

**ASX Announcement**

29 August 2023

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

- **Operating Revenues of \$30.6m** (FY22: \$52.8m)
- **Underlying EBITDA of \$(6.5)m** (FY22: \$3.0m) and **EBITDA of \$(3.5)m** (FY22: \$5.1m)
- **36% reduction in operating costs** driven through operating review and restructure
- **Cash Receipts from customers of \$37.4m** (FY22: \$56.7m)
- **Cash balance at 30 June 2023 at \$6.7m** (FY22: \$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 full year result for the period ended 30 June 2023 (FY23).

LiveTiles Chief Executive Officer David Vander said: "In my first year as CEO I have been steadfast in my commitment to infusing operational rigor, discipline, accountability, and laser-sharp focus throughout our operations. We have streamlined our business model following an operational review with simplification and total concentration on product and our customer highlighting the core strength of the business and its utility".

"Despite the challenging environment, we've sustained momentum, reflected in the \$35.2m cash receipts from customers. I am proud of the resilience our business and team displayed during the period. LiveTiles continues to hold strong customer connections, passion for our market-leading product and a clear path to claiming share of a multi-billion dollar addressable market. Fundamentally, this reflects the strength of the foundations of our business and what we can achieve with operational rigour and dedication to product".

"The software market's potential, projected to reach AU\$16.1 billion by 2027 and sustain a 15% CAGR¹ presents significant opportunity for LiveTiles. We currently occupy less than 7% of our Serviceable Obtainable Market,² and I am confident we can acquire more. Our roadmap already includes and we will continue to accelerate the opportunity we have to leverage AI for intelligent content creation and hyper personalisation".

¹ Gartner: Forecast Analysis: Social and Collaboration Software in the Workplace, Worldwide
<https://www.gartner.com/document/4173199?ref=solrAll&refval=370140494>

² Serviceable Obtainable Market (SOM) is defined as an estimate for the portion of revenue within a specific product segment that a company is able to capture.



"As part of our efforts to drive focus and operational simplicity we ceased R&D Partnerships which decreased operational revenue by \$15m in FY23".

"Our competitive advantage is underscored by several defining traits: expertise, adaptability, and velocity in execution grant us the freedom to choose infrastructure and implement with agility. We've earned our reputation as pioneers through our unrivalled R&D investment, our innovative partnership with Microsoft, and the introduction of class leading features year after year".

"Looking forward, while we anticipate a lower renewal base in Q1 given the seasonality of the business, we have a plan for being cashflow positive in the second half of FY24."

Appendix 4E Report and Market Announcement

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/OCP60496>

FY23 Operational Review

Driving profitability

LiveTiles exhibited a diligent attitude towards capital expenditure in FY23. LiveTiles was able to reduce total operating costs by \$14.1m or +36% driven by major cost reductions, restructuring and other operational and organisational efficiencies.

Product excellence

During FY23, we reinvigorated our product efforts spearheaded by our new Head of Product, Kim Sorensen, and moved to three major releases a year. The first of which was in June and was well received by customers, partners and analysts. We conduct engineering in only two cost effective locations (Porto and Sligo) and are pleased with the overall direction, output and roadmap.

Notably, in FY23, LiveTiles earned recognition as a top vendor in the Clearbox Intranet and Employee Experience Platforms report, underscoring its dominant position in employee experience.

Talent

Subsequent to a comprehensive evaluation of LiveTiles' strategic and operational landscape, David Vander assumed the role of CEO in February 2023. Mr. Vander's professional experience is enterprise customer and product based.

The Company also appointed Kim Sorenson as the Head of Product and Alexandra Morris as the Global Head of Marketing during this period.

In line with its growth aspirations, LiveTiles underwent a revitalisation of its organisational and operating framework.



Strategic opportunities

LiveTiles successfully finalised the purchase of My Net Zero and the divestment of BindTuning on 6 July 2023. My Net Zero provides tools for employers to offer sustainability focused initiatives to employees.. LiveTiles' divestment of BindTuning was completed in exchange for IP, US\$100,000 in cash consideration, and for all LiveTiles shares returned. The BindTuning provision values will be removed in the FY24 Balance Sheet.

LiveTiles has enlisted the services of Atlas Technology Group and Vantage Performance to evaluate strategic and operational avenues, aimed at optimising shareholder value and elevating the Company's overall performance.

Key Customer Wins

During FY23 LiveTiles continued to expand its customer base, securing high-profile contracts with prominent businesses:

Customer	Users*	Country
Large government organisation	38,000	EMEA
Building materials company	10,000	EMEA
Global Law Firm	7,000	EMEA
Municipal council	6,000	EMEA
Global Law Firm	1,000	US
National Hospital Upsell	9,000	US
Large city council	2,000	US
Large Paper Manufacturer	1,000	US
Large city council	1,600	APAC
Global Advertising and PR Firm	1,000	APAC
Global Mining Company	Services Project	APAC
Multinational Food Brand	Services project	APAC

**Note users have been rounded to nearest 2*

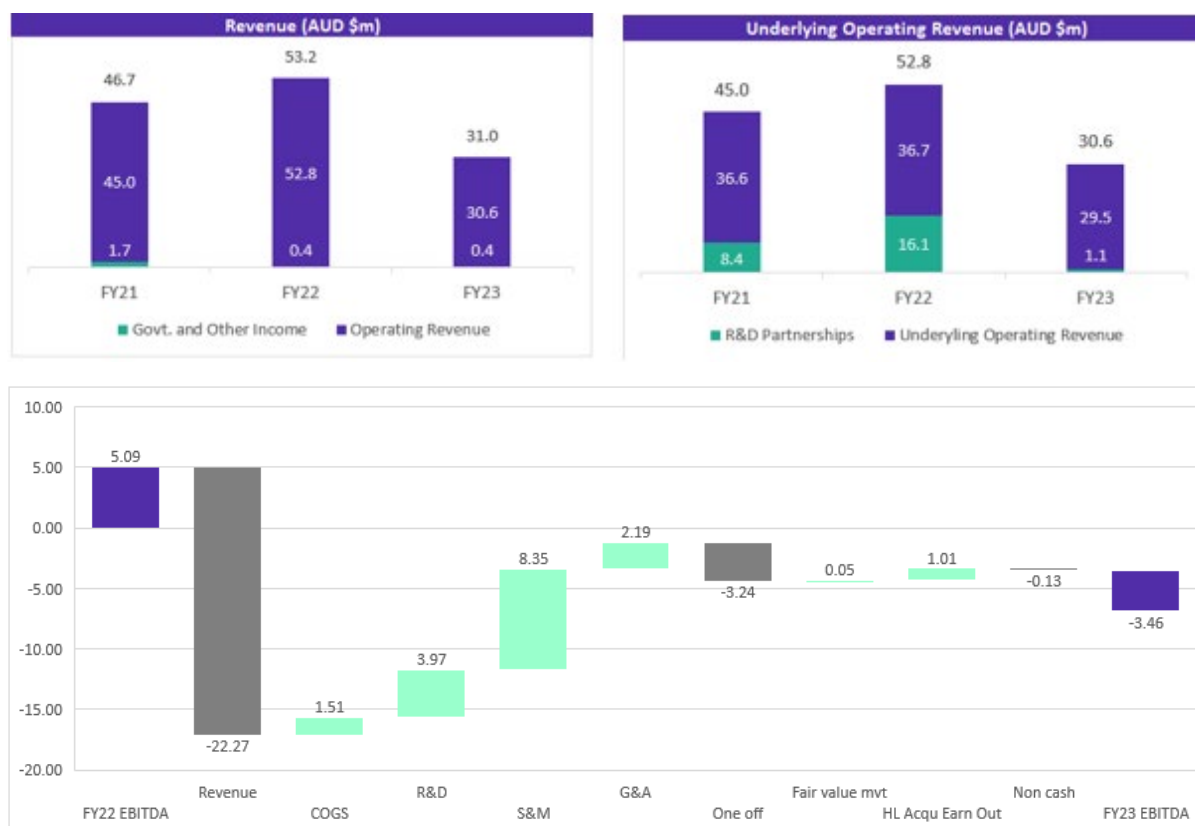


FY23 Financial Highlights

	Jun-23 (\$000s)	Jun-22 (\$000s)	Movement
Total operating revenue	30,606	52,830	(42)%
Other income	351	400	(12)%
Total Revenue	30,957	53,230	(42)%
Cost of revenues	(10,681)	(12,191)	12 %
Gross Profit	19,925	40,638	(51)%
Gross Profit Margin	65.1%	76.9%	(118 pp)
Product research and development	(8,514)	(12,486)	32 %
Sales and marketing	(5,681)	(14,031)	60 %
General and administration	(10,687)	(12,470)	14 %
Total operating expenses	(24,882)	(38,987)	36 %
One off costs	(3,241)	-	-
Depreciation and amortisation	(4,503)	(4,112)	(9)%
Fair value movement through profit and loss	4,027	3,977	1 %
Human Link acquisition expenses	-	(1,013)	100 %
Other non cash expenses	(973)	(839)	(16)%
Net Operating Profit / (Loss)	(9,296)	64	(14,667)%
EBITDA	(3,463)	5,095	(168)%
EBITDA Margin	(11.3)%	9.6 %	(210 pp)
Underlying EBITDA	(6,516)	2,970	(319)%
Underlying EBITDA Margin	(21.3)%	5.6 %	(269 pp)
Impairment of intangible assets	(24,069)	-	-
Net Profit / (Loss) after tax	(33,841)	(818)	(4,036)%



Operating Revenue and Costs, EBITDA and Cash Flows



Operating Revenues decreased -42% to \$30.6m (FY22: \$52.8m), though underlying operating revenues decreased -20% after excluding annual licence and support fees relating to the R&D partnerships licence agreement. Underlying cash receipts movement account for \$35.2m excluding R&D partnerships vs the prior comparison period of \$39.2m, a 10% underlying decrease.

Total operating costs improved \$14.1m +36%, driven through operating review, restructure and other operational and organisational efficiencies.

EBITDA result of \$(3.5)m, a \$(8.6)m decline compared to FY22: \$5.1m. On an Underlying EBITDA basis, there was a \$(9.5)m decline vs prior comparison period to \$(6.5)m (FY22: \$3.0m).

Cashflows

Cash Receipts of \$37.4m and **cash balance** of \$6.7m as at 30 June 2023.

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.



LiveTiles remains focused on driving rigour, discipline and efficiencies throughout the business going into the new financial year. While we anticipate a lower renewal base in Q1 given the seasonality of the business, we have a plan for being cashflow positive in the second half of FY24.

CEO Recent Share Purchase

LiveTiles CEO David Vander recently completed the purchased four (4) million shares in LiveTiles. This transaction, preannounced on 29 June 2023, was executed on 31 July 2023 and settled on 2 August 2023 across four (4) transactions totalling AUD\$48,555. This purchase represents 0.34% of the Company and increases Mr Vander's total shareholding to 2.50%.

AGM Announcement

The Company advises that its Annual General Meeting will be held on 30 November 2023 and the closing date for receipt of nominations from persons wishing to be considered for election as a Director, is 18 October 2023.

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

For further information, please contact:

Media Enquiries:

Jack Gordon	Citadel-MAGNUS	0478 060 362	jgordon@citadelmagnus.com
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Investor Enquiries:

Maddie Seacombe	Citadel-MAGNUS	0402 999 291	mseacombe@citadelmagnus.com
Saskia West	Citadel-MAGNUS	0452 120 192	swest@citadelmagnus.com
Investor Relations			IR@livetilesglobal.com

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.