

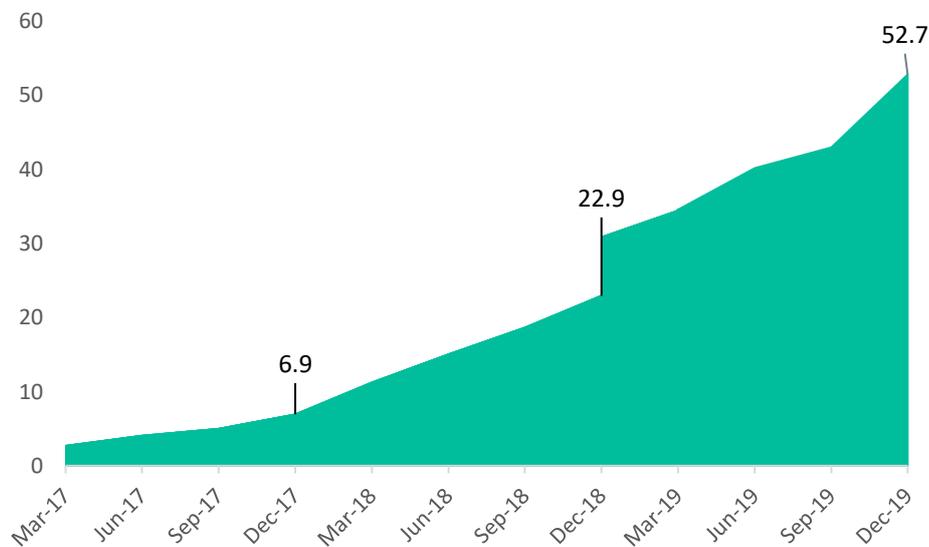
## ASX Announcement

30 January 2020

### Stronger Q2 ARR growth, cash receipts up, underlying opex beat guidance

- Annualised recurring revenue<sup>1</sup> (ARR) reaches \$52.7 million as at 31 December 2019, up from \$42.9 million as at 30 September 2019. ARR has grown 130% in the last year and is up 7.6x in 2 years
- Q2 FY20 saw strong ARR growth of \$9.8m, comprised of organic ARR growth of \$5.1m (Q1 \$2.8m), augmented by acquired growth of \$4.7m coming from the acquisition of CYCL, completed in early December
- Strong organic growth was achieved notwithstanding adverse FX translation impacts and higher than typical churn of primarily smaller customers. Average ARR per customer rose to over \$51,000
- Total customer cash receipts rose 162% on the prior corresponding period to \$10.4 million. Underlying operating expenses were below guidance for \$16.2m. Operating cash burn of \$6.7m was an improvement on the underlying Q1 cash burn rate (excluding R&D grant income). The Company had cash on hand of \$46.6m at 31 December 2019
- LiveTiles continues to expect another year of strong customer and revenue growth in FY20. LiveTiles continues to pursue its short term target of \$100m in ARR and sees significant market and growth potential beyond this level

### Annualised recurring revenue growth (\$m)



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



**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 announce another solid quarter of annualised recurring revenue (ARR) growth. ARR reached \$52.7 million as at 31 December 2019, representing year on year growth of 130%, and up 7.6 times when compared with two years ago.

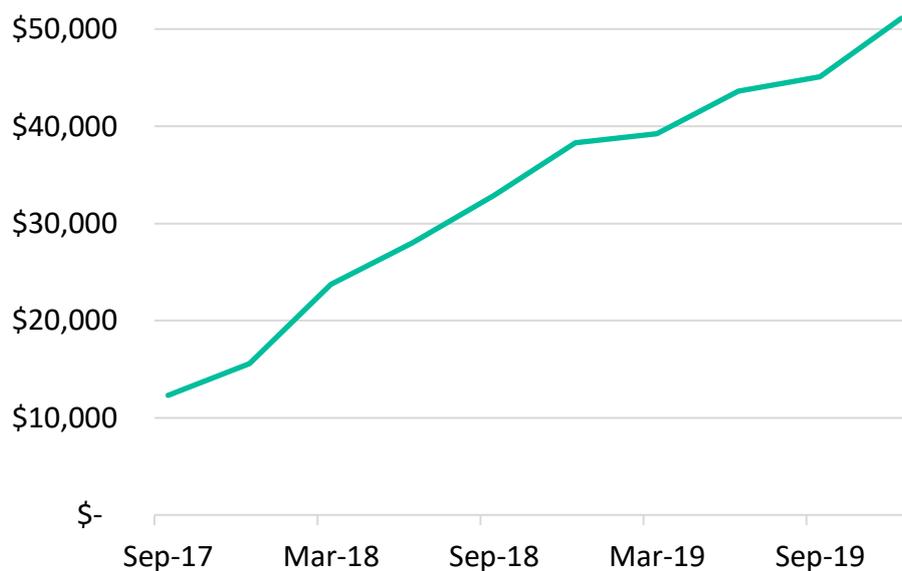
Q2 FY20 saw strong ARR growth of \$9.8m, comprised of organic ARR growth of \$5.1m (Q1 \$2.8m), augmented by acquired growth of \$4.7m coming from the acquisition of CYCL, completed in early December.

Strong organic growth was achieved notwithstanding adverse FX translation impacts and higher than typical churn of primarily smaller customers. The Company expects lower churn during Q3.

Customer numbers grew during the quarter, driven by organic growth, the acquisition of CYCL and was partly offset by churn noted above. The Company had 1,031 recurring revenue customers as at 31 December, compared with 952 as at 30 September.

Average ARR per customer as at 31 December rose to over \$51,000, representing growth of 33% over the prior year and reflecting the Company's growing presence in the enterprise market.

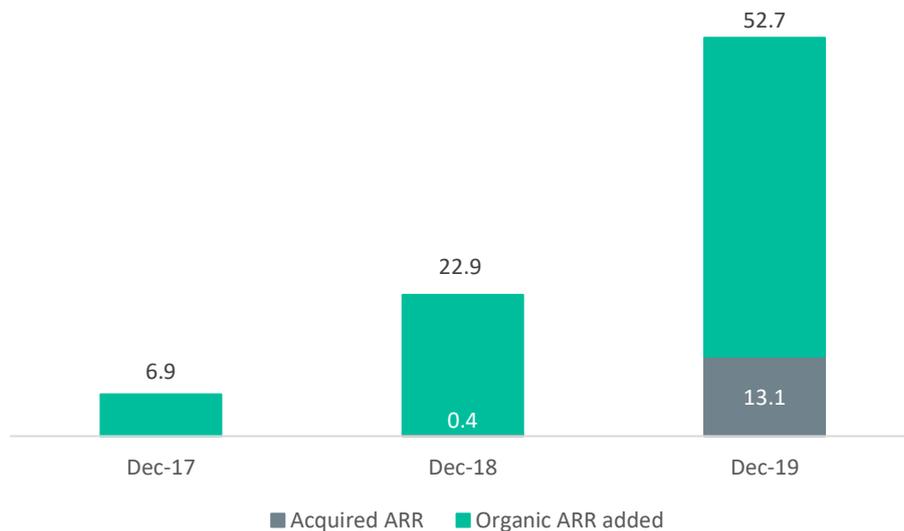
### Average ARR Per Customer up 33% year-on-year



With the 2019 acquisitions of Wizdom in February and CYCL in November LiveTiles has expanded its customer, revenue and product base. LiveTiles' base of ARR includes software subscription and related services including software support. LiveTiles has already delivered early progress to introduce LiveTiles products to CYCL customers, including the conversion of some CYCL services customers to include software subscriptions.

The Company's customer pipeline continued to grow during Q2 and the Company is well positioned to grow its pipeline of partners. The Company continues to focus on bundled and integrated offerings to enterprise customers across its portfolio, which naturally have a longer sales cycle but higher average contract value and retention rate.

## Annualised recurring revenue growth (\$m)<sup>2</sup>



Customer highlights in the December quarter included:

- A global company creating artificial intelligence technology (Australia)
- A professional sports club (Australia)
- A large independent dealership (UK)
- A large mining company (Australia)
- A federal government department (Australia)
- A public research university (Australia)
- A global architecture group (Australia)
- A large travel agency (USA)
- A full-serviced law firm (USA)
- A government department (UK)
- A global science based company (Netherlands)
- A global confectionary company (Luxembourg)
- A plumbing supply company (USA)
- A global manufacturing company (UK)
- An insurance company (Switzerland)
- A large insurance company (Europe)
- A transmission grid company (Switzerland)
- A global NGO (Germany)

<sup>2</sup> Acquired ARR comprises Wizdom's ARR as at 31 December 2018 (\$8.0 million), Hyperfish's ARR as at 30 June 2018 (\$0.4 million) and CYCL's ARR as at 30 September 2019 (\$4.7 million).

- A global consulting firm (USA)

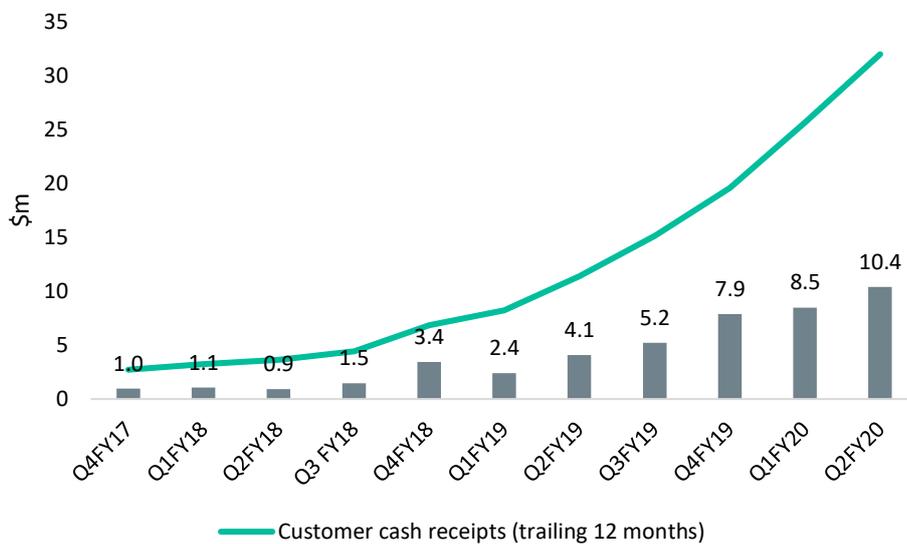
In addition to these major customer wins during the quarter, the Company has:

- Raised \$55 million from institutional and retail shareholders
- Continued a process of non-executive director renewal, with the addition of Dana Rasmussen to the Board, and announced the search for an additional non-executive director
- Presented on intranets and Microsoft Teams at Microsoft’s global customer conference (Ignite)
- Acquired CYCL, the leading intelligent intranet provider based in Switzerland

## FINANCIAL UPDATE

LiveTiles generated customer cash receipts of **\$10.4 million** in the December 2019 quarter, **up 154%** on the prior corresponding quarter (December 2018).

### Strong growth in customer cash receipts



Net cash outflow from operating activities was **\$6.7 million** in the quarter, an improvement on the September 2019 quarter’s underlying net operating cash outflow of \$9.1 million (excluding a \$3.8 million R&D incentive).

Underlying operating expenses excluding CYCL were below the Company’s guidance for \$16.2m (which also excluded CYCL). Total operating expenses including CYCL operating expenses from the acquisition date of 3 December 2019 were \$16.6m.

The key drivers of non-operating cash items in the quarter were redundancy payments related to ongoing



cost efficiency and operational measures (\$0.5m), legal costs (\$0.2m) and transaction costs related to the CYCL acquisition (\$0.2m).

The Company's cash on hand as at 31 December 2019 was **\$46.6m**. The Company expects additional R&D tax incentive amounts of approximately \$3m relating to historical expenditure.

For the March 2020 quarter, the Company expects gross cash operating expenses will be approximately \$18.6 million, with this uplift from Q2 operating cash costs reflecting the full quarter impact of CYCL, which was acquired during Q2, along with measured growth in operating costs.

**LiveTiles Co-Founder and Chief Executive Officer, Karl Redenbach states:** "LiveTiles is pleased with its record base of annualised recurring revenue and Q2 operational delivery. We are executing under a clear strategy.

"We were thrilled to have the CYCL team join LiveTiles during the quarter. This acquisition consolidated our position as the global market leader in intranet software, targeting a potential total market of \$13 billion in its very early stages of adoption. With market penetration of 1% to date we see enormous opportunity to both drive intranet software adoption and extend the value of the intranet".

## 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.

LiveTiles continues to pursue its short term target of \$100m in ARR and sees significant market and growth potential beyond this level.

## CONFERENCE CALL DETAILS

The Company will hold a brief conference call for investors at 10.30am Sydney time today.

Registration details are available at: <https://s1.c-conf.com/diamondpass/10003936-invite.html>

A recording of the conference call will be made available on the Company's website at [www.livetiles.nyc](http://www.livetiles.nyc)



**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, Basel, Zurich, Bern, 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 Page Designer, LiveTiles Bots, LiveTiles Intelligence, LiveTiles for SAP Software, LiveTiles MX, LiveTiles Mosaic, Hyperfish, Wizdom, MatchPoint and Condense. 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")**

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,418	18,901
1.2 Payments for		
(a) research and development	(1,693)	(3,467)
(b) product manufacturing and operating costs	(2,885)	(5,404)
(c) advertising and marketing	(1,868)	(3,987)
(d) leased assets	(4)	(4)
(e) staff costs	(7,419)	(14,802)
(f) administration and corporate costs	(2,762)	(5,379)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	76	78
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	129	3,922
1.8 Other (provide details if material)		
Non-recurring legal fees	(203)	(355)
Non-recurring staff costs	(522)	(1,526)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(6,741)</b>	<b>(12,030)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) businesses (see item 10)	(6,373)	(6,373)
(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	(146)	(242)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
CYCL net cash upon acquisition	(422)	(422)
Acquisition transaction costs	(229)	(243)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(7,170)</b>	<b>(7,285)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	5,000	55,000
3.2 Proceeds from issue of convertible notes	-	
3.3 Proceeds from exercise of share options	-	
3.4 Transaction costs related to issues of shares, convertible notes or options	(1,119)	(3,861)
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>3,881</b>	<b>51,139</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<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	56,877	14,814
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,741)	(12,030)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,170)	(7,285)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,881	51,139
4.5	Effect of movement in exchange rates on cash held	(295)	(86)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>46,552</b>	<b>46,552</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,552	56,877
5.2	Call deposits	32,000	-
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>46,552</b>	<b>56,877</b>

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	1,462
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	146
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 market tested interest rate.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$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> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$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	3,100
9.2 Product manufacturing and operating costs	3,300
9.3 Advertising and marketing	2,300
9.4 Leased assets	10
9.5 Staff costs	6,200
9.6 Administration and corporate costs	3,700
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>18,610</b>

<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	CYCL AG	N/A
10.2 Place of incorporation or registration	Basel, Switzerland	
10.3 Consideration for acquisition or disposal	A\$6,373,461 and 42,605,922 fully paid ordinary shares <sup>1</sup>	
10.4 Total net assets (A\$'000)	(1,841)	
10.5 Nature of business	Enterprise software	

<sup>1</sup>Excluding earn-out consideration (refer to the Company's ASX announcement dated 20 November 2019 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

Date: 30 January 2020

Print name: Rowan Wilkie