ASX Announcement

26 August 2016

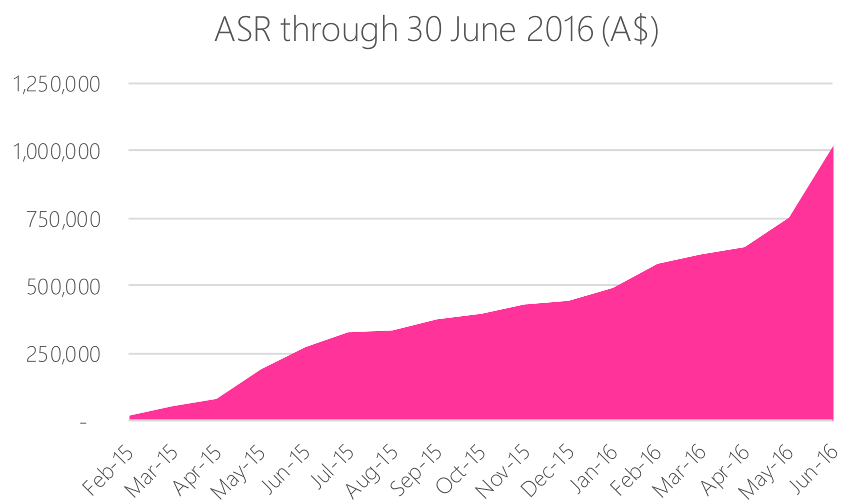
FY2016 Results

LiveTiles Limited (ASX:LVT) ("LiveTiles") today announced its financial results and operational highlights for the 2016 financial year.

FY2016 HIGHLIGHTS

Annualised subscription revenue (ASR)

- ASR grew to **$1.03m** as at 30 June 2016 (**116% growth** since 31 December 2015)



Customer growth

- **164 paying customers** as at 30 June 2016, with **44 paying customers added** in Q4

- Several blue-chip customers secured in FY16, including:
  - 21st Century Fox
  - Nike
  - PACT Group
  - an Australian water utility

- Church & Dwight
- Hungry Jacks
- Burberry
- a US cable television network

- First US government customer (US Department of State)

- First customers in the Middle East (including a major telecommunications company)

Continued growth in partner distribution channel

- **152 partners** on-boarded as at 30 June 2016 (**117% growth** during the period)

Focused digital marketing strategy

- Acceleration of digital marketing activities to drive web traffic and free trials

- >700 free trials since January 2016, including numerous large enterprises

Close alignment with Microsoft

- Ongoing Microsoft co-marketing initiatives contributing to ASR growth

- LiveTiles drives consumption (active use) of Microsoft SharePoint and Office 365

Ongoing growth in LiveTiles Mosaic licences

- LiveTiles Mosaic now licensed to schools and school districts representing **4.1 million** students and teachers

- **95% growth** since LiveTiles' ASX listing in September 2015

- Future monetisation opportunity

Continued investment in product innovation

- Launch of LiveTiles Build in October 2015 and LiveTiles Design v4.0 in February 2016

- **LiveTiles Cloud** (to be launched in September 2016), will expand our addressable market to any organisation using the cloud

- Upcoming tile-packs delivering integration with a wide range of major third party software vendors including Dropbox, Box, Google Drive, Marketo, Pardot, Mail Chimp, Salesforce, Dynamics, JIRA, Zendesk, SAP, QuickBooks and FreshBooks

Strong cash position

- $8.06m cash balance as at 30 June 2016 (plus expected FY16 R&D grant of $1.75m)

FINANCIAL RESULTS

Total revenue and other income was $2.42m, including subscription revenue of $0.65m and accrued research and development tax concession income of $1.75m. In addition, unearned revenue (a balance sheet item representing future committed revenue) was $0.56m.

Annualised Subscription Revenue (ASR) grew to $1.03m as at 30 June 2016, with growth accelerating in the June 2016 quarter. ASR represents the subscription licence fees committed by our customers on a full year basis.

LiveTiles recorded a loss after tax of $13.22m for the period. Included within this loss are $8.25m of non-cash and non-recurring expenses, primarily relating to the acquisition of Modun Resources Limited, the associated capital raising and ASX listing and non-cash share based payments expenses. Excluding non-cash and non-recurring expenses, the loss before tax was $4.87m.

The following table summarises the statement of profit or loss and other comprehensive income, including the non-cash and non-recurring expenses:

	6 mths ended 31 Dec 15 ($'000)	6 mths ended 30 Jun 16 ($'000)	12 mths ended 30 Jun 16 ($'000)	Notes
Subscription revenue	186	463	649	
Research and development grant	715	1,036	1,751	(a)
Other income	17	7	24	
Total revenue and other income	918	1,506	2,424	
Total operating expenses	(3,053)	(3,525)	(6,578)	(b)
Amortisation of development costs	(297)	(420)	(717)	
Loss before income tax expense and non-recurring/non-cash iter	(2,432)	(2,439)	(4,871)	
Non-recurring expenses				
Transaction expenses	(502)	(49)	(551)	(c)
rhipe Shared Services agreement	(215)	(159)	(374)	
Total non-recurring expenses	(717)	(208)	(925)	
Non-cash non-recurring expenses				
Reverse listing expense on acquisition of Modun	(2,955)	-	(2,955)	(d)
Share based payments	(3,678)	-	(3,678)	(e)
Total non-cash non-recurring expenses	(6,633)	-	(6,633)	
Other non-cash expenses				
Share based payments - Management Incentive Plan	(281)	(408)	(690)	
Loss before income tax expense tax per statutory accounts	(10,063)	(3,055)	(13,119)	
Income tax expense	215	(316)	(101)	
Loss after income tax expense per statutory accounts	(9,848)	(3,372)	(13,220)	

Notes:
(a) Accrual for expected FY16 R&D grant
(b) Excludes non-recurring expenses under rhipe Shared Services Agreement
(c) ASX listing and Modun acquisition expenses (excluding capitalised items)
(d) Represents the value of post-completion shares held by pre-completion Modun shareholders less the net assets of Modun at completion
(e) Comprises: 1. shares issued by LiveTiles Holdings Pty Ltd (private company) prior to completion of the Modun acquisition; and 2. pre-existing Modun options

The Group's cash balance as at 30 June 2016 was $8.06m. In addition to our existing cash balance, LiveTiles expects to receive a research and development grant of approximately $1.75m in relation to the year ended 30 June 2016.

FY2017 OUTLOOK

LiveTiles is focused on achieving strong growth in our subscription revenue in FY17, fuelled by:

- Continued paying customer growth
- Continued growth and maturation of our partner distribution channel
- Acceleration of digital marketing to generate free trials and conversion to paying customers
- Ongoing co-marketing initiatives with Microsoft
- A substantial 'land & expand' opportunity with existing customers
- A record pipeline as at 30 June 2016
- A price increase to be implemented in Q1 FY17
- Further product innovation, including the launch of LiveTiles Cloud in September 2016 which will expand our addressable market to any organisation using the cloud.

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 Tri-Cities, 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.