

**ASX Announcement**

28 February 2023

LiveTiles Limited**1H FY23 Results Announcement****Result Overview:**

- **Operating Revenues of \$18.1m** (1H FY22: \$26.7m)
- **Underlying EBITDA of \$(1.4)m** (1H FY22: \$1.0m) and **EBITDA of \$(5.3)m** (1H FY22: \$4.3m)
- **26% reduction in operating costs** driven through operating review and restructure
- **Cash Receipts from customers of \$19.4m** (1H FY22: \$30.1m)
- **Cash balance at 31 December 2022 at \$9.6m** (30 June 2022: \$13.1m)

LiveTiles Limited (ASX:LVT) (LiveTiles or the Company), a global leader in employee experience software for employee collaboration and communications, today announced its half year result for the period ended 31 December 2022 (1H FY23).

LiveTiles Chief Executive Officer David Vander said: “I am extremely excited about the opportunity to re-join LiveTiles, this time as its CEO. My belief in the fundamentals of the business is strong and LiveTiles enjoys tremendous customer connections driven by a passion for our market leading product, with significant market opportunity ahead of us. Following LiveTiles’ operational review last year, we have taken the opportunity to strategically realign the business towards delivering ongoing revenue growth through rigour, discipline and value-enhancing strategic opportunities.

“1H FY23 was a tough market for technology firms globally and LiveTiles was not immune to these challenges. We executed on our disciplined cost management strategies this half, reflected in a 26% reduction in operating costs, providing us a great foundation from which to build upon. Cash receipts from customers were \$19.4m, reflecting our continued momentum despite operating in a highly disrupted environment.

“During the period we continued to enhance our product suite, with the launch of Green Teams, an innovative Renewable Energy Certificate scheme, as well as Reach Marketplace and LiveTiles Analytics. All products offer LiveTiles significant revenue generating opportunities and reinforce the underlying core platform value proposition.

“I am committed to driving operational rigour, discipline, accountability and focus throughout the business. LiveTiles has a refreshed organisational structure to support this focus and we have implemented a number of internal accountability measures. I look forward to reporting to shareholders in due course on our progress against our growth initiatives.”



1H FY23 Operational Review

Driving profitability

During 1H FY23, the LiveTiles Board implemented a strategic review to reduce costs, improve efficiency, and drive the Company's long-term growth objectives. The completion of LiveTiles' operational review has derived annual savings of \$6.5 million.

Product excellence

During the period LiveTiles focused on its product portfolio, with the launch of Green Teams, Reach Marketplace, with both Amazon and Microsoft as foundation customers.

In October 2022, the Company launched LiveTiles Analytics, which enhances the Company's Employee Experience Platform (EXP) offering.

We recently appointed a new Head of Product to further enhance and capitalise on our product strategy and vision.

Strategic opportunities

In October 2022, LiveTiles signed an agreement to acquire the remaining shares in My Net Zero. My Net Zero enables action employers can take alongside their employees in the sustainability space. This acquisition will drive growth for LiveTiles as it aligns with customer demands for addressing meaningful employee experience.

During the half LiveTiles engaged strategic advisor, Atlas Technology Group to evaluate strategic, operational and financial opportunities for LiveTiles, to enhance and maximise shareholder value.

Talent

Following LiveTiles' strategic and operational review, David Vander was appointed CEO. Mr Vander re-joined LiveTiles from Salesforce having previously led global teams at Microsoft with a focus on revenue generation and strategic growth.

LiveTiles' organisational structure has been refreshed to better align with the Company's growth plans. A transition of certain roles to lower cost locations was also undertaken.



1H FY23 Financial Highlights

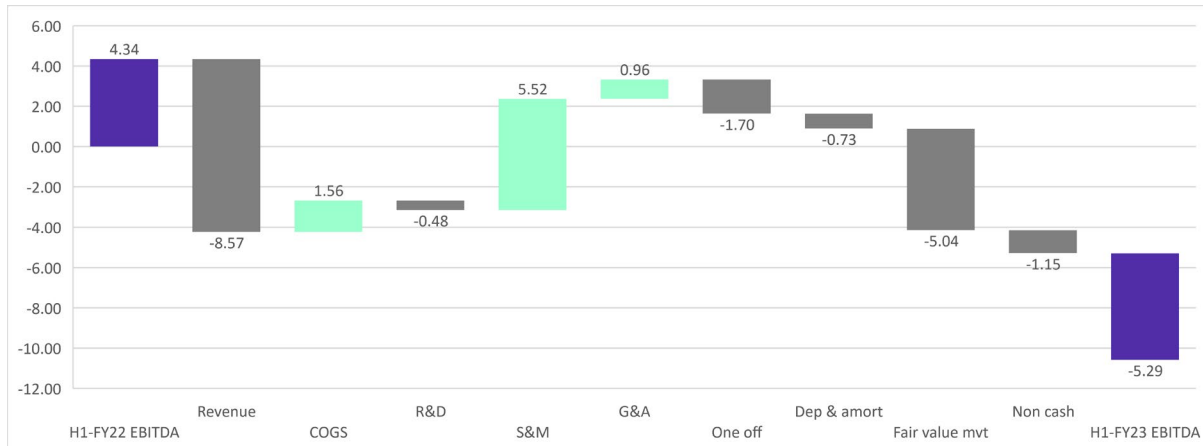
	Notes	Dec-22 (\$000s)	Dec-21 (\$000s)	Movement
Total operating revenue		18,102	26,670	(32)%
Other income		219	223	(2)%
Total Revenue		18,321	26,893	(32)%
Cost of revenues		(4,777)	(6,338)	25 %
Gross Profit	(a)	13,325	20,333	(34)%
<i>Gross Profit Margin</i>		73.6%	76.2%	(26 pp)
Product research and development		(6,852)	(5,814)	(18)%
Sales and marketing		(2,503)	(8,022)	69 %
General and administration		(5,522)	(6,200)	11 %
Total operating expenses		(14,877)	(20,036)	26 %
One off costs	(b)	(1,699)	-	-
Depreciation and amortisation		(2,261)	(2,022)	(12)%
Fair value movement through profit and loss	(c)	(1,065)	3,977	(127)%
Other non cash expenses	(d)	(1,806)	(660)	(174)%
Net Operating Profit / (Loss)		(8,165)	1,814	(550)%
EBITDA	(e)	(5,292)	4,339	(222)%
<i>EBITDA Margin</i>		(29.2)%	16.3 %	(455 pp)
Underlying EBITDA	(f)	(1,407)	1,022	(238)%
<i>Underlying EBITDA Margin</i>		(7.8)%	3.8 %	(116 pp)
Impairment of intangible assets	(g)	(16,000)	-	-
Tax		17	(472)	104 %
Net Profit / (Loss) after tax		(24,148)	1,343	(1,899)%

Notes

- Excludes other income.
- One-off costs of \$1.7m are non-recurring expenses in connection to redundancy costs and related withholding costs incurred resulting from executive and senior leadership restructure.
- Fair value losses related to the derecognition of the financial asset of My Net Zero of \$0.36m and fair value losses on contingent considerations of \$0.7m.
- Other non-cash expense items include \$1.05m non-recourse loan on MIP shares immediately vested but remain restricted for one year as of the date of issue, \$0.38m foreign currency losses, and \$0.38m share based payments.
- EBITDA excludes depreciation and amortisation of \$2.3m and finance costs of \$0.6m. Finance costs are grouped under general and administration.
- Underlying EBITDA includes the amortisation of capitalised development costs of \$0.7M, other non-cash expenses, one off costs and fair value movements.
- Refer to note 4 of the Appendix 4D financial statements.



Operating Revenue and Costs, EBITDA and Cash Flows



Operating Revenues decreased 32% to \$18.1m \$(8.6)m (1H FY22: \$26.7m), though underlying operating revenues decreased 14% \$(2.5)m after excluding R&D partnerships

Total operating expenditure of \$14.9m has improved 26% on PCP. This improvement was driven by a range of factors, including a significantly reduced sales and marketing spend, reduction in costs due to exit of R&D partnerships during H1 FY23, and savings in salaries resulting from the Operational Review changes.

EBITDA of \$(5.3)m, compared to H1 FY22 \$4.3m, impacted by the challenging global market conditions across the SaaS and digital landscape.

Cashflows

Cash Receipts of \$19.4m

Cash and cash equivalents \$9.6m as at 31 December 2022.

Outlook

LiveTiles remains confident in the significant market opportunity ahead, enhanced by long term industry tailwinds, including the push towards employee experience, sustainability and corporates needing to become more active in engaging their employees. The fundamentals of the LiveTiles business remain strong and the Company's strategy, combined with a strong and refreshed leadership team ensures its well equipped to pursue its growth ambitions.

In 2H FY23, LiveTiles will remain focused on rigour and discipline, determining its key metrics, and strategic and operational priorities for the business going forward. The Company also remains committed to recruiting a CFO and a new marketing lead and will update shareholders when an appointment is made.

The Group does not to provide future financial guidance.

This announcement has been authorised for release by the Board of LiveTiles Limited.



Additional Information

This ASX announcement should be read in conjunction with the Appendix 4E Report, and Investor Presentation, which have been lodged with the ASX today together with this announcement, and have also been made available on the Company's investor website.

CEO David Vander will host a webcast for analysts and investors at 10.30am AEDT today.

Conference Call pre-registration link:

<https://registrations.events/direct/OCP61241>

For further information, please contact:

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About LiveTiles:

LiveTiles is a global leader in the employee experience software for employee collaboration and communications, creating and delivering solutions that drive digital transformation, productivity, and employee engagement in the modern workplace.

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,000 customers. LiveTiles is a leading player in the Employee Experience Platform Industry and has been acknowledged as such by Forrester and Gartner.