



LiveTiles [LVT.ASX]

1H23 Results Presentation

28 February 2023



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Questions

Strong fundamentals

PRODUCT

- Building on LiveTiles' leading market position in employee experience technology
- Strong customers connections and passion for our product
- Strong product team with deep insight

STRATEGIC OPPORTUNITIES

- Delivering ongoing revenue growth through value-enhancing strategic opportunities
- Market has experienced significant disruption that will rebound
- High fragmentation provides significant opportunity

CULTURE

- Speed and quality is a differentiator
- Ability to attract and retain top talent
- Continue transition of certain roles to lower-cost locations
- Commitment to drive further rigour and discipline

STRATEGIC REALIGNMENT

- Operational review completed in Q2 provides a more robust platform
- Positioning for growth and strategic planning
- Further potential to move to more efficient and effective ways of engaging customers

Principles and commitments



About David

- >20 years of experience in enterprise software sales
- Intellectual integrity and fact driven
- Global expertise at scale
- Fundamentally an engineer
- Business builder

Commitment

Drive operational rigour and discipline

Operational review complete, with LVT determining key metrics, and strategic and operational priorities for the business going forward

Accountability and focus

New organisational structure announced in Feb, introduction of Field Scorecards which will improve sales and align market activities. Introduced quarterly performance employee measuring

Product excellence

New Head of Product, committed to 3 major releases a year, each offering new and improved experiences, features and capabilities; putting a greater focus on client experience and anticipating market needs

Fiscal responsibility

Drive to positive free cash flow; maintain progress from operational review; new CFO

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1H23 RESULTS OVERVIEW

David Vander, CEO



Refreshed leadership team

Supported by a well respected and tenured board

MANAGEMENT TEAM



David Vander
Chief Executive Officer

Enterprise software sales expert. David joined LiveTiles from Salesforce having previously led global teams at Microsoft for 16 years with a focus on revenue generation and strategic growth.



Darren Pruscino
Director of Finance

Accomplished CPA and qualified finance leader. Extensive SaaS experience applying a commercial lens to advise and influence strategy, planning, growth, risk, efficiency and rationalisation.



Kim Sorensen
Head of Product

Technology leader specializing in innovative products for enterprise companies. Kim has held various leadership roles and has 15yrs of experience in product development, services and management within our space.



Cameron Smith
Head of Operations

Experienced executive with 20 years in the technology industry, specialist in organisational transformation and operational excellence with previous CEO and CIO experience

BOARD



Karl Redenbach
Executive Director



Jesse Todd
Chair



Vanessa Ferguson
Non-Executive Director



Kevin Young
Non-Executive Director

1H23 Results Overview

UNDERLYING EBITDA

\$(1.4)m

(238)% \$(2.4)m vs PCP

EBITDA

\$(5.3)m

(222)% \$(9.6)m vs PCP

OPERATING REVENUES

\$18.1m

(32)% \$(8.6)m vs PCP

GROSS PROFIT MARGIN

74%

(2.6)% vs PCP

REDUCTION IN OPERATING COSTS

26%

vs PCP

CASH RECEIPTS

19.4m

(35)% vs PCP

Underlying EBITA = EBITDA *excluding* one offs and other non-cash items

EBITDA = Net Operating Profit/(Loss) less depreciation and amortisation

PCP = Prior Comparison Period (31 December 2021)

1H23 Operational Highlights

PRODUCT

- Consolidating LiveTiles' go-to-market and product portfolio
- Launched Green Teams (RECs); Reach Marketplace and LiveTiles Analytics
- Rated one of top vendors in Clearbox Intranet and Employee Experience Platforms report

STRATEGIC OPPORTUNITIES

- Acquisition of My Net Zero
- Appointment of Atlas Technology Group to explore strategic opportunities

TALENT

- Appointment of CEO, David Vander
- Reduction of overall headcount globally by 32 employees
- 12 roles changed to better align with growth plans
- Transition of certain roles to lower-cost locations of Portugal, Ireland and Philippines

DRIVING PROFITABILITY

- Completion of a detailed Operational Review resulting in annual savings of \$6.48m

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1H23 FINANCIAL SUMMARY



Profit & Loss Summary

	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	13,325	20,333	(34)%
Gross Profit Margin	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	(1,699)	-	-
Depreciation and amortisation	(2,261)	(2,022)	(12)%
Fair value movement through profit and loss	(1,065)	3,977	(127)%
Other non cash expenses	(1,806)	(660)	(174)%
Net Operating Profit / (Loss)	(8,165)	1,814	(550)%
EBITDA	(5,292)	4,339	(222)%
EBITDA Margin	(29.2)%	16.3 %	(455 pp)
Underlying EBITDA	(1,407)	1,022	(238)%
Underlying EBITDA Margin	(7.8)%	3.8 %	(116 pp)
Impairment of intangible assets	(16,000)	-	-
Net Profit / (Loss) after tax	(24,148)	1,343	(1,899)%

- During the six months ended 31 December 2022, LiveTiles performance was impacted by challenging global market conditions across the SaaS and digital landscape
- 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 cost improved ~\$5.2m +26%**, driven through operating review and restructure
- EBTIDA** of \$(5.3)m, a \$9.6m decline compared to 1H FY22. On an **Underlying EBITDA basis**, there was a \$2.4m decline vs PCP to \$(1.4)m (H1 2021: \$1.0m)
- As part of the Operational Review conducted, leading to the appointment of new CEO, David Vander, **the Company is committed to more efficient and effective means of engaging our customers**
- Pursuant to the operational review, LiveTiles has **ceased several R&D partnerships**. Whilst LiveTiles have received a benefit from these arrangements, through enhanced development & engineering into our platforms, the reduced level of third party R&D partners has led to a reduction in costs, though also a reduction in revenue
- Impairment cost of \$16.0m** relates to the revaluation in the fair value of the LiveTiles business, with the findings of Operational Review concluding to reset operations to grow LiveTiles' core value proposition
- S&M** savings of +\$5.5m (69%) with aggressive brand campaign and advertising activity during H1 2022 not repeated, reduction in costs due to exit of R&D partnerships during H1 FY23, and savings in salaries resulting from the Operational Review changes

Balance Sheet

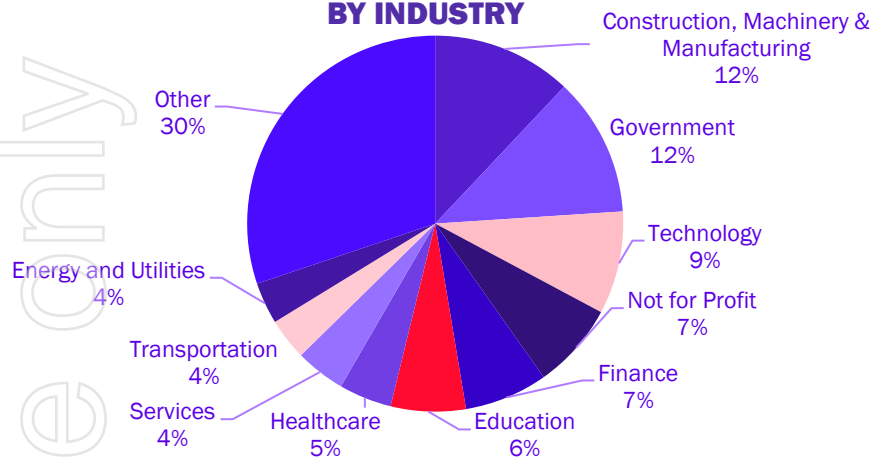
	Dec-22	Jun-22	Movement	
			\$	%
Cash and cash equivalents	9,670	13,177	-3,507	-27%
Trade and other receivables	7,914	8,139	-225	-3%
Total current assets	19,803	23,444	-3,642	-16%
Intangibles	64,460	74,742	-10,282	-14%
Total non-current assets	74,945	86,601	-11,656	-13%
Total assets	94,748	110,045	-15,297	-14%
Trade and other payables	7,094	8,089	-995	-12%
Provisions	12,911	12,926	-15	0%
Borrowings	9,360	5,479	3,881	71%
Total liabilities	51,403	50,939	464	1%
Total equity	43,345	59,106	-15,761	-27%

- **Cash position of \$9.7M** provides sufficient cash for business operations and growth
- **Non-Current Assets** value decreased primarily due to \$16.0m impairment relating to intangible asset revaluation in the LiveTiles business – findings from executive management operational review conducted during 1H FY23 concluded that resources need to be diverted to servicing core business segments expected to deliver the strongest growth
- **Borrowings** increased \$3.8m due to remaining facility with OneVentures now fully drawn down at 27 September 2022

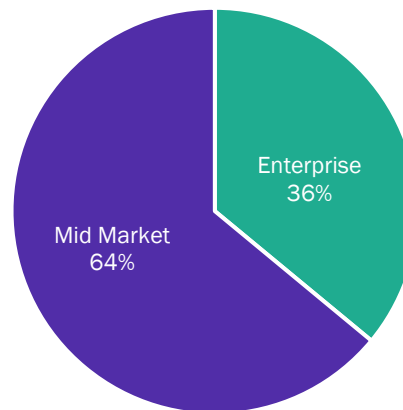
Blue Chip Customer Validation Across a Range of Industry Verticals

Leveraged by 1,000+ customers across more than 20 countries, LiveTiles supports both front-office and back-office functions

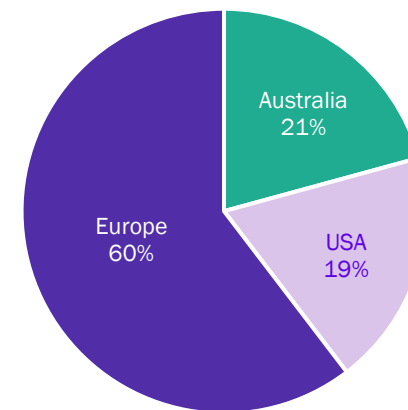
BY INDUSTRY



BY CUSTOMER SIZE



BY GEOGRAPHY⁽¹⁾



SELECT CUSTOMERS

EDUCATION



GOVERNMENT



INDUSTRIALS



FINANCIAL SERVICES



HEALTHCARE



NOT-FOR-PROFIT



RETAIL/CONSUMER



SERVICES



OTHER



(1) Geography data representing customers with >\$100K as at 30 June 2022.

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STRATEGY AND OUTLOOK



The Roadmap



Business fundamentals remain strong

- Solid product market fit and customer acceptance
- We are the leading solution provider and customers seek our guidance and advice always
- Strong annuity revenue
- Scalable resourcing
- Focus on operational excellence



Significant market opportunity

- \$300bn market opportunity
- The macro environment is enforcing corporates become more active and engage their employees
- Industry tailwinds towards sustainability to create further growth opportunities



Strategic opportunities

- Unsolicited offer from Bigtincan in October highlighting the attractive LVT offer
- Appointment of Atlas
- Product strategy and vision alignment to growth opportunities



Leadership aligned for growth

- Right leadership team in place to drive a step-change for the business
- Focused on accountability, discipline and rigour
- Enhanced Board
- Clear direction and strong path forward

In summary

Operational review impacting H1 results

- 24% reduction in operating expense
- Positioning for growth

Acquisitions

- My Net Zero

Refreshed leadership team

- New CEO

Focus on product excellence

- New leadership
- 3 major releases per year

Appointment of Atlas to explore strategic opportunities

Rigour and discipline to drive LVT towards profitability

Thank You! Q+A



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