



## ASX Announcement

26 July 2018

### FY18 annualised recurring revenue reaches \$15 million, up 275%

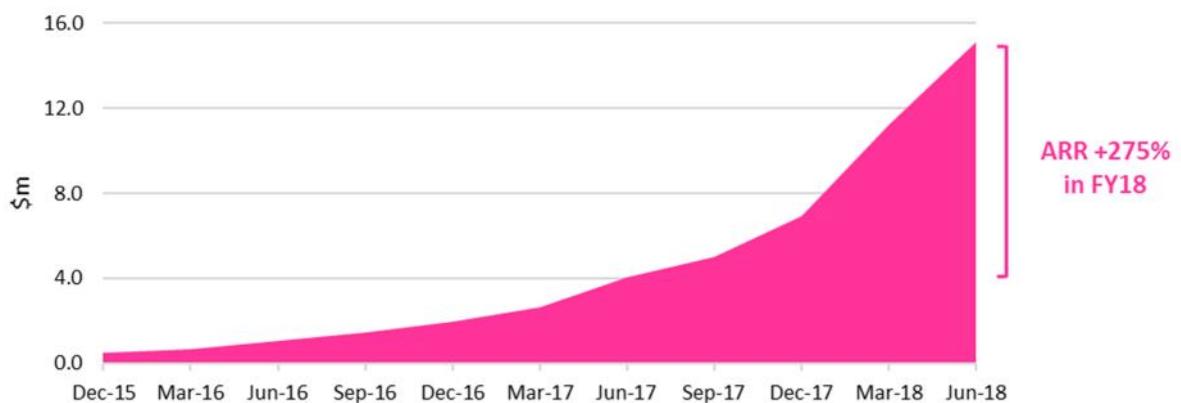
- ] Annualised recurring revenue<sup>1</sup> (ARR) reached \$15.0 million as at 30 June 2018, up 275% in FY18
- ] 536 paying customers as at 30 June 2018, with strong growth in enterprise customer base throughout FY18
- ] Major strategic partnership with key Microsoft sales and marketing vendor is generating a substantial pipeline of sales opportunities
- ] LiveTiles Bots showcased by Microsoft at its global Inspire conference in Las Vegas
- ] Acquisition of Hyperfish, a highly complementary, Microsoft-aligned software business completed in June
- ] Customer cash receipts in the March quarter of \$3.4 million, up 253% on the prior corresponding quarter (June 2017)
- ] Another year of strong recurring revenue growth expected in FY19, driven by sales and marketing investment, Microsoft co-marketing initiatives and robust demand for recently launched artificial intelligence products

**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 and year ending 30 June 2018.

#### GROWTH HIGHLIGHTS

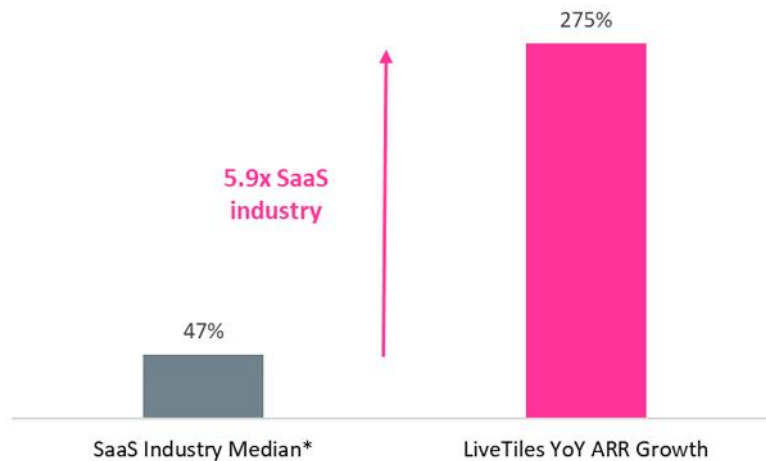
Annualised Recurring Revenue (ARR)<sup>1</sup> grew to **\$15.0 million** as at 30 June 2018, representing annual growth of **275%**, with ARR growing by \$11.0m in FY18 and \$3.8 million in the June quarter.

#### Rapid growth in annualised recurring revenue



<sup>1</sup> Annualised recurring revenue (ARR) represents committed, recurring revenue on an annualised basis

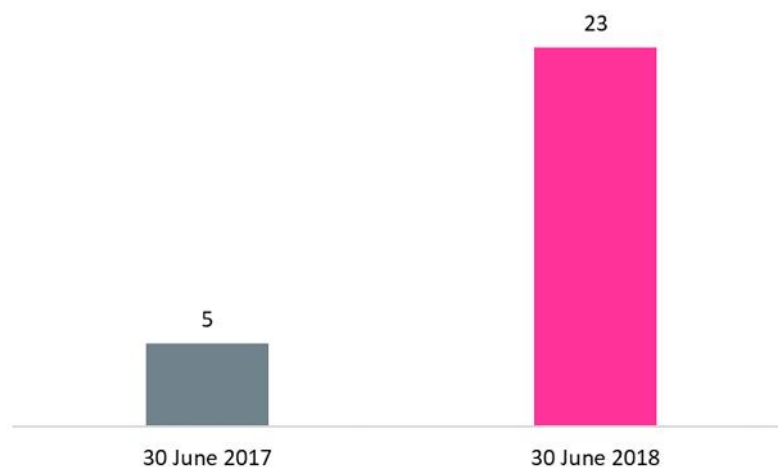
## LiveTiles is growing at almost 6x the rate of the Software-as-a-Service industry



Source: KeyBanc 2017 Private SaaS Company Survey (361 respondents)

Customer numbers continued to grow strongly, with **536 paying customers** as at 30 June 2018, including 35 Hyperfish customers. Importantly, FY18 has seen the number of customers contributing ARR of at least \$100,000 grow from 5 to 23, driven by LiveTiles' investment in experienced direct sales personnel, co-marketing initiatives with Microsoft and growing brand awareness.

## Strong growth in large accounts<sup>2</sup>

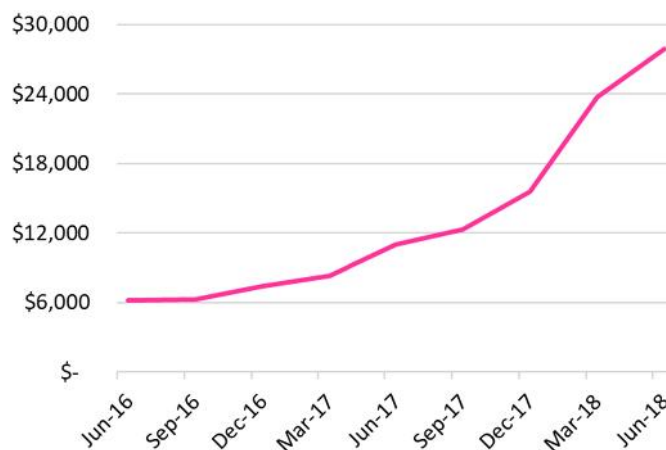


<sup>2</sup> Customers contributing ARR of at least \$100,000



Average ARR per customer continued to trend higher in the June quarter, up **154%** over the last 12 months, driven by strong new enterprise customer growth and increased penetration of existing customers via the Company's '**land & expand**' growth strategy.

### Average ARR per customer up 154% in FY18



Customer highlights in the June quarter included:

- A multinational media and entertainment conglomerate, headquartered in the United States
- A large clothing and homewares retailer, headquartered in the United States
- A major banking and payment services company in the United States
- One of the world's largest distributors of electronic components, headquartered in the United States
- A major global airline, headquartered in the United States
- One of the world's largest brewers, headquartered in Europe
- A major food manufacturer in the United Kingdom
- A large mining and metals company, headquartered in Australia
- A major electricity distribution company, headquartered in Australia
- An Australian university

The number of transacting partners<sup>3</sup> grew to **94** as at 30 June 2018 (**up 40%** in FY18).

### N3 SALES AND MARKETING TEAM DRIVING RAPID PIPELINE CREATION

In the June quarter, a dedicated N3 team of 60 sales and marketing personnel were onboarded and trained. The team, based in Rochester New York, is already delivering positive results, with over \$10 million of sales opportunities being generated by the N3 team over the past two months, including several Fortune 1000 companies.

N3's expert understanding of Microsoft's and LiveTiles' products combined with its sophisticated sales and marketing platform is expected to generate strong and highly scalable customer and revenue growth for LiveTiles in FY19.

<sup>3</sup> LiveTiles resellers that have closed at least one LiveTiles software licensing transaction.



## **SUCCESSFUL CO-MARKETING WITH MICROSOFT DRIVING LIVETILES BOTS REVENUE**

Successfully aligning itself with Microsoft's 'AI-first' vision, LiveTiles has become one of Microsoft's key strategic partners in the data and artificial intelligence (AI) space. The co-sell arrangement with Microsoft, promoting LiveTiles Bots, surpassed management's expectations in the June quarter, with multiple new LiveTiles Bots customers secured – ranging from mid-market to Fortune 500 companies across the financial services, healthcare, manufacturing, professional services and education sectors.

In mid-July, LiveTiles Bots was heavily showcased by Microsoft at its global Inspire conference in Las Vegas. In a keynote presentation delivered by Gavriella Schuster, Corporate Vice President for Microsoft's One Commercial Partner Channel and Programs, LiveTiles Bots was showcased, with emphasis placed on its ability to enable its users to create bespoke bots with customised abilities, tailor-made to suit any role or any team in any organisation.

The decision to single out and showcase LiveTiles Bots as a leading AI solution, provides significant endorsement from Microsoft, which has a worldwide network of 640,000 partners, vendors and service providers.

LiveTiles was also awarded the 2018 Microsoft US Partner Award for Modern Workplace Transformation at Microsoft Inspire (Microsoft has approximately 100,000 US-based partners). The award recognises LiveTiles for its leadership in customer impact, solution innovation, deployment and the exceptional use of advanced features in Microsoft, highlighting the value placed on the Company's digital workplace and AI solutions, which are simple to build and deploy.



*LiveTiles showcased at Microsoft Inspire keynote (17 July 2018, Las Vegas)*

## **HYPERFISH ACQUISITION**

In June 2018, LiveTiles completed its acquisition of Hyperfish, a recognised leader in next generation employee profile and directory management software based in Seattle.

The acquisition of Hyperfish will enable LiveTiles to achieve its strategic product vision more quickly, by combining the highly complementary products of two of the fastest growing software companies in the Microsoft ecosystem.

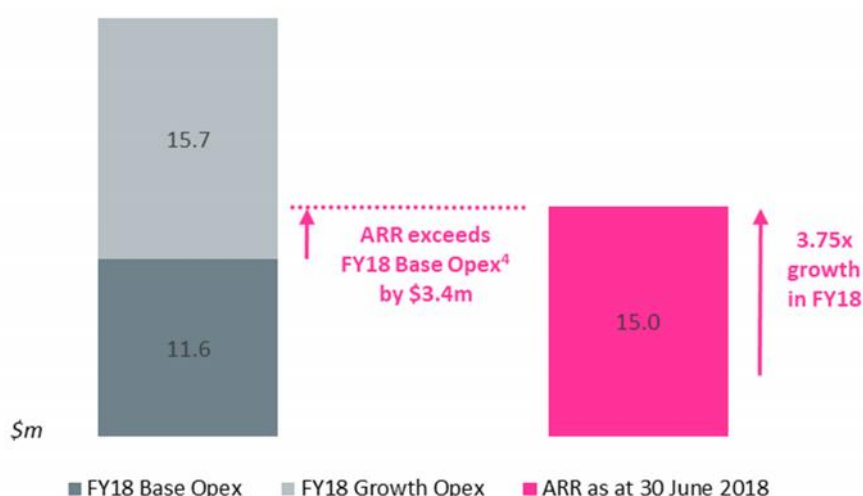
The addition of Hyperfish's AI capabilities to LiveTiles' broadens the Company's AI-powered solution that will be jointly promoted to Microsoft customers and is expected to further enhance the Company's collaborative partnership with Microsoft.

## FINANCIAL UPDATE

LiveTiles has invested heavily in growth throughout FY18, including growth in the Company's sales and customer success teams, marketing initiatives and new product development.

The Company's ARR as at 30 June 2018 exceeded FY18 base cash operating expenses<sup>4</sup> by \$3.4 million.

### ARR exceeds FY18 base cash operating expenses <sup>4</sup>



LiveTiles generated customer receipts of **\$3.4 million** in the June 2018 quarter, up **253%** on the June 2017 quarter. Net cash outflow from operating activities was **\$6.4 million** in the quarter. The depreciation of the Australian dollar relative to the United States dollar, British pound and Euro during the quarter increased cash operating expenses in Australian dollar terms by \$0.18 million. Hyperfish's cash operating expenses from completion of the acquisition to 30 June 2018 were \$0.12 million.

The Company's cash balance as at 30 June 2018 was **\$17.8 million**. LiveTiles expects to receive government grants of at least **\$3.7 million** in FY19.

For the September 2018 quarter, the Company expects gross cash operating expenses will be approximately \$13.3 million, including:

- approximately \$3.9 million relating to the sales and marketing execution and consultancy services provided by N3;
- approximately \$0.8 million relating to sponsorship and event costs for the Microsoft Inspire and Ignite conferences (the Company's two largest annual marketing events); and
- approximately \$0.9 million in gross cash operating expenses for Hyperfish.

<sup>4</sup> Growth Opex represents 100% of sales and marketing expenses, 75% of customer success expenses and 50% of product development expenses (on a cash basis). Base Opex represents all cash operating expenses not included in Growth Opex. The Base Opex and Growth Opex for Hyperfish have been included for the whole of FY18. Government grants received in FY18 have been allocated to Base Opex and Growth Opex on a pro-rata basis.



## OUTLOOK

LiveTiles' investment in sales and marketing throughout FY18, together with the recent launch of the Company's AI products, co-marketing initiatives with Microsoft and the recent launch of the N3 partnership, gives us great confidence in our plan to deliver another year of strong revenue growth in FY19.

### 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, Minneapolis, North Carolina, Rochester, London, Sligo, Zurich, 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 Design, LiveTiles Bots, LiveTiles Intelligence, LiveTiles for SAP Software, LiveTiles MX, LiveTiles Mosaic and Hyperfish. 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 June 2018

| <b>Consolidated statement of cash flows</b>                                                                                     | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------|
| <b>1. Cash flows from operating activities</b>                                                                                  |                                    |                                                 |
| 1.1 Receipts from customers                                                                                                     | 3,426                              | 6,860                                           |
| 1.2 Payments for                                                                                                                |                                    |                                                 |
| (a) research and development <sup>1</sup>                                                                                       | (515)                              | (1,790)                                         |
| (b) product manufacturing and operating costs <sup>2</sup>                                                                      | (535)                              | (2,095)                                         |
| (c) advertising and marketing <sup>1</sup>                                                                                      | (1,470)                            | (5,068)                                         |
| (d) leased assets                                                                                                               | -                                  | -                                               |
| (e) staff costs <sup>3</sup>                                                                                                    | (7,074)                            | (14,944)                                        |
| (f) administration and corporate costs <sup>2</sup>                                                                             | (1,213)                            | (3,586)                                         |
| 1.3 Dividends received (see note 3)                                                                                             | -                                  | -                                               |
| 1.4 Interest received                                                                                                           | 8                                  | 17                                              |
| 1.5 Interest and other costs of finance paid                                                                                    | -                                  | -                                               |
| 1.6 Income taxes paid                                                                                                           | -                                  | (82)                                            |
| 1.7 Government grants and tax incentives                                                                                        | 975                                | 3,183                                           |
| 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 | -                                  | (475)                                           |
| <b>1.9 Net cash from / (used in) operating activities</b>                                                                       | <b>(6,398)</b>                     | <b>(17,981)</b>                                 |

<sup>1</sup> Includes related staffing costs

<sup>2</sup> Excludes related staffing costs which are included in 1.2(e)

<sup>3</sup> Includes all staffing costs (including N3), except those included in 1.2(a) and 1.2(c)

| <b>Consolidated statement of cash flows</b>                                    |            | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|--------------------------------------------------------------------------------|------------|------------------------------------|-------------------------------------------------|
| <b>2. Cash flows from investing activities</b>                                 |            |                                    |                                                 |
| 2.1 Payments to acquire:                                                       |            |                                    |                                                 |
| (a) property, plant and equipment                                              | (46)       | (242)                              |                                                 |
| (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)                                        |            |                                    |                                                 |
| Opening cash balance on acquisition of<br>Hyperfish (net of transaction costs) | 159        | 159                                |                                                 |
| <b>2.6 Net cash from / (used in) investing<br/>activities</b>                  | <b>113</b> | <b>(83)</b>                        |                                                 |

|                                                                                    |             |               |  |
|------------------------------------------------------------------------------------|-------------|---------------|--|
| <b>3. Cash flows from financing activities</b>                                     |             |               |  |
| 3.1 Proceeds from issues of shares                                                 | -           | 32,667        |  |
| 3.2 Proceeds from issue of convertible notes                                       | -           | -             |  |
| 3.3 Proceeds from exercise of share options                                        | -           | 1,125         |  |
| 3.4 Transaction costs related to issues of<br>shares, convertible notes or options | (56)        | (1,775)       |  |
| 3.5 Proceeds from borrowings                                                       | -           | -             |  |
| 3.6 Repayment of borrowings                                                        | -           | -             |  |
| 3.7 Transaction costs related to loans and<br>borrowings                           | -           | -             |  |
| 3.8 Dividends paid                                                                 | -           | -             |  |
| 3.9 Other (provide details if material)                                            | -           | -             |  |
| <b>3.10 Net cash from / (used in) financing<br/>activities</b>                     | <b>(56)</b> | <b>32,017</b> |  |

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

| <b>Consolidated statement of cash flows</b> |                                                                              | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---------------------------------------------|------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------|
| <b>4.</b>                                   | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                                    |                                                 |
| 4.1                                         | Cash and cash equivalents at beginning of quarter/year to date               | 23,977                             | 3,489                                           |
| 4.2                                         | Net cash from / (used in) operating activities (item 1.9 above)              | (6,398)                            | (17,981)                                        |
| 4.3                                         | Net cash from / (used in) investing activities (item 2.6 above)              | 113                                | (83)                                            |
| 4.4                                         | Net cash from / (used in) financing activities (item 3.10 above)             | (56)                               | 32,017                                          |
| 4.5                                         | Effect of movement in exchange rates on cash held                            | 208                                | 402                                             |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b>                           | <b>17,844</b>                      | <b>17,844</b>                                   |

|            |                                                                                                                                                                             |                                    |                                     |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1        | Bank balances                                                                                                                                                               | 17,844                             | 23,977                              |
| 5.2        | Call deposits                                                                                                                                                               | -                                  | -                                   |
| 5.3        | Bank overdrafts                                                                                                                                                             | -                                  | -                                   |
| 5.4        | Other (provide details)                                                                                                                                                     | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                            | <b>17,844</b>                      | <b>23,977</b>                       |

**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**

774

-

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

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|----------------------------------------------------------------------------------------------------------|------------------------------------|
| 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                                                                                                      |                                    |

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>                                                                                                                                                                             | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|
| 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                                                                                                                                                                                                                                                                                        |                                                             |                                                    |

| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b>  |
|----------------------------------------------------|-----------------|
| 9.1 Research and development                       | (705)           |
| 9.2 Product manufacturing and operating costs      | (700)           |
| 9.3 Advertising and marketing                      | (1,730)         |
| 9.4 Leased assets                                  | -               |
| 9.5 Staff costs <sup>4</sup>                       | (8,350)         |
| 9.6 Administration and corporate costs             | (1,830)         |
| 9.7 Other (provide details if material)            | -               |
| <b>9.8 Total estimated cash outflows</b>           | <b>(13,315)</b> |

<sup>4</sup> Includes approximately \$3.9 million relating to the sales and marketing execution and consultancy services provided by N3

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

| <b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b> | <b>Acquisitions</b>                               | <b>Disposals</b> |
|--------------------------------------------------------------------------------------------|---------------------------------------------------|------------------|
| 10.1 Name of entity                                                                        | Hyperfish Inc.                                    | N/A              |
| 10.2 Place of incorporation or registration                                                | Washington State, USA                             |                  |
| 10.3 Consideration for acquisition or disposal                                             | 8,633,548 fully paid ordinary shares <sup>5</sup> |                  |
| 10.4 Total net assets                                                                      | \$0.10m                                           |                  |
| 10.5 Nature of business                                                                    | Enterprise software                               |                  |

<sup>5</sup> An aggregate of approximately 12.6m additional shares will be issued to the Hyperfish vendors under an earn-out structure subject to various conditions being satisfied. Refer to LiveTiles' ASX announcement dated 25 May 2018 for further details.

**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: 26 July 2018

Print name: Matthew Brown