

## ASX Announcement

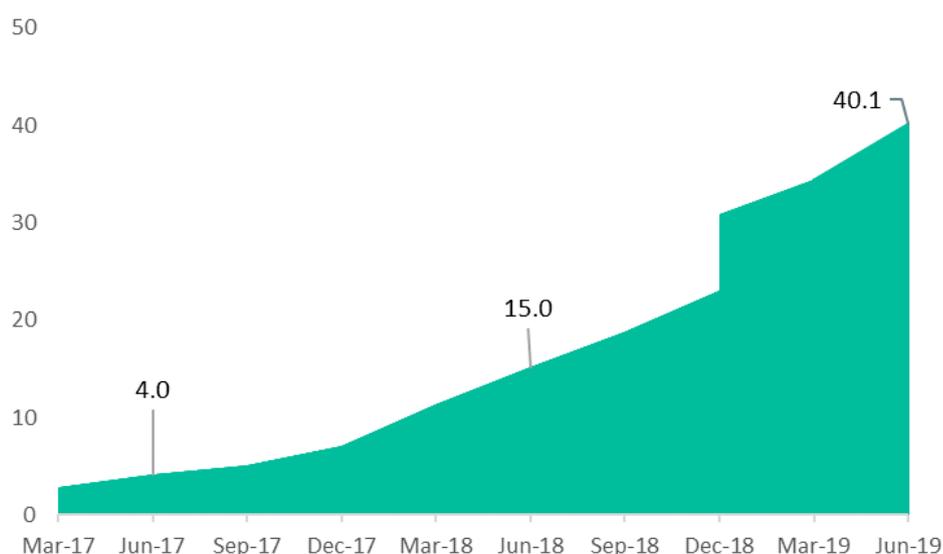
30 July 2019

### 167% annual growth delivers \$40.1 million of annualised recurring revenue

- Annualised Recurring Revenue (ARR)<sup>1</sup> reached \$40.1 million as at 30 June 2019, up 167% in the last 12 months
- 919 paying customers as at 30 June 2019, reflecting ongoing substantial enterprise customer base growth
- Customer cash receipts rose 52% to \$7.9m in the June quarter when compared with the March quarter, and rose 130% on the prior corresponding period
- Net operating cash outflow of \$6.2 million in the June 2019 quarter, the fourth consecutive quarter of net operating cash flow improvement
- Increasing brand and product awareness and conversion of a strong sales pipeline expected to deliver continued strong customer and revenue growth in FY20 and beyond
- LiveTiles' key objective is to organically grow ARR to at least \$100 million by 30 June 2021

**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 ending 30 June 2019.

### Annualised recurring revenue growing rapidly (\$m)

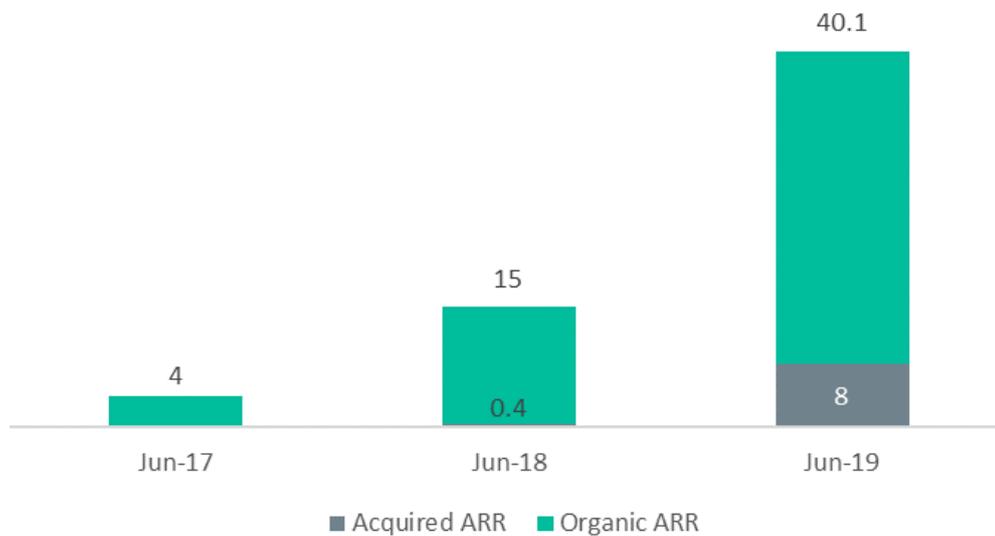


<sup>1</sup> Annualised recurring revenue (ARR) represents committed, recurring revenue on an annualised basis

For personal use only

ARR grew to **\$40.1 million** as at 30 June 2019, representing annual growth of **167%**. Excluding the impact of the Wizdom acquisition during the 2019 financial year, significant organic ARR growth of **114%** was achieved in the year.

## Year-on-year ARR growth (\$m)<sup>2</sup>



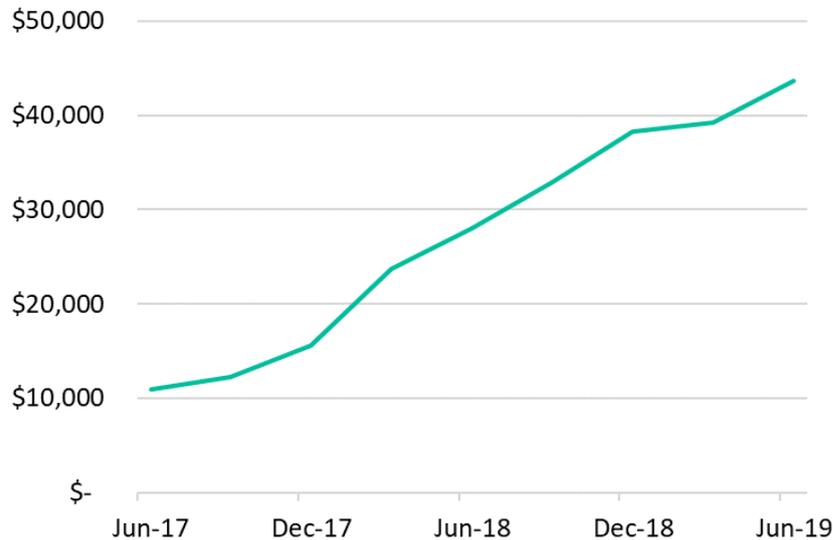
Customer numbers continued to grow strongly, with **919 paying customers** as at 30 June 2019, up from **536** customers as at 30 June 2018. The Company is continuing to broaden its global base of enterprise customers, driven by LiveTiles' portfolio of products, its ongoing sales and marketing investments and co-marketing initiatives with Microsoft and other partners.

Average ARR per customer continued to trend higher in the June quarter, up 56% over the last 12 months, driven by ongoing growth in the Company's enterprise customer base, product cross-selling and bundling and increased penetration of the employee base of existing customers.

<sup>2</sup> Acquired ARR comprises Wizdom's ARR as at 31 December 2018 (\$8.0 million) and Hyperfish's ARR as at 30 June 2018 (\$0.4 million)

For personal use only

## Average ARR per customer up 56% year-on-year



Customer highlights in the June quarter included:

- A global consumer lifestyle company (USA)
- An international recruitment agency (Europe)
- A major university (Australia)
- An international film studio (USA)
- A global professional services firm (Asia)
- A financial institution (New Zealand)
- A global pharmaceutical company (Europe)
- A global technology and manufacturing business (USA)
- A biotechnology business (USA)
- A major university (UK)
- A State government department (Australia)
- A national fast food chain (USA)
- A medical professional body (Australia)

### FURTHER OPERATIONAL HIGHLIGHTS

In addition to these major customer wins during the quarter, the Company has:

- Launched an AI-enabled intelligent search platform with strategic partner Search365;
- Partnered with Microsoft on the global launch of “home sites”, along with global pharmaceutical company Novartis, a new Wizdom customer;
- Delivered an AI-enabled Office 365 security solution in conjunction with alliance partner Nucleus Cyber;
- Launched LiveSmiles, the Company’s intelligent corporate wellness product, with Microsoft Australia a foundation customer; and
- Confirmed that Hyperfish has exceeded its earn-out targets with recurring revenue growth of 425% since acquisition.

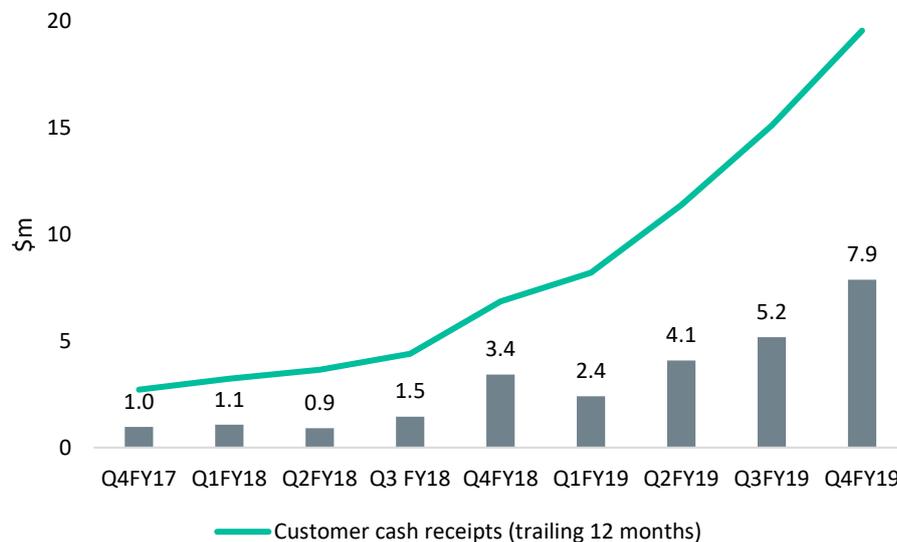
For personal use only

The number of transacting partners grew to **178** as at 30 June 2019 (up **89%** year-on-year)<sup>3</sup>.

## FINANCIAL UPDATE

LiveTiles generated customer cash receipts of **\$7.9 million** in the June 2019 quarter, **up 130%** on the prior corresponding quarter (June 2018).

### Strong growth in customer cash receipts



Net cash outflow from operating activities was **\$6.2 million** in the quarter, a further improvement on the March 2019 quarter's net operating cash outflow of \$7.8 million. Included in the operating cash result was \$1.4m received from NY State, related to the Company's investment in its US inside sales team.

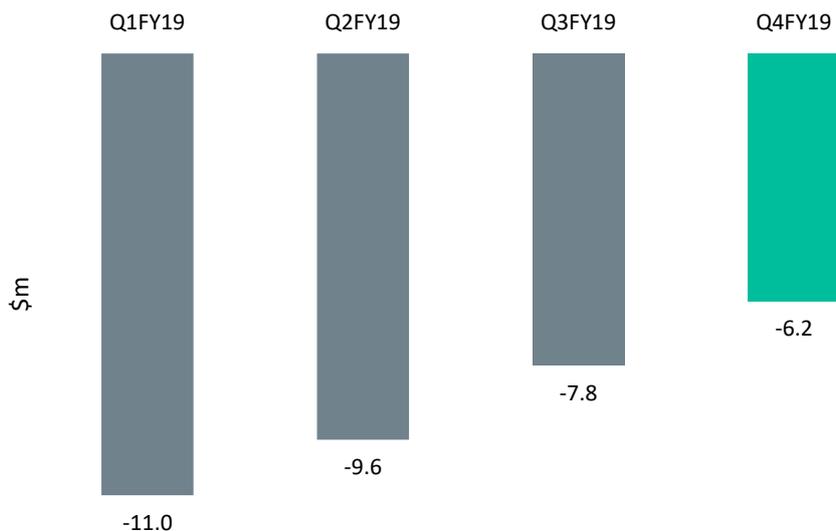
Underlying operating expenses for the quarter were \$15.3m, above the June 2019 quarter estimate provided in the Company's March 2019 quarter Appendix 4C of \$14.5m as the Company made additional operating expenditures in support of its stated growth strategy and supported by strong growth in cash receipts. The key drivers of non-recurring items in the quarter largely related to the Wizdom acquisition, including working capital adjustment and other transaction costs.

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

For personal use only

For personal use only

## Improving net operating cash flow



The Company's cash balance as at 30 June 2019 was **\$14.8 million**. In addition, the Company continues to invest significantly in Research & Development (R&D). The Company's total estimated R&D refund amounts yet to be received are approximately \$7m, relating to previous financial years.

For the September 2019 quarter, the Company expects gross cash operating expenses will be approximately \$15.9 million, reflecting measured growth in the Company's cost base as it pursues its stated growth strategy.

**LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states:** "We are pleased to have achieved a record quarter of ARR growth, with organic ARR more than doubling over the past 12 months to \$40.1 million, with this growth augmented by the successful acquisition of Wizdom in February 2019."

### OUTLOOK

LiveTiles expects to deliver another year of strong customer and revenue growth in FY20, driven by our continued investment into our products, partners and sales and marketing channels. Our key company objective is to deliver ARR of at least \$100 million 30 June 2021 – and we are well positioned to achieve this.

For personal use only

### \$100m organic ARR target



**For further information, please contact:**

**Investors**

Rowan Wilkie, Chief Financial Officer  
+61 (0)418 577 956  
[rowan.wilkie@livetiles.nyc](mailto:rowan.wilkie@livetiles.nyc)

Matt Brown, Strategic Growth Advisor  
+61 (0)417 201 246  
[matt.brown@livetiles.nyc](mailto:matt.brown@livetiles.nyc)

**Media**

Daniel Paperny  
Media & Capital Partners  
+61 (0)433 339 454  
[daniel.paperny@mcpartners.com.au](mailto:daniel.paperny@mcpartners.com.au)

**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, Copenhagen, 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, Hyperfish and Wizdom. 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 2019

| Consolidated statement of cash flows                       | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--|----------------------------|--|
| <b>1. Cash flows from operating activities</b>             |                            |  |
| 1.1 Receipts from customers                                | 7,879                      | 19,566                                 |
| 1.2 Payments for   |                            |  |
| (a) research and development <sup>1</sup>                  | (1,614)                    | (5,196)                                |
| (b) product manufacturing and operating costs <sup>2</sup> | (1,965)                    | (4,590)                                |
| (c) advertising and marketing <sup>1</sup>                 | (2,167)                    | (7,400)                                |
| (d) leased assets  | -                          | -                                      |
| (e) staff costs <sup>3</sup>                               | (7,086)                    | (31,430)                               |
| (f) administration and corporate costs <sup>2</sup>        | (2,493)                    | (6,257)                                |
| 1.3 Dividends received (see note 3)                        | -                          | -                                      |
| 1.4 Interest received                                      | 28                         | 196                                    |
| 1.5 Interest and other costs of finance paid               | -                          | (1)                                    |
| 1.6 Income taxes paid                                      | -                          | -                                      |
| 1.7 Government grants and tax incentives                   | 1,384                      | 1,386                                  |
| 1.8 Other (provide details if material)                    |                            |  |
| Non-recurring staff costs                                  | (92)                       | (618)                                  |
| Other non-recurring items                                  | (54)                       | (242)                                  |
| <b>1.9 Net cash from / (used in) operating activities</b>  | <b>(6,180)</b>             | <b>(34,587)</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)

For personal use only

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---|----------------------------|--|
| <b>2. Cash flows from investing activities</b>            |                            |  |
| 2.1 Payments to acquire:                                  |                            |  |
| (a) property, plant and equipment                         | (4)                        | (319)                                  |
| (b) businesses (see item 10)                              | -                          | (9,000)                                |
| (c) investments   | -                          | -                                      |
| (d) intellectual property                                 | -                          | -                                      |
| (e) other non-current assets                              | -                          | (6)                                    |
| 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               | (221)                      | (221)                                  |
| 2.4 Dividends received (see note 3)                       | -                          | -                                      |
| 2.5 Other (provide details if material)                   |                            |  |
| Wizdom net cash upon acquisition <sup>4</sup>             | (256)                      | 895                                    |
| Acquisition transaction costs                             | -                          | (72)                                   |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(481)</b>               | <b>(8,723)</b>                         |

|   |            |               |
|---|------------|---------------|
| <b>3. Cash flows from financing activities</b>                                  |            |               |
| 3.1 Proceeds from issues of shares  | -          | 42,300        |
| 3.2 Proceeds from issue of convertible notes                                    | -          | -             |
| 3.3 Proceeds from exercise of share options                                     | 638        | 638           |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (282)      | (2,825)       |
| 3.5 Proceeds from borrowings  | -          | -             |
| 3.6 Repayment of borrowings   | -          | -             |
| 3.7 Transaction costs related to loans and borrowings                           | -          | -             |
| 3.8 Dividends paid  | -          | -             |
| 3.9 Other (provide details if material)   | -          | -             |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>356</b> | <b>40,113</b> |

<sup>4</sup> The Company acquired Wizdom in the prior quarter (including net cash) with a working capital adjustment mechanism that occurred during the current quarter.

For personal use only

| Consolidated statement of cash flows  | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---|----------------------------|--|
| <b>4. 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              | 21,109                     | 17,844                                 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (6,180)                    | (34,587)                               |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (481)                      | (8,723)                                |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 356                        | 40,113                                 |
| 4.5 Effect of movement in exchange rates on cash held                           | 10                         | 167                                    |
| <b>4.6 Cash and cash equivalents at end of quarter</b>                          | <b>14,814</b>              | <b>14,814</b>                          |

| 5. Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Bank balances   | 14,814                     | 13,109                      |
| 5.2 Call deposits   | -                          | 8,000                       |
| 5.3 Bank overdrafts   | -                          | -                           |
| 5.4 Other (provide details)   | -                          | -                           |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>14,814</b>              | <b>21,109</b>               |

| 6. Payments to directors of the entity and their associates  | Current quarter<br>\$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | 942                        |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | 221                        |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                            |

Item 6.1: Payment of compensation to executive directors and directors' fees to non-executive directors.

Item 6.2: Loan to executive directors on arms length terms including a market tested interest rate.

For personal use only

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

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

|  | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|--|---|
| 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

| 9. <b>Estimated cash outflows for next quarter</b> | \$A'000         |
|--|-----------------|
| 9.1 Research and development                       | (1,615)         |
| 9.2 Product manufacturing and operating costs      | (1,965)         |
| 9.3 Advertising and marketing                      | (2,250)         |
| 9.4 Leased assets                                  | -               |
| 9.5 Staff costs <sup>4</sup>                       | (8,040)         |
| 9.6 Administration and corporate costs             | (2,060)         |
| 9.7 Other (provide details if material)            | -               |
| <b>9.8 Total estimated cash outflows</b>           | <b>(15,930)</b> |

<sup>4</sup> Includes costs of sales and marketing execution and consultancy services provided by N3

For personal use only

| 10.  | Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|------|---|--------------|-----------|
| 10.1 | Name of entity  | N/A          | N/A       |
| 10.2 | Place of incorporation or registration  |              |           |
| 10.3 | Consideration for acquisition or disposal                                       |              |           |
| 10.4 | Total net assets  |              |           |
| 10.5 | Nature of business  |              |           |

**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

Date: 30 July 2019

Print name: Rowan Wilkie

For personal use only