



ASX Announcement

27 February 2019

232% growth in annualised recurring revenue in CY18 to \$22.9 million

-] Annualised recurring revenue¹ (ARR) reached **\$22.9 million** as at 31 December 2018, **up 232%** year-on-year
-] \$16.0 million (or 70%) of the Company's total ARR has been added in the past 12 months
-] Wizdom acquisition (completed February 2019) takes pro-forma ARR to **\$30.9 million** as at 31 December 2018 (**up 348%** year-on-year)
-] 598 paying customers as at 31 December 2018, with robust enterprise customer growth
-] N3 sales and marketing team continues to generate rapid sales pipeline growth, with conversions contributing to strong growth in customers and ARR
-] Hyperfish performing ahead of expectations, with ARR more than tripling over the past 6 months and expected to be cash flow positive on a run-rate basis by 31 December 2019
-] Ongoing high-impact campaigns and joint-marketing initiatives with Microsoft generating strong awareness and demand for LiveTiles' intelligent workplace offering
-] Strong customer and revenue growth expected to continue in FY19, bolstered by increasing product and brand awareness and conversion of a strong sales pipeline
-] LiveTiles' key objective is to organically grow ARR from \$30.9 million as at 31 December 2018² to at least **\$100 million** by 30 June 2021 (six months earlier than the Company's previous target).

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 the six months to 31 December 2018.

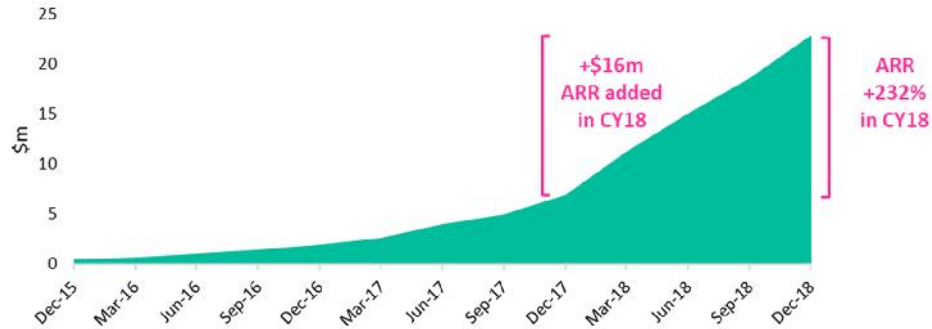
1H FY19 HIGHLIGHTS

Annualised Recurring Revenue (ARR)¹ grew to **\$22.9 million** as at 31 December 2018, representing annual growth of **232%**, with ARR growing by **\$16.0 million** in the 2018 calendar year.

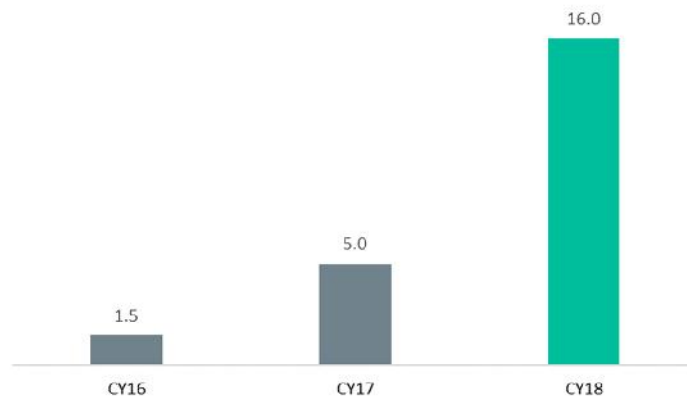
¹ Annualised recurring revenue (ARR) represents committed, recurring revenue on an annualised basis

² Pro-forma for the acquisition of Wizdom

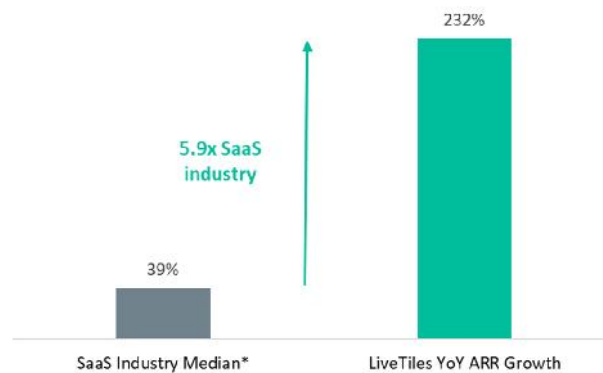
Annualised recurring revenue continued to grow rapidly in CY18



ARR added in past 3 years (\$m³)



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



* Source: KeyBanc 2018 Private SaaS Company Survey (for companies >US\$5m ARR; 171 respondents)

³ Includes \$0.4m of Hyperfish ARR upon completion of the acquisition in June 2018

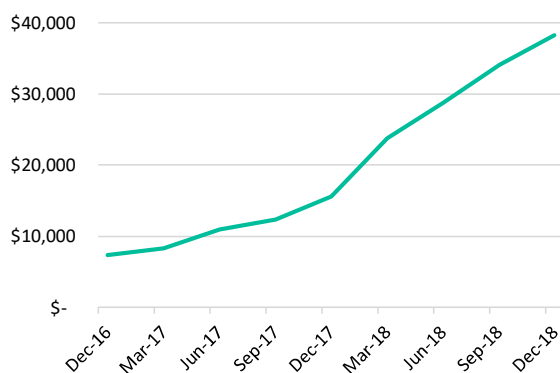


Customer numbers increased strongly, growing by **153** year-on-year (or 34%) to reach **598 paying customers** as at 31 December 2018. Importantly, CY18 delivered further substantial growth in large customers that each contribute ARR of at least \$100,000, with 39 such customers as at 31 December 2018, up from 14 as at 31 December 2017.

The ongoing growth in large enterprise customers is being driven by LiveTiles' investment in experienced direct sales personnel, high-impact co-marketing initiatives with Microsoft and growing brand awareness.

Average ARR per customer continued to trend higher in the period, up **145%** 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 145% year-on-year



Customer highlights in the December half included:

- One of the world's largest IT consulting companies (USA)
- A top-tier global real estate services company (USA)
- A multinational engineering and construction company (USA)
- A major university (USA)
- A large agricultural cooperative (USA)
- A multinational media and entertainment conglomerate (USA)
- A large clothing and homewares retailer (USA)
- A major banking and payment services company (USA)
- A top-tier online stockbroking business (USA)
- A large logistics group (USA)
- A multinational bank (Europe)
- A global luxury goods conglomerate (Europe)
- A major food manufacturer (UK)
- A top-tier professional services firm (Australia)
- A global insurance company (Australia)
- Two government departments (Australia)
- A major government-owned corporation (Australia)

The number of transacting partners⁴ grew to **111** as at 31 December 2018, up **37%** year-on-year.

Strategic relationship with Microsoft

LiveTiles' strategic relationship with Microsoft continues to strengthen, with multiple high-impact campaigns and other joint-marketing initiatives generating strong awareness and demand for LiveTiles' intelligent workplace offering.

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



In July 2018, LiveTiles was awarded the 2018 Microsoft US Partner Award for Modern Workplace Transformation at Microsoft Inspire (a major global conference for Microsoft partners). The award recognises LiveTiles for its leadership in customer impact, solution innovation, deployment and the exceptional use of advanced Microsoft features, highlighting the value placed on the Company's digital workplace and artificial intelligence (AI) solutions, which are simple to build and deploy.

In August 2018, LiveTiles and Microsoft jointly launched the AI Spark Partner Program which is designed to help lift the AI capabilities of participating Microsoft partners, thereby accelerating the pace at which AI solutions can be deployed by enterprises across all sectors. The program was initially launched in Australia before expanding to the United States in October 2018.

LiveTiles was named as the first software partner accepted into Microsoft's AI Inner Circle Partner Program in October 2018. The exclusive program is designed for partners who provide enhanced AI product solutions utilising Microsoft's AI technology. The invitation recognises the ability for LiveTiles' unique technology to drive business transformation using the power of AI.

LiveTiles' strategic relationship with Microsoft continues to generate strong customer leads, contributing to the Company's growth in customers and ARR. Importantly, LiveTiles' software solutions help drive the increased consumption of Microsoft's two fastest growing platforms, Azure and Office 365, meaning there is mutual benefit for Microsoft's promotion of LiveTiles' offering.

N3 delivering revenue growth and strong sales pipeline

The Company's engagement with leading software sales and marketing execution firm, N3, continues to perform strongly and is driving strong demand in the United States.

In mid-November 2018, LiveTiles announced that the N3 sales and marketing team had generated a pipeline of sales opportunities for LiveTiles which were in excess of \$50 million. This strong performance continues, with the N3-generated sales pipeline continuing to grow rapidly and pipeline conversion expected to continue to increase throughout FY19.

Hyperfish achieving strong ARR growth

Since its acquisition in June 2018, Hyperfish has performed strongly, with ARR more than tripling since the acquisition completed. Hyperfish has successfully exceeded the first earn-out target by achieving ARR of more than US\$1.0m by 31 December 2018.

In accordance with the key acquisition terms announced on 25 May 2018, 6.77 million LiveTiles shares were issued to the vendors on 29 January 2019 as consideration for achieving the first earn-out. The shares are subject to an escrow period of 12 months.

Several customers have already acquired Hyperfish software as part of the LiveTiles Intelligent Workplace bundle, demonstrating the highly complementary fit between LiveTiles' suite of intelligent workplace software and Hyperfish's artificial intelligence-powered employee profile and directory management software.

The Hyperfish sales pipeline continues to grow rapidly, including via the N3 channel, and is expected to contribute to the Company's strong customer and ARR growth in FY19 and beyond. LiveTiles also expects Hyperfish will be cash flow positive on a run-rate basis by 31 December 2019.

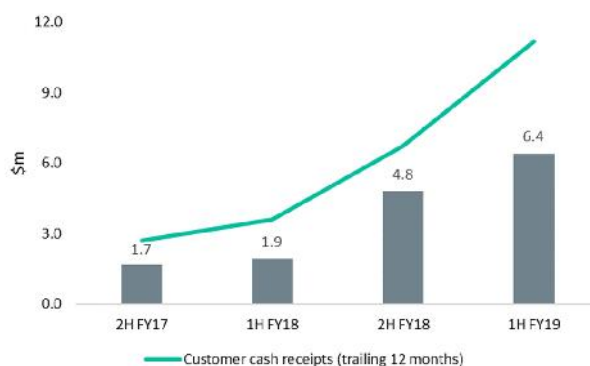
FINANCIAL RESULTS

Annualised recurring revenue (ARR) grew to **\$22.9 million** as at 31 December 2018, **up 232%** from \$6.9 million as at 31 December 2017.

Total revenue and other income was **\$7.4 million**, including subscription revenue of **\$5.7 million (up 198% year-on-year)**.

LiveTiles generated customer cash receipts of **\$6.4 million** in the December half, **up 230%** on the prior corresponding period.

Strong growth in customer cash receipts



LiveTiles recorded a loss before tax, non-cash amortisation and non-cash share based payments expenses of **\$18.7 million** for the six months to 31 December 2018. The loss after tax was \$22.8 million (including non-cash share based payments expenses of \$3.8 million⁵).

The Company's cash balance as at 31 December 2018 was **\$22.4 million**.

LiveTiles expects cash operating expenses for the six months to 30 June 2019 (prior to Wizdom's operating expenses) to be significantly lower than cash operating expense for the six months to 31 December 2018 driven by:

- normalisation of expenses relating to the sales and marketing execution services provided by N3 in the United States following the completion of the recruiting, onboarding and training phase; and
- cost savings from several non-customer facing staff reductions implemented in the December 2018 quarter.

⁵ Of the \$3.8m non-cash share based payments expenses, \$3.6m relates to LiveTiles shares issued or to be issued under the earn-outs for the acquisition of Hyperfish

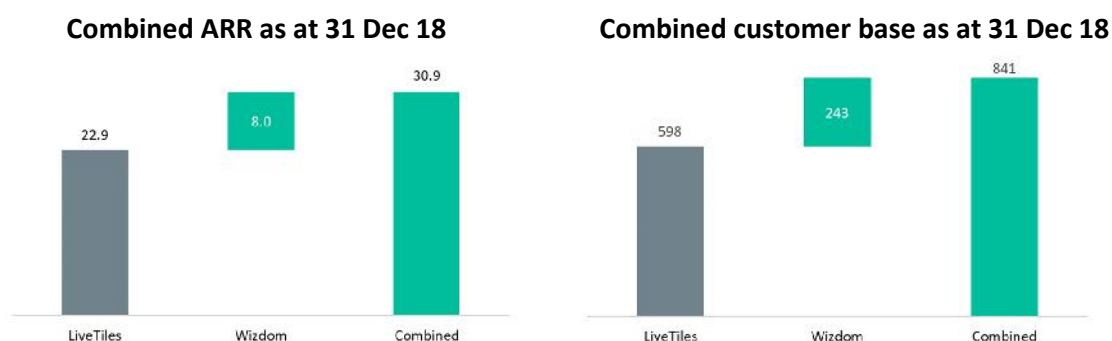


WIZDOM ACQUISITION AND CAPITAL RAISE

Earlier this month LiveTiles completed the acquisition of Wizdom, the leading Microsoft-aligned, digital workplace software business in Europe. Wizdom's software provides customers with the tools to drive employee engagement, collaboration and compliance.

Headquartered in Copenhagen, Denmark, Wizdom had annualised recurring revenue (ARR) of \$8.0 million as at 31 December 2018, comprising a high-quality customer base of 243 customers across Europe and the United Kingdom.

The acquisition of Wizdom will enable LiveTiles to extend its intelligent workplace platform to deliver new capabilities in relation to news and content publishing and provides attractive cross-sell opportunities to LiveTiles and Wizdom customers.



The purchase price comprises an upfront purchase price and an earn-out, with an aggregate purchase price cap of EUR30 million. The upfront purchase price comprised \$9.0 million in cash and 49.7 million LiveTiles shares. The earn-out is capped at EUR 12.4 million and is conditional upon Wizdom achieving ARR of at least EUR 8.0 million as at 31 January 2020 and positive EBITDA for the 12 months to 31 January 2020. Further details of the transaction terms are contained in the Company's announcement to the ASX dated 5 February 2019.

In conjunction with the Wizdom acquisition, LiveTiles completed a capital raise via a placement of shares to institutional and other sophisticated investors to fund the upfront cash consideration for the acquisition and for working capital purposes. Under the placement, \$15.3 million (before costs) was raised via the issue of 45 million fully paid ordinary shares at \$0.34 per share.

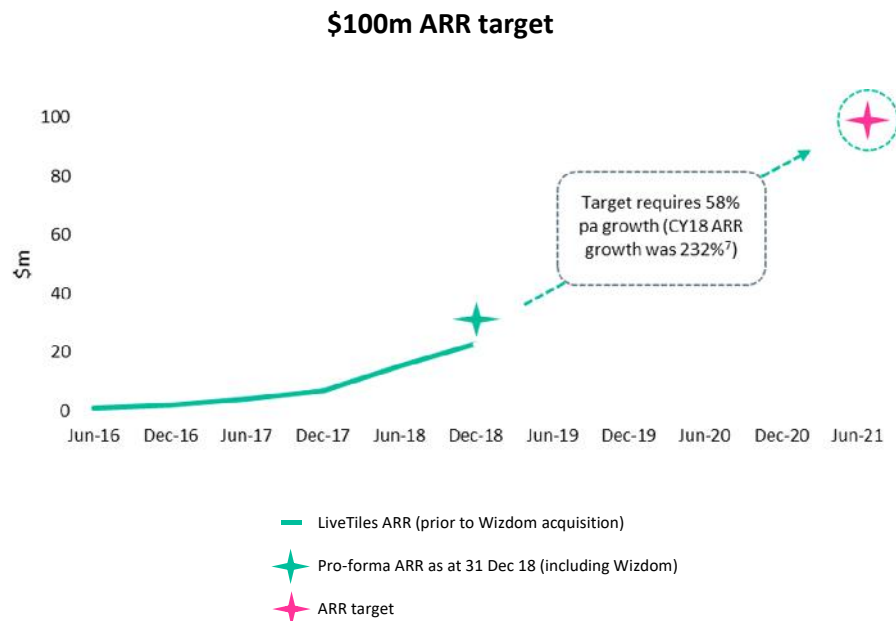
The placement was well supported by existing and new domestic and international institutional investors.



OUTLOOK

LiveTiles expects to deliver another year of strong revenue growth in FY19, driven by the Company's investment in sales and marketing, the recent launch of the Company's AI products, co-marketing initiatives with Microsoft and the increasing momentum of the N3 partnership.

LiveTiles' key objective is to organically grow ARR from \$30.9 million as at 31 December 2018⁶ to at least \$100 million by 30 June 2021 (six months earlier than the Company's previous target).



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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, North Carolina, Rochester, London, Sligo, Amsterdam, Copenhagen, 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.

⁶ Pro-forma for the acquisition of Wizdom

⁷ Excluding Wizdom