



ASX Announcement

27 August 2018

275% growth in annualised recurring revenue in FY18 to \$15 million

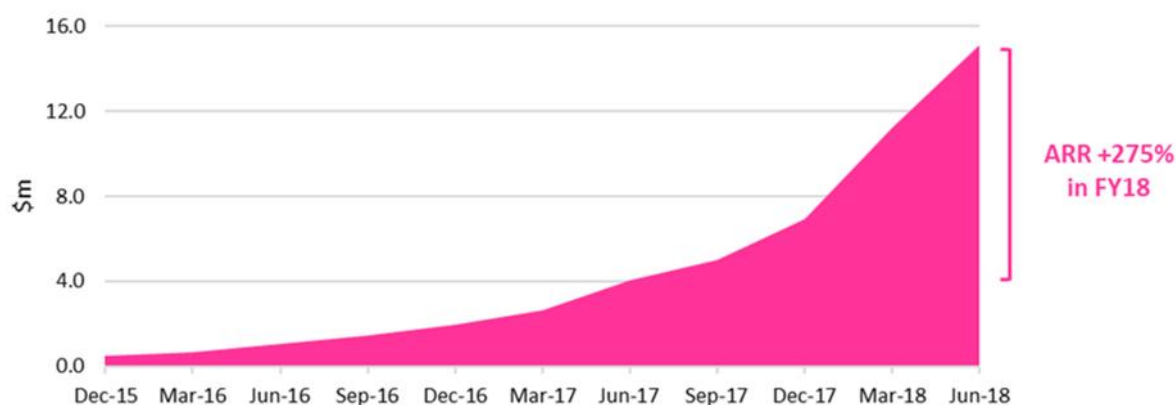
-] Annualised recurring revenue¹ (ARR) reached \$15.0 million as at 30 June 2018, up 275% in FY18
-] 536 paying customers as at 30 June 2018, with strong growth in enterprise customers during the period
-] Transacting partners increased to 94 as at 30 June 2018, up 40% on FY17
-] Launch of LiveTiles Bots and LiveTiles Intelligence AI products met with strong customer demand
-] Acquisition of highly complementary, Microsoft-aligned software business Hyperfish completed in June
-] Heightened brand and product awareness driven by Microsoft's strong endorsement of LiveTiles' products
-] Investment in sales and marketing initiatives and strategic partnership with N3 expected to deliver another year of strong customer and revenue growth in FY19

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 financial results and operating highlights for FY18.

FY18 HIGHLIGHTS

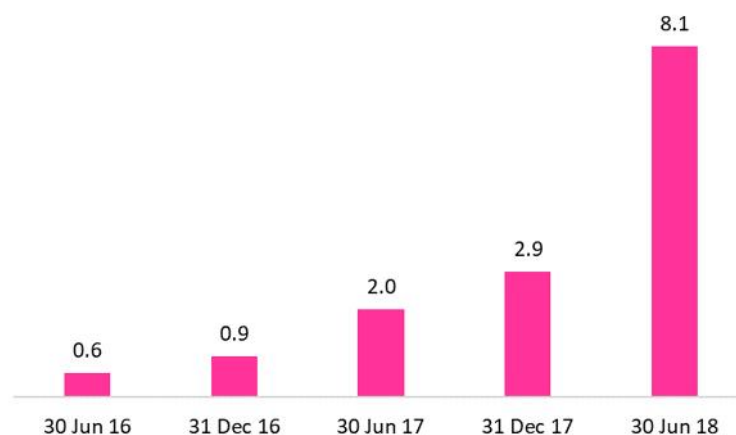
Annualised Recurring Revenue (ARR)¹ grew to **\$15.0 million** as at 30 June 2018, representing annual growth of **275%**, with ARR growing by \$11.0m in FY18.

Annualised recurring revenue continued to grow rapidly in FY18



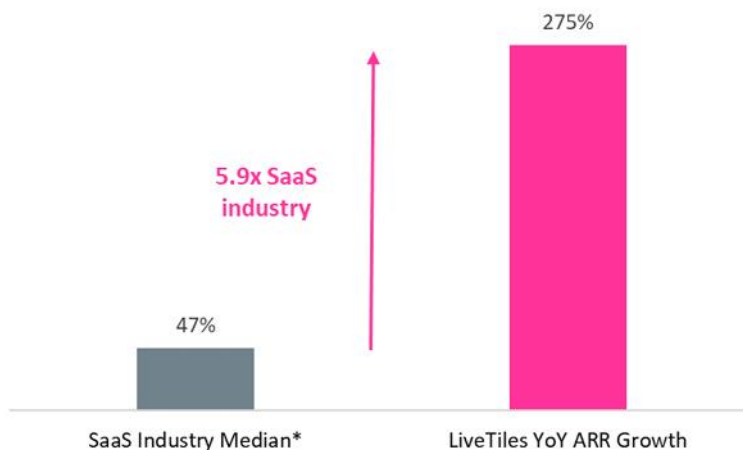
1. Annualised recurring revenue (ARR) represents committed, recurring revenue on an annualised basis

Record ARR growth for 5 consecutive 6-month periods (\$m²)



2. Hyperfish ARR of \$0.4m included in June 2018 period

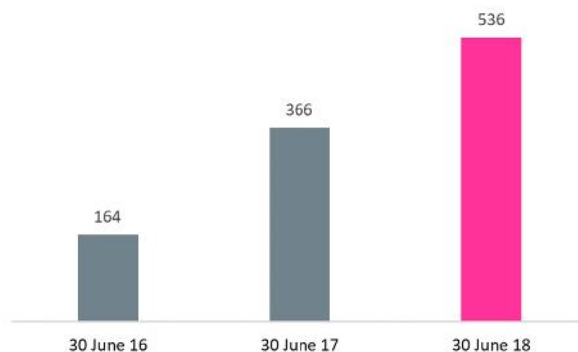
LiveTiles is growing at almost 6x the rate of the Software-as-a-Service industry



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

Customer numbers increased strongly, growing by **170** (or **46%**) to reach **536 paying customers** as at 30 June 2018, including 35 Hyperfish customers. Importantly, FY18 delivered significant growth in large customers that contribute at least \$100,000 ARR each, with 23 large customers as at 30 June 2018, up from 5 as at 30 June 2017. The strong customer growth was driven by LiveTiles' investment in experienced direct sales personnel, co-marketing initiatives with Microsoft and growing brand awareness.

Strong customer growth delivered a 46% increase on FY17³



3. FY18 includes 35 Hyperfish customers

Average ARR per customer continued to grow throughout FY18, **up 154%** over the last 12 months, driven by strong 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



Of the 170 customers added during the period, highlights for FY18 included:

- N3, a sales and marketing consultancy based in the United States
- Two multinational media conglomerates based in the United States and a major global media group headquartered in the United Kingdom
- One of the world's largest investment managers, headquartered in the United States
- One of the world's leading apparel brands
- A large clothing and homewares retailer, headquartered in the United States
- A major banking and payment services company in the United States
- A major financial services company in the United States
- A global cosmetics company headquartered in the United States
- Three airlines, including a major global airline headquartered in the United States and two major airlines in Asia-Pacific



- An Australian Federal Government agency
- One of the world's largest brewers, headquartered in Europe and two large food manufacturers headquartered in the United Kingdom

The number of transacting partners⁴ grew to **94** as at 30 June 2018, **up 40%** on FY17.

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

LiveTiles' strategic relationship with Microsoft continued to strengthen during the period, delivering heightened brand and product awareness, with Microsoft's strong endorsement directly contributing to ARR and pipeline growth.

Co-marketing initiatives with Microsoft to promote the Company's recently launched artificial intelligence (AI) products, LiveTiles Bots and LiveTiles Intelligence, drove strong early adoption by companies ranging from mid-market to Fortune 500, surpassing expectations.

LiveTiles Bots was showcased as a leading AI solution at Microsoft's global Inspire conference in Las Vegas in July 2018, providing further significant endorsement from Microsoft, which has a worldwide network of 640,000 partners, vendors and service providers. In addition, LiveTiles was awarded the 2018 Microsoft US Partner Award for Modern Workplace Transformation at the event, recognising the Company's leadership in customer impact, innovative solution, deployment and exceptional use of advanced Microsoft features.

During the year, LiveTiles formed a strategic partnership with N3, with a dedicated team of 60 sales and marketing personnel onboarded towards the end of FY18. Based in Atlanta USA, N3 is a leading outsourced sales and marketing execution vendor for Microsoft's Azure and Dynamics platforms. The N3 team has an expert understanding of both LiveTiles' and Microsoft's products and this, combined with its sophisticated sales and marketing platform, is expected to generate strong customer and revenue growth in FY19. N3 is also a licensee of LiveTiles' SaaS products.

The N3 team, based in Rochester New York, is already delivering positive results, with over \$15 million of sales opportunities being generated by the N3 team since late May 2018, including several Fortune 1000 companies.

The Company's acquisition of Hyperfish completed on 8 June 2018. Hyperfish is a leading next generation employee profile and directory management software company based in Seattle. The acquisition brings together two of the fastest growing software companies in the Microsoft ecosystem and broadens LiveTiles' AI-powered capabilities with a complementary AI offering, enabling LiveTiles to achieve its strategic product vision more quickly.

FINANCIAL RESULTS

Total revenue and other income was \$6.4m, including subscription revenue of \$5.7m (up 221% on FY17). As at 30 June 2018, unearned revenue – a balance sheet item representing future committed revenue – was \$5.1m, up 167% on FY17.

Annualised recurring revenue (ARR) grew to \$15.0m as at 30 June 2018, up 275% from \$4.0m as at 30 June 2017.



LiveTiles recorded a loss after tax of \$22.1m for FY18. Included within this loss are non-cash share based payments expenses of \$1.0m. Excluding non-cash share based payments expenses, the loss before tax was \$20.8m.

CAPITAL RAISE

Subsequent to year end, LiveTiles successfully raised \$25 million via a share placement at \$0.59 per share to new and existing domestic and international institutional investors. Strong demand resulted in the placement being upsized from \$20 million to \$25 million. The Company has also launched a share purchase plan to existing, eligible shareholders to raise up to an additional \$2 million. The funds raised from the placement and share purchase plan will be used to continue driving customer and revenue growth through investment in the Company's direct sales and customer success teams, further development of the Microsoft and partner channels and marketing.

OUTLOOK

LiveTiles' ongoing investment in sales and marketing, co-marketing initiatives with Microsoft, strategic partnership with N3 and the recent launch of the Company's AI products are expected to deliver another year of strong customer and revenue growth in FY19. The Company remains focussed on converting its strong pipeline of sales opportunities as it builds its global footprint.

Ends.

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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.