



ASX Announcement

29 January 2016

December 2015 Quarter

LiveTiles Limited (ASX:LVT) ("LiveTiles") is pleased to provide an update on its activities for the quarter ending 31 December 2015. LiveTiles also today released its Appendix 4C.

HIGHLIGHTS

- **Ongoing development of LiveTiles' partner ecosystem to enable sustainable and significant user growth**
- **Strengthening ties with Microsoft, including launch of unique Microsoft Co-Marketing Agreement in the United States**
- **Distribution Agreement signed with SYNEX Corporation in North America**
- **LiveTiles Mosaic now deployed to schools and school districts representing over 2.5 million students and teachers**
- **Launch of LiveTiles Build in October 2015**
- **Annualised Subscription Revenue (ASR) has grown to \$480,000 as at 31 December 2015**
- **25 paying customers added in the quarter ending 31 December 2015**
- **Normalised cash operating expenses of \$1.56m in the December quarter**
- **\$10.1m cash balance as at 31 December 2015**

PARTNER ECOSYSTEM

LiveTiles is focused on building a large network of partners to broaden our reach and achieve scale in a substantial addressable market. Several partners have now closed repeat LiveTiles deals and we are confident that our partner strategy will accelerate our growth throughout the course of 2016.

Our partner ecosystem is also an important barrier to entry and will reinforce LiveTiles' first mover advantage.

In addition to continuing to recruit and onboard systems integrators and consultants to our partner ecosystem, LiveTiles signed a Distribution Agreement with SYNEX Corporation in December 2015. SYNEX is a leading technology solutions distributor with more than US\$13 billion in 2014 revenue and operations in 26 countries. SYNEX is an authorised Microsoft Cloud Solution Provider (CSP) in North America, which allows it to provide direct billing, sell combined offers and services, as well as directly provision, manage and support Microsoft cloud offerings.

SYNEX will promote LiveTiles Design and LiveTiles Build to its existing base of Office 365 customers and also new Office 365 customers. SYNEX has helped its partners deploy more than 50,000 Office 365 seats across North America through the CSP program to date.

SYNNEX expects to commence distributing LiveTiles products in late January 2016.

LiveTiles is also pursuing distribution arrangements with other large software distributors in key markets.

LiveTiles launched a global partner and customer training program with an outsourced training provider (Combined Knowledge) in December 2015. Management expect the training program will result in more engaged and qualified partners and ultimately generate more customer opportunities.

STRENGTHENING MICROSOFT ALIGNMENT

In November 2015, LiveTiles entered into a Co-Marketing Agreement with Microsoft Corporation under which LiveTiles Design is being marketed to all United States Office 365 commercial customers with a licensed user base of more than 250 seats. Under the program, LiveTiles Design is being offered to new LiveTiles customers in the United States for a free licence period of three months.

The program was initiated after the US Thanksgiving holiday period in late November. Within a short period of time, the program has led to engagement with organisations representing a substantial aggregate employee base, including several large enterprises.

In addition to generating customer opportunities, the campaign has significantly enhanced the awareness and understanding of LiveTiles' products throughout Microsoft's direct sales teams and its extensive partner ecosystem in the United States.

Based on the early success of the program, LiveTiles agreed to extend the offer period under the Co-Marketing Agreement until 31 March 2016 (previously 31 December 2015).

LIVETILES MOSAIC GROWTH

LiveTiles Mosaic has continued to attract new users.

LiveTiles Mosaic enables K-12 teachers to easily create modern, touch-friendly digital classrooms which seamlessly integrate with Office 365. Our key objective with LiveTiles Mosaic is to achieve substantial scale in the global K-12 education market ahead of exploring potential monetization paths.

LiveTiles Mosaic has now been deployed to schools and school districts with a student and teacher base of over 2.5 million (up from 2.1 million since LiveTiles' ASX listing in September 2015). LiveTiles is engaged with several education departments regarding potential department-wide deployments of LiveTiles Mosaic.

The recent launch of LiveTiles Build also provides an opportunity to begin monetising the LiveTiles Mosaic user base. To that end, an Australian school district (an existing LiveTiles Mosaic customer) is in the final stages of piloting LiveTiles Build. The school district will use LiveTiles Build across its network of over 100 schools to simplify and accelerate the roll-out of Office 365 and give their schools and teachers autonomy to make changes to their school and classroom portals using LiveTiles Mosaic.

CONTINUOUS PRODUCT INNOVATION

LiveTiles continues to invest heavily in product innovation.

LiveTiles Build was launched in October 2015. LiveTiles Build is an industry-first software tool that simplifies the process for quickly generating Microsoft SharePoint site architecture. LiveTiles Build is focused on the small to mid-sized business (SMB) market.

A major new feature for LiveTiles Build, called “Blueprint”, will be launched in the March 2016 quarter. Building on the simplicity delivered by LiveTiles Build, Blueprint provides a visual, drag and drop experience for planning and packaging end-to-end solutions for SharePoint including site architecture and LiveTiles pages. Blueprint will provide the LiveTiles partner channel with a model to deliver packaged solutions to their customers including LiveTiles Design and LiveTiles Build.

Version 4.0 of LiveTiles Design, LiveTiles’ core product, will also be launched during the March 2016 quarter. LiveTiles Design v4.0 delivers a more modular and scalable product and sets us up for a number of new product initiatives scheduled for 2016.

STRATEGIC HIRES

LiveTiles has added two highly experienced senior executives to the team since the ASX listing in September 2015:

- Rynoe Breytenbach has joined LiveTiles as Vice President, Americas & EMEA. Rynoe was formerly Territory Manager at Nintex, a successful Microsoft-linked software company.
- Owen Brandt has joined as Vice President, APAC. Owen was formerly Alliance Director, APAC at Sitecore, a Microsoft global alliance software partner.

APPENDIX 4C

LiveTiles’ cash flows for the December 2015 quarter can be summarised as follows:

	A\$'000	A\$'000
Opening cash as at 1 October 2015		12,311
Add:		
Receipts from LiveTiles customers	170	170
Less:		
Normalised cash operating expenses	-1,559	
Capital raising / ASX listing costs (non-recurring)	-390	
Costs in relation to the sale of Nuurst coal deposit (non-recurring)	-35	
Payments under rhipe Shared Services Agreement (in process of being terminated)	-103	
Other items (FX adjustments; net interest)	-320	-2,407
Cash balance as at 31 December 2015		10,074

Consistent with software industry trends, the December 2015 quarter saw a greater proportion of customers electing to pay monthly subscription fees rather than paying annually upfront. Management expects this trend will continue.

For further information, please contact:

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About LiveTiles:

LiveTiles is a global software company headquartered in New York, with offices in Sydney, Melbourne, London and Richland, Washington State. LiveTiles offers digital workplace solutions for the commercial and education markets, and is an award-winning Microsoft Partner. LiveTiles' products comprise LiveTiles Design, LiveTiles Build and LiveTiles Mosaic (for the K-12 Education market). LiveTiles' customers represent a diverse range of sectors and are spread throughout the United States, United Kingdom, Europe and Asia-Pacific.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

LiveTiles Limited

ABN

95 066 139 991

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	170	431
1.2	Payments for		
	(a) staff costs	(766)	(2,067)
	(b) advertising and marketing	(174)	(479)
	(c) research and development	(205)	(395)
	(d) leased assets	-	-
	(e) other working capital	(414)	(737)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	18
1.5	Interest and other costs of finance paid	-	(9)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	Pass-through of prior year R&D grant (pre-completion agreement)	-	(2,254)
	Payments under rhip Shared Services Agreement (in process of being terminated)	(103)	(121)
Net operating cash flows		(1,484)	(5,614)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,484)	(5,614)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	2,908
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)		
Opening cash balance on acquisition of Modun Resources Ltd and its subsidiaries	-	10,871
Costs in relation to the sale of Modun Resources LLC (Nuurst coal deposit)	(35)	(563)
Net investing cash flows	(35)	13,217
1.14 Total operating and investing cash flows	(1,519)	7,602
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	188
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	840
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
Capital raising / ASX listing costs	(390)	(971)
Net financing cash flows	(390)	57
Net increase (decrease) in cash held	(1,909)	7,660
1.21 Cash at beginning of quarter/year to date	12,311	2,497
1.22 Exchange rate adjustments	(328)	(83)
1.23 Cash at end of quarter	10,074	10,074

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.24	Aggregate amount of payments to the parties included in item 1.2	229
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Payments of salaries and directors' fees to directors	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	N/A

2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
	N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	10,074	12,311
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		10,074	12,311

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

Chief Financial Officer and Director

Date: 29 January 2016

Print name: Matthew Brown

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