

ASX Announcement

22 February 2018

1st Half FY18 Results and Operational Highlights

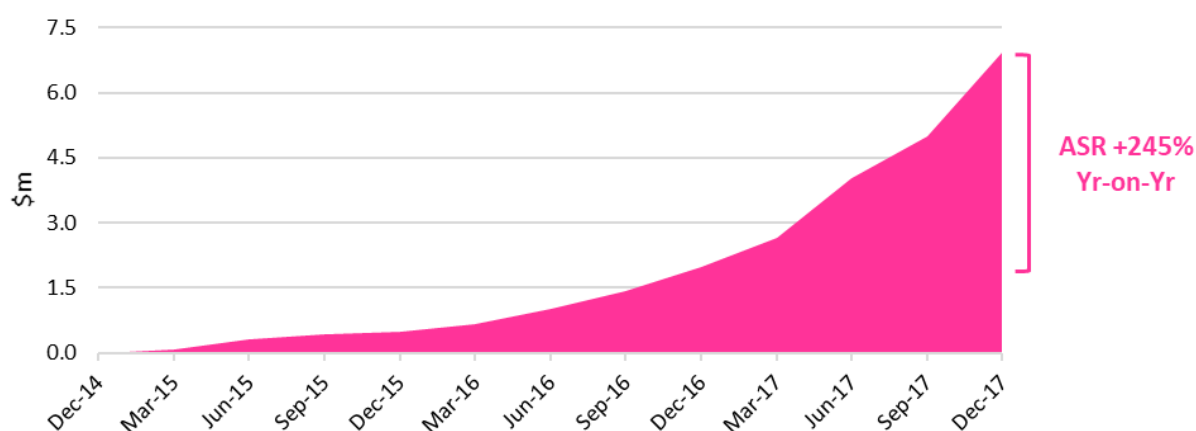
- Annualised subscription revenue¹ (ASR) reached \$6.9 million as at 31 December 2017, up from \$4.0 million as at 30 June 2017 and \$2.0 million as at 31 December 2016
- 445 paying customers signed as at 31 December 2017, up 67% year-on-year, with average ASR per customer up 111% in the last 12 months
- LiveTiles' Artificial Intelligence products promoted in partnership with Microsoft to Fortune 500 companies
- Oversubscribed placement raises \$20m subsequent to period end, providing significant funds to accelerate investment in sales, marketing and customer success teams to drive growth
- 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 intelligent workplace experiences, has today released its financial results and operational highlights for the six months 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 \$2.9 million of ASR added in the six months to 31 December 2017.

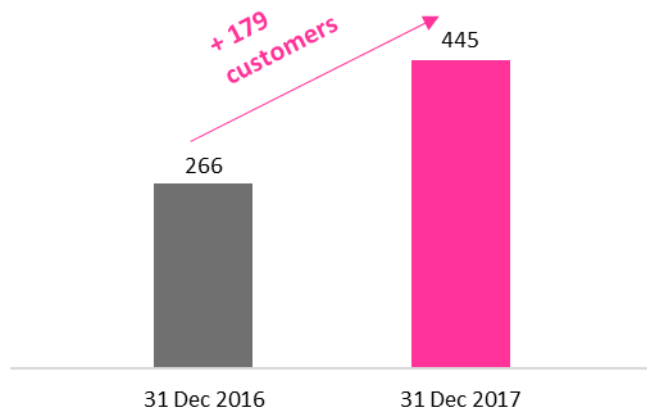
Annualised subscription revenue growing rapidly



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 last 12 months.

From zero to 445 paying customers in under 3 years

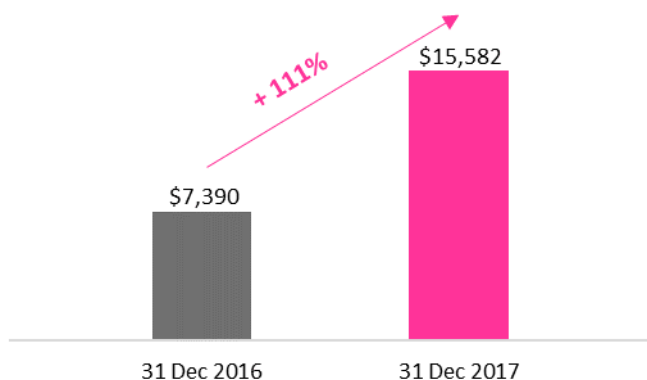


Customer highlights for the six months to 31 December 2017 included:

- 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 period, 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

In December 2017, 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 Company's ongoing joint promotional activities with Microsoft 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.

FINANCIAL RESULTS

Summary P&L	6 months ended 31 Dec 2017 (\$'000)	6 months ended 31 Dec 2016 (\$'000)	Change vs PCP (%)
Subscription revenue	1,903	687	177%
Government grant income	1,591	1,253	27%
Other income	12	6	
Total revenue and other income	3,506	1,946	80%
Total operating expenses	-8,397	-3,948	-113%
Amortisation of development costs	-711	-434	-64%
Loss before tax and non-cash/non-recurring items	-5,602	-2,436	-130%
Loss after tax per statutory accounts	-5,921	-2,774	-113%

During the period, LiveTiles continued to invest in growing its sales and marketing teams, adding several experienced sales professionals during the second quarter. The Company also increased its level of investment in marketing events, which 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



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 ⁶	<u>\$0.3m</u> (received in February 2018)
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).

CAPITAL RAISE

On 15 February 2018, LiveTiles announced a \$20 million share placement to sophisticated and professional investors at \$0.45 per share. The placement closed heavily oversubscribed, with strong demand from new and existing domestic and international institutional investors.

The Company also announced a Share Purchase Plan for existing eligible shareholders (capped at \$3 million).

Proceeds of the placement and Share Purchase Plan will be used to accelerate investment in the Company's sales, marketing and customer success teams to drive customer and revenue growth.

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, is fueling substantial growth in LiveTiles' sales pipeline and is expected to support significant subscription revenue growth in FY18 and beyond.

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

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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, 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.