

ASX Announcement

30 January 2018

Record quarter delivers 245% YoY growth

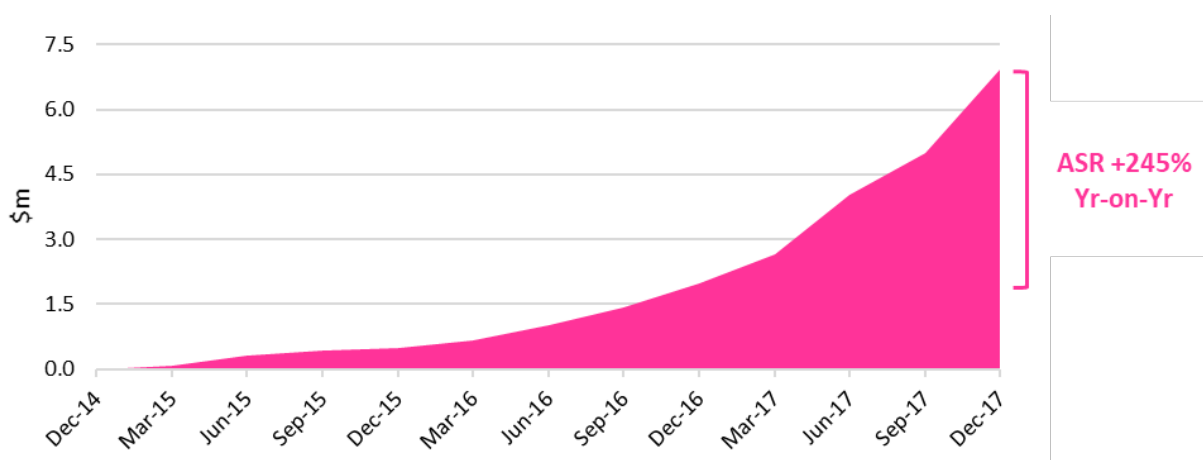
- Annualised subscription revenue¹ (ASR) reached \$6.9 million as at 31 December 2017, up from \$5.0 million as at 30 September 2017 and \$2.0 million as at 31 December 2016
- 445 paying customers signed as at 31 December 2017, up 67% year-on-year, with average ASR per customer up 111% in the last 12 months
- Cash receipts in the December quarter of \$0.9m, up 80% on the prior corresponding quarter (December 2016)
- LiveTiles' Artificial Intelligence products promoted in partnership with Microsoft to Fortune 500 companies
- Further investment in sales and marketing has driven a significant step-up in the sales pipeline and is expected to generate strong ASR 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 December 2017.

GROWTH HIGHLIGHTS

Annualised Subscription Revenue (ASR) grew to **\$6.9m** as at 31 December 2017, representing annual growth of **245%**, with \$1.9 million of ASR added in the December quarter (up 245% on the prior corresponding quarter).

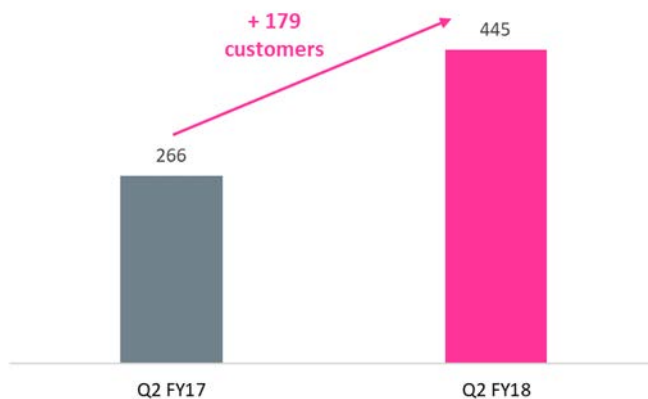
Annualised subscription revenue growing rapidly



1. Annualised subscription revenue (ASR) represents committed, recurring subscription revenue on an annualised basis

Customer numbers continued to increase strongly, with **445 paying customers** as at 31 December 2017, up 67% over the last 12 months, with **179** customers added in the period.

From zero to 445 paying customers in under 3 years

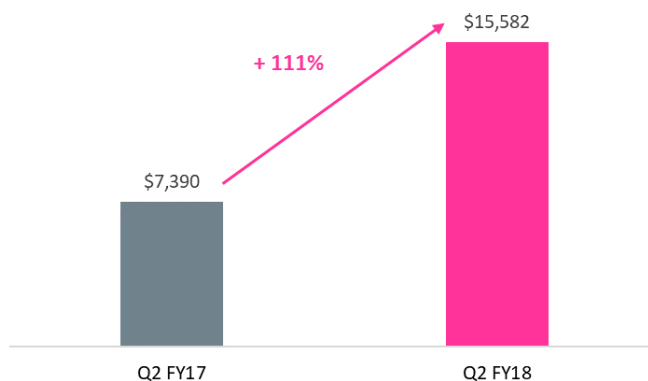


Customer highlights for the December quarter included:

- A multinational media conglomerate headquartered in the United States
- One of the world's largest investment managers, headquartered in the United States
- A large transportation authority in the United States
- A leading insurance company headquartered in the United Kingdom
- A large real estate group based in the Middle-East
- A major airline headquartered in the Asia-Pacific region
- An Australian Federal Government agency
- A large Australian university
- A major life insurance company based in Asia

Average ASR per customer continued to grow in the December quarter, up 111% over the last 12 months, driven by several larger customer wins and increased penetration of existing customers as part of the Company's '**land & expand**' growth strategy.

Average ASR per customer up 111% in last 12 months





The number of transacting partners² grew to **81** as at 31 December 2017 (**up 76%** since 31 December 2016).

Net customer retention³ for the 12 months to 31 December 2017 was **135%** (well ahead of the Software-as-a-Service industry median of 101%⁴), meaning that expansion with existing customers significantly exceeded customer churn during the period.

LiveTiles Mosaic is now licensed to schools and school districts representing **7.2 million** students and teachers, **up 26%** since 31 December 2016.

Joint promotion with Microsoft of AI products to Fortune 500 companies⁵

During the quarter, LiveTiles commenced discussions to promote its recently launched artificial intelligence offering to a selection of Fortune 500 companies, in partnership with Microsoft. The campaign precedes further marketing initiatives, including the promotion of LiveTiles Bots as a quick-to-deploy AI solution to Microsoft customers in the United States. The strategic partnership with Microsoft and ongoing joint promotional activities provide a strong endorsement of LiveTiles and its products, and follows the recent launch of LiveTiles RAISE, which provides an AI solution specific to the retail industry.

AI-bot technology to drive smart manufacturing in a US\$2.2 trillion industry⁶

Shortly after quarter end, LiveTiles secured a strategic partnership with the Clean Energy Smart Manufacturing Innovation Institute (CESMII) to use its AI technology to promote smart manufacturing processes in the US. LiveTiles will collaborate with leading organisations such as Honeywell, General Mills, Arconics and Johnson & Johnson under the arrangement. Under the partnership, LiveTiles will implement its AI-powered bot technology to drive smart manufacturing processes and improve the interactions between the manufacturing workforce, machinery and robotics. The Company expects the partnership will contribute to the Company's strong revenue growth in FY18 and beyond, by providing AI solutions to the US\$2.2 trillion US manufacturing industry.

FINANCIAL UPDATE

The Company generated customer receipts of **\$0.9m** in the quarter, up 80% on the December 2016 quarter. Net cash outflow from operating activities (prior to non-recurring items) was **\$5.0m** in the quarter.

During the December quarter, LiveTiles continued to invest in growing its sales and marketing teams. Several experienced sales professionals were added during the quarter and the Company also increased its level of investment in marketing events. This investment, together with ongoing joint-promotional initiatives with Microsoft, is generating a significant uplift in the Company's sales pipeline.

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

3. Net customer retention = (ASR expansion from existing customers less churn in trailing 12 months) / ASR at beginning of period

4. KeyBanc 2017 Private SaaS Company Survey (323 respondents)

5. Refer to ASX announcement dated 14 December 2017 for further details

6. Refer to ASX announcement dated 9 January 2018 for further details



Pro-forma cash as at 31 December 2017 was **\$11.4m**, comprising:

Cash at bank	\$7.2m
FY17 R&D grant owing	\$3.1m (\$1.4m of which was received in January 2018)
Government incentive grant	\$0.8m (received in January 2018)
Loan repayment ⁵	<u>\$0.3m</u>
Pro-forma cash as at 31 Dec 17	<u>\$11.4m</u>

LiveTiles expects to receive a further R&D grant in FY19 (relating to FY18).

OUTLOOK

LiveTiles' innovative offering continues to attract strong interest from large global enterprises looking for easy to implement intelligent workplace solutions. The Company's continued investment in sales and marketing, combined with its joint promotional activity with Microsoft, are fueling substantial growth in LiveTiles' sales pipeline and are expected to support significant subscription revenue growth in FY18 and beyond.

5. Repayment of a loan provided under the Management Incentive Plan approved by shareholders in 2015

For further information, please contact:

Matt Brown, Chief Financial Officer
+61 (0)417 201 246
matt.brown@livetiles.nyc

Media Enquiries
Alex Liddington-Cox
Media & Capital Partners
+61 (0) 474 701 469
alex.liddingtoncox@mcpartners.com.au

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, Netherlands, Sydney, Melbourne 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 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	909	1,978
1.2 Payments for		
(a) research and development ¹	(435)	(738)
(b) product manufacturing and operating costs ²	(528)	(924)
(c) advertising and marketing ¹	(1,338)	(2,286)
(d) leased assets	-	-
(e) staff costs ³	(2,803)	(4,592)
(f) administration and corporate costs ²	(835)	(1,389)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(48)
1.7 Government grants and tax incentives	-	-
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	(284)	(475)
1.9 Net cash from / (used in) operating activities	(5,311)	(8,471)

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 (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(55)	(55)
	(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	(55)	(55)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	400	12,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	488	788
3.4	Transaction costs related to issues of shares, convertible notes or options	(72)	(600)
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	815	12,188

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	11,699	3,489
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,311)	(8,471)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55)	(55)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	815	12,188
4.5	Effect of movement in exchange rates on cash held	81	78
4.6	Cash and cash equivalents at end of quarter	7,229	7,229

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	7,229	11,699
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)	7,229	11,699

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**

462

-

Payment of salaries and directors' fees to current directors and payment of accrued director's fees owing to former non-executive director upon resignation.

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	(380)
9.2 Product manufacturing and operating costs	(450)
9.3 Advertising and marketing	(800)
9.4 Leased assets	-
9.5 Staff costs	(3,400)
9.6 Administration and corporate costs	(990)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(6,020)

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: 30 January 2018

Print name: Matthew Brown