities was **\$5.3 million** in the quarter, a further improvement on the June 2019 quarter's net operating cash outflow of \$6.2 million. Included in the operating cash result was a tax incentive of \$3.8m received from the Australian Government, related to the Company's investment in R&D.

Underlying operating expenses for the quarter were \$16.4m, above the estimate provided in the Company's June 2019 quarter Appendix 4C of \$15.9m as the Company made additional operating expenditures in support of its stated growth strategy and supported by strong growth in cash receipts. The key drivers of non-recurring items in the quarter largely related to downward adjustments in employee and contractor resourcing, which will provide recurring savings going forward, along with non-operating legal fees and costs related to the Company's recent capital raising.

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

Improving net operating cash flow



The Company's cash balance as at 30 September 2019 was **\$56.9 million**. In addition, the Company received \$5 million in October under the Share Purchase Plan. Further, the Company's total estimated R&D refund amounts yet to be received are approximately \$3.2m, relating to FY19.

For the December 2019 quarter, the Company expects gross cash operating expenses will be approximately \$16.2 million, reflecting recent and planned cost measures and modest underlying growth in the Company's cost base as it pursues its stated growth strategy.

LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states: "We are pleased to have achieved a record quarter of ARR, with ARR more than doubling over the past 12 months to \$42.9 million.

"We are the global market leader in intranet software, targeting a potential total market of \$13 billion in its very early stages of adoption. With market penetration of 1% to date we see enormous opportunity to drive both intranet software adoption and extend the value of the intranet into areas such as AI. We are laying the foundations for future growth with our global market presence, a strong focus on building new revenue streams, our partner channel and long term pipeline."

OUTLOOK

LiveTiles expects to deliver another year of strong customer and revenue growth in FY20, driven by our continued investment into our products, partners and sales and marketing channels. Our key company objective is to organically grow ARR to at least \$100 million by 30 June 2021. The Company grew ARR by 131% in the last 12 months and the target implies a compound annual growth rate of 62%.

CONFERENCE CALL DETAILS

The Company will hold a brief conference call for investors at 11:00am Sydney time today.

Registration details are available at: <https://s1.c-conf.com/diamondpass/livetiles-10002645-invite.html>



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, 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 Page Designer, 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")

30 September 2019

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	8,483	8,483
1.2 Payments for		
(a) research and development	(1,773)	(1,773)
(b) product manufacturing and operating costs	(2,519)	(2,519)
(c) advertising and marketing	(2,119)	(2,119)
(d) leased assets	-	-
(e) staff costs	(7,382)	(7,382)
(f) administration and corporate costs	(2,616)	(2,616)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3,793	3,793
1.8 Other (provide details if material)		
Non-recurring legal fees	(154)	(154)
Non-recurring staff costs	(1,004)	(1,004)
1.9 Net cash from / (used in) operating activities	(5,289)	(5,289)

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	(4)	(4)
(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	(96)	(96)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
Acquisition transaction costs	(15)	(15)
2.6 Net cash from / (used in) investing activities	(115)	(115)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	50,000	50,000
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	(2,742)	(2,742)
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	47,258	47,258

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	14,814	14,814
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,289)	(5,289)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(115)	(115)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	47,258	47,258
4.5	Effect of movement in exchange rates on cash held	209	209
4.6	Cash and cash equivalents at end of quarter	56,877	56,877

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	56,877	14,814
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)	56,877	14,814

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	564
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	96
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1: Payment of compensation to executive directors and directors' fees to non-executive directors.

Item 6.2: Loan to executive directors on arms length terms including market tested interest rate.

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	1,800
9.2	Product manufacturing and operating costs	2,500
9.3	Advertising and marketing	1,500
9.4	Leased assets	-
9.5	Staff costs	7,800
9.6	Administration and corporate costs	2,570
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	16,170

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

Date: 29 October 2019

Print name: Rowan Wilkie