



LiveTiles [LVT.ASX]

FY23 Results Presentation

29 August 2023

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FY23 RESULTS OVERVIEW

David Vander, CEO



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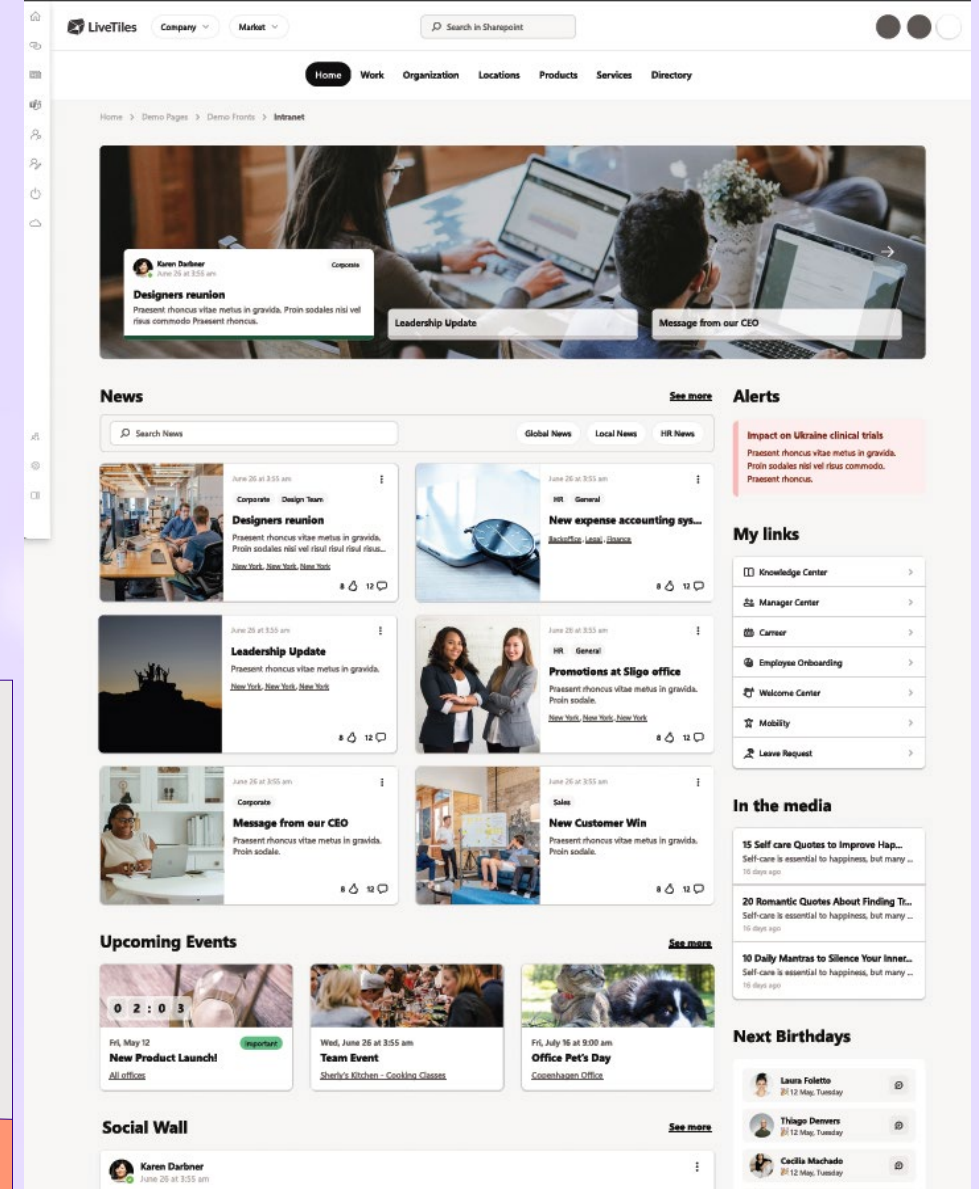
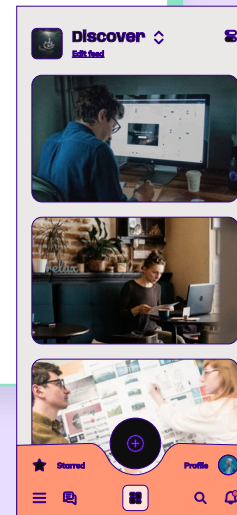
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FY23 Highlights

- ✓ New CEO Feb 2023, David Vander
- ✓ Major restructure and refocus reflected in financials
- ✓ Simplification of our business driving better accountability
- ✓ Significant new customer adds proving demand
- ✓ Reinvigorated product innovation and roadmap
- ✓ Positioned for growth



FY23 Results Overview

UNDERLYING EBITDA

\$(6.5)m

-319% (FY22: \$3.0m)

EBITDA

\$(3.5)m

-168% (FY22: \$5.1m)

OPERATING REVENUES

\$30.6m

-42% (FY22: \$52.8m)

GROSS PROFIT MARGIN

65.1%

-118 pp (FY22: 76.9%)

REDUCTION IN OPERATING COSTS

36%

vs PCP

CASH RECEIPTS

37.4m

-34% (FY22: \$56.7m)

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

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

PCP = Prior Comparison Period (30 June 2022)

FY23 Operational Highlights

PRODUCT

Reinvigorate product innovation with lower cost base

- Commitment to 3 major product releases per year, with first release deployed in June
- Centered all development in 2 cost effective locations only
- Rated one of top vendors in Clearbox Intranet and Employee Experience Platforms Report 2023

DRIVING PROFITABILITY

Highly diligent attitude towards capital expenditure, with cost saving initiatives during the period including:

- Reduced operating expense by \$14.1m (36%)
- Reduced headcount globally by 32 employees
- Transition of certain roles to lower-cost locations of Portugal, Ireland and Philippines

TALENT

Refreshed organisational structure to better align with growth plans and accountability model

- Appointment of CEO, David Vander
- Appointment of new Head of Product, Kim Sorensen and Global Head of Marketing, Alexandra Morris

STRATEGIC OPPORTUNITIES

Continued simplification of the business operationally and strategically

- Divestment of BindTuning and acquisition completion of My Net Zero
- Appointment of Atlas Technology Group to explore strategic opportunities

FY23 Key Customer Wins

KEY TAKEAWAYS

- During FY23 LiveTiles continued to expand its customer base, securing several high-profile contracts with prominent businesses
- LiveTiles secured 64 new customers in FY23
- These new partnerships have strengthened LiveTiles' market position and validated the value and competitiveness of the Company's product offering
- Strong growth in Enterprise Segment which is our target segment
- Several large successful customer rollouts during FY23

Americas

- Global Law Firm (1k users)
- Large Gov't Municipality (2k users)
- Large Paper Manufacturer (1k users)
- National Hospital upsell (9k users)

EMEA

- Global Construction Company (10k users)
- Large Swiss Gov't Agency (38k users)
- Global Law Firm (7k users)
- Danish Municipality (6k users)

APAC

- Global Advertising and PR Firm (1k users)
- Global Mining Company (up to 32k users)
- Multi-National Food brand (12k users)
- Global Tech Company (2k users)

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FY23 FINANCIAL SUMMARY

David Vander, CEO



Profit & Loss Summary

	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)%
<i>Gross Profit Margin</i>	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)%
<i>EBITDA Margin</i>	(11.3)%	9.6 %	(210 pp)
Underlying EBITDA	(6,516)	2,970	(319)%
<i>Underlying EBITDA Margin</i>	(21.3)%	5.6 %	(269 pp)
Impairment of intangible assets	(24,069)	-	-
Net Profit / (Loss) after tax	(33,841)	(818)	(4,036)%

- During the financial year ended 30 June 2023, LiveTiles' performance was impacted by challenging global market conditions across the SaaS and digital landscape
- Operating Revenues** decreased -42% to \$30.6m (FY22: \$52.8m), though underlying operating revenues decreased \$(7.2)m after excluding R&D partnerships. 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)
- As part of the Operational Review conducted in H1, leading to the appointment of new CEO, David Vander, **the Company continues to execute upon a more efficient and effective means of engaging our customers.** Cost of revenues declined 12% versus FY22
- Pursuant to the Operational Review, LiveTiles has **paused all R&D partnerships.** Whilst LiveTiles 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 \$24.1m** 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 +\$8.4m (60%) with aggressive brand campaign and advertising activity during FY22 not repeated, and savings in salaries resulting from the Operational Review changes

Balance Sheet

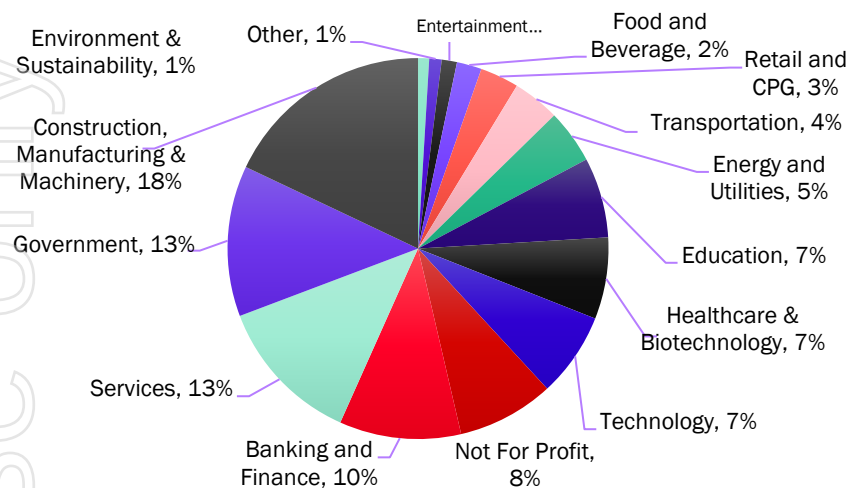
	Jun-23	Jun-22	Movement	
			\$	%
Cash and cash equivalents	6,694	13,177	-6,483	-49%
Trade and other receivables	4,704	8,139	-3,435	-42%
Assets held for sale	7,380	0	7,380	0%
Total current assets	19,023	23,444	-4,421	-19%
Intangibles	59,308	74,742	-15,434	-21%
Investment in Associates	0	6,567	-6,567	-100%
Total non-current assets	63,366	86,601	-23,235	-27%
Total assets	82,389	110,045	-27,656	-25%
Trade and other payables	5,179	8,089	-2,910	-36%
Provisions	7,531	12,926	-5,395	-42%
Borrowings	8,962	5,479	3,484	64%
Total liabilities	43,905	50,939	-7,034	-14%
Total equity	38,484	59,106	-20,622	-35%

- **Cash position of \$6.7M** provides sufficient cash for business operations and growth
- **Non-Current Assets** value decreased primarily due to \$21.0m impairment (adjusted by \$6.5m on FX movements on original carrying value) relating to intangible asset revaluation in the LiveTiles business – findings from executive management operational review conducted during 1H FY23 concluded that resources would be diverted to servicing core business segments expected to deliver the strongest growth
- Shift in BindTuning investment, from **Investment in Associates** to **Asset held for sale**, as the Group had been in discussions at 30 June 2023 with BindTuning to conclude its IP agreement. On 6 July 2023, the Group announced it had completed discussions and mutually agreed with BindTuning to conclude its arrangement in exchange for IP, US\$100,000 in cash, and for all LiveTiles shares returned. The BindTuning carrying and provision values will be removed in the FY24 Balance Sheet
- **Deferred ('unearned') revenue** (reflected within Total Liabilities) was \$12.1m (FY22: \$13.2m); a result of invoicing customers their full fees in advance of their subscription period, a feature of Software as a Service (SaaS) business models. This amount represents future guaranteed revenue streams that will unwind from the Balance Sheet and move into P&L as Revenue over the lifetime of each customer subscription period
- **Borrowings** increased \$3.5m due to remaining facility with OneVentures fully drawn down at 27 September 2022

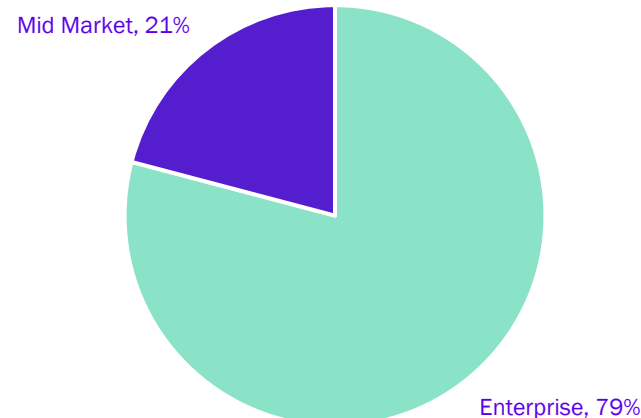
Blue Chip Customer Validation Across a Range of Industry Verticals

Leveraged by 900+ customers across more than 20 countries, LiveTiles supports both front-office and back-office functions

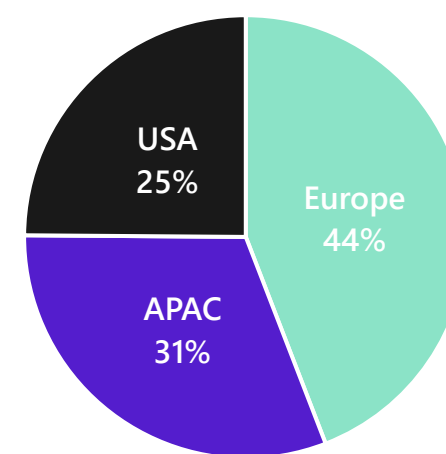
BY INDUSTRY



BY CUSTOMER SIZE



BY GEOGRAPHY



SELECT CUSTOMERS

EDUCATION



GOVERNMENT



INDUSTRIALS



FINANCIAL SERVICES



HEALTHCARE



NOT-FOR-PROFIT



RETAIL/CONSUMER



SERVICES



OTHER



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STRATEGY & MARKET CONTEXT

David Vander, CEO



Significant Addressable Market

LiveTiles has significant opportunity in a large and growing market

- Software market potential alone is large AU\$16.1bn & growing at 15% CAGR to 2027¹
- Conservative estimate we are at only <7% of our Serviceable Obtainable Market
- Market definitions keep evolving as opportunities present i.e., AI, visual collab, analytics etc. There is currently no specific market definition or sizing for Intranet Packaged Solutions (IPS)
- Gartner Hype Cycle has at least 16 interesting additional scope items²
- Total software revenue from IPS competitors estimated at AU\$0.4 to \$0.5bn³
- Clear opportunity with adjacent markets and additional scope⁴
- Market consolidation likely in the next five years

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

² Gartner: Hype Cycle for Digital Workplace Applications, 2022s <https://www.gartner.com/interactive/hc/4017167?ref=solrctp&refval=370140864&ipDocCd=772459>

³ Gartner: Craig Roth, VP Analyst

\$AUD

TAM

Total Available Market
\$16.1bn

- Starts with Social & Collab market
- Excluding scope i.e., SharePoint & Teams
- Includes some adjacent and infra

SAM

Service Available Market
\$8.1bn

- Segmentation
- Geographies
- Operational GTM

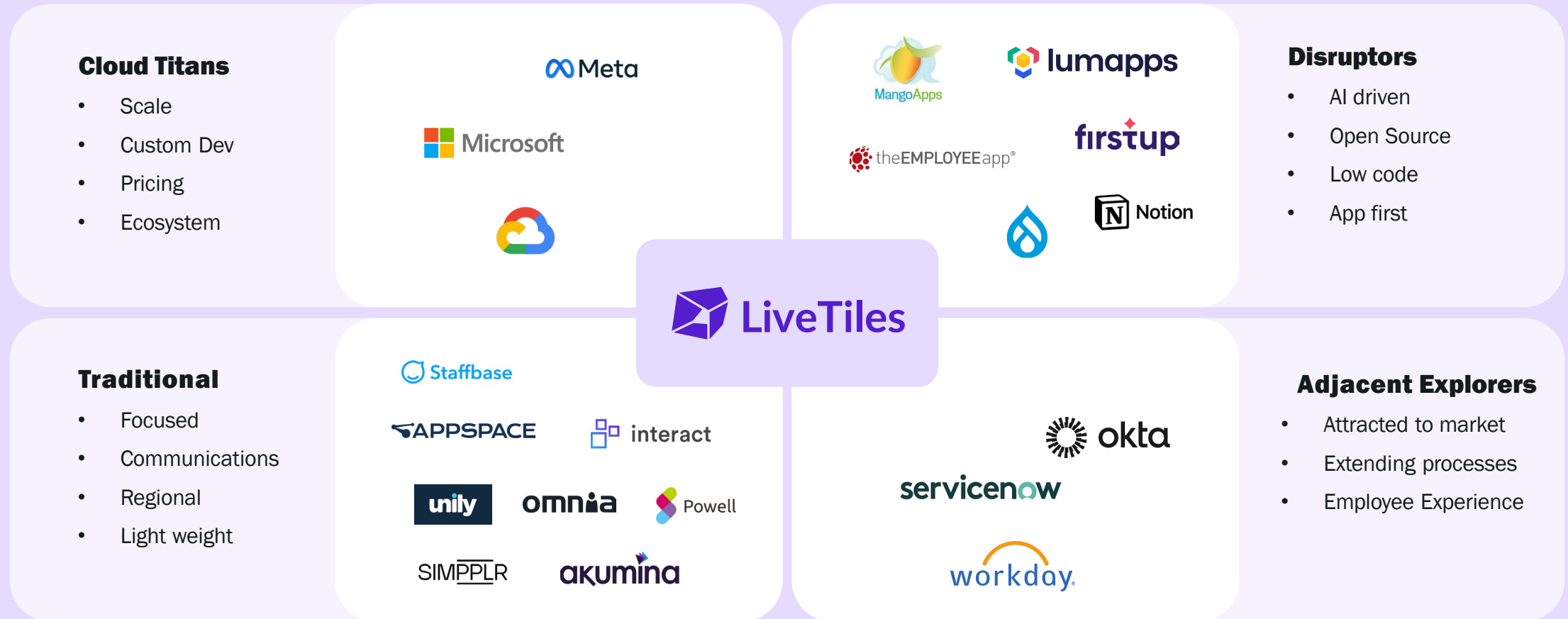
SOM

Serviceable Obtainable Market
\$0.74bn

- Competitors
- Replacement Cycles
- Capacity

Our Competitive Landscape

LiveTiles at the center of a converging ecosystem



¹ Analysis conducted by LiveTiles and based on ClearBox <https://www.clearbox.co.uk/best-intranet-platforms-reviewed-2023/> and Forrester <https://www.forrester.com/report/the-forrester-wave-tm-intranet-platforms-q1-2022/RES176320>

² Staffbase [acquires Valo](#) Nov 2021 and [announce layoffs](#) Jun 2023

³ Appspace [acquires Beezy](#) Oct 2021

How is LiveTiles different?

The LiveTiles special sauce



Expertise, adaptability & high speed

Freedom for choice of infrastructure and ability to implement quickly



Industrial Strength

Our products and support are geared ready to deliver for global enterprise



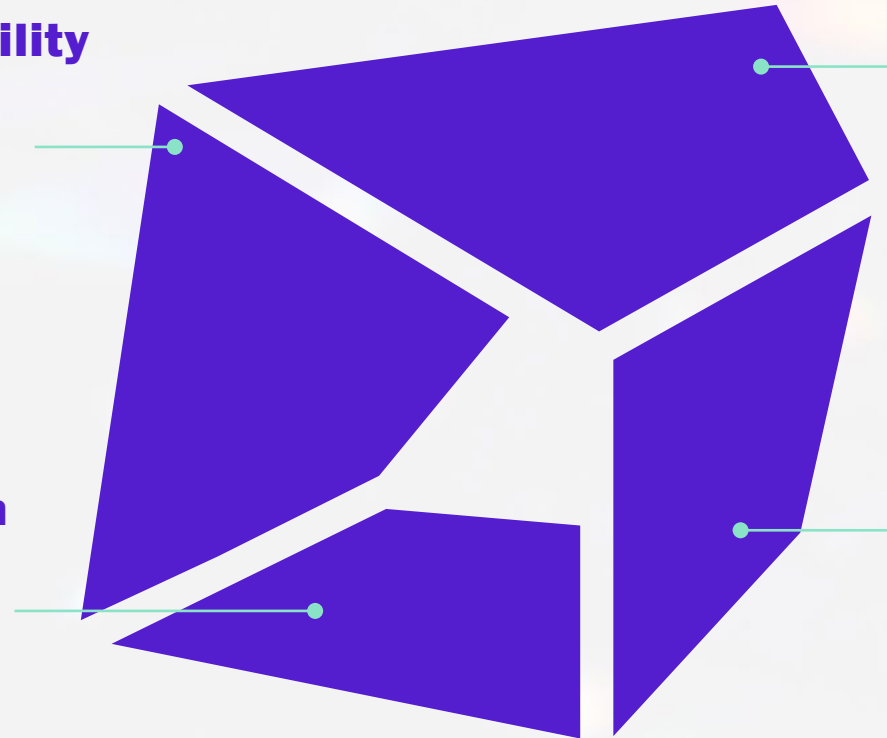
Most Innovative

Leading R&D spend
Closest to Microsoft
Highest number of features/year



Our People

Our expertise & commitment to the best possible business outcome



Strategic Execution

Our strategic program for FY24

Objectives

Product

- Reinvigorate our innovation profile
- Create the market leading product
- Seen as leading edge and must have

Penetration (Sales & Marketing)

- Significant increase in lead flow
- Do not lose an existing customer
- Increase win rates

People

- Aligned and motivated teams
- Leadership factory
- Magnet for talent

Initiatives

- 3 Major releases a year
- Product Managers (4)
- 2 Dev locations - Porto & Sligo

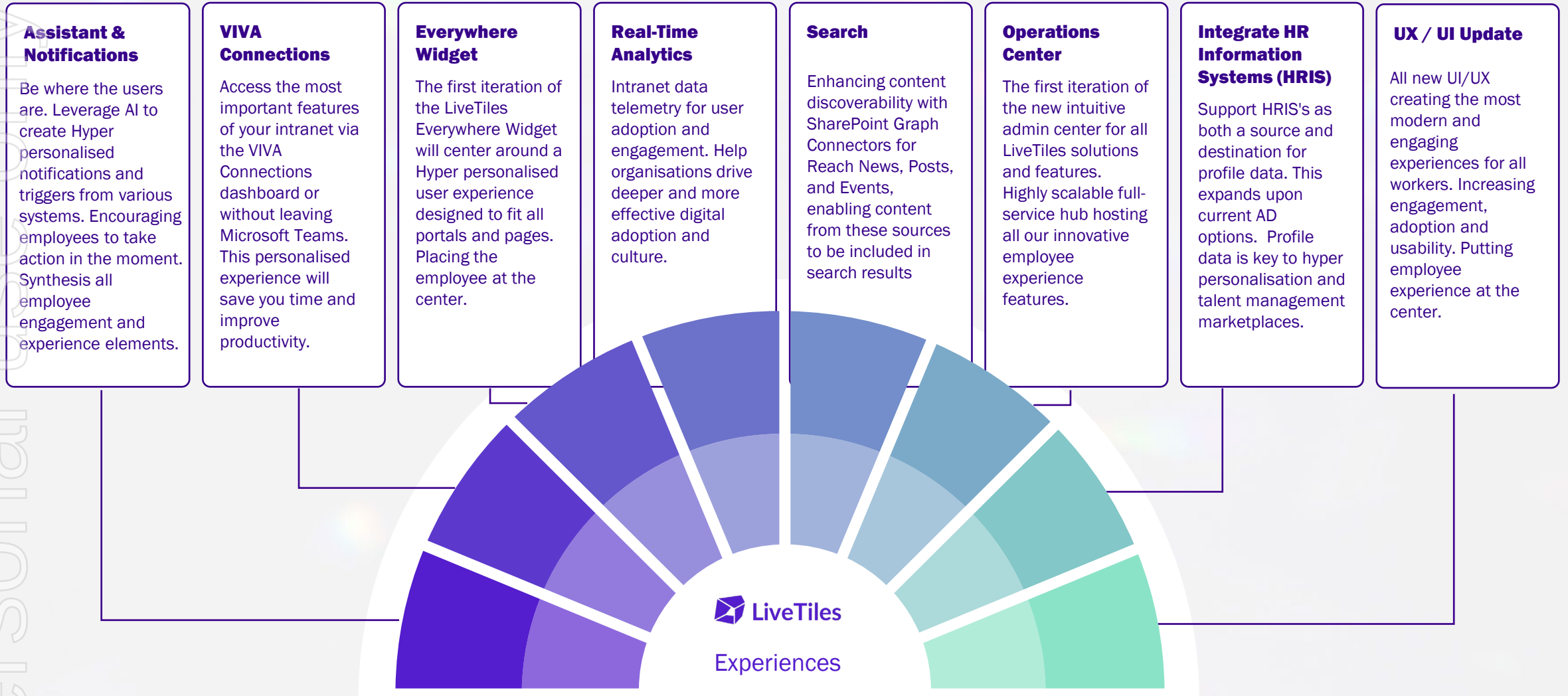
- New Marketing program
- Sales Excellence and rigour
- Reinvigorate Partner ecosystem

- Talent reviews
- EX Action plan
- Leadership Development

Operational & Financial Discipline and Rigour

Product Roadmap

Exciting focus areas for FY24 and beyond



Product Roadmap - AI: Beyond the Hype

LiveTiles is enhancing our data estate and going beyond the buzzwords to real business value

Reach

Enhancing Internal Communications through AI

- **Content Enhancement:**
AI-powered features for content generation, sentiment analysis, keyword generation, and more
- **Engagement Analytics:**
Post-publication insights on engagement metrics, keyword resonance, and audience demographics

Intranet

Boosting Operational Efficiency and ROI

- **Governance & Automation:**
AI to automate content management, categorise content, and handle duplications
- **Content Personalisation:**
Suggestions based on user preferences, enhanced language translations with contextual understanding
- **Enhanced Search:**
State-of-the-art NLP models for improved content discovery, semantic search, and cross-product feature integration

Analytics

Harnessing Data for Actionable Insights

- **Data Management:**
Harnessing user-generated data across all products to fuel AI exploration and machine learning
- **Behavioral Insights:**
AI analytics for understanding user behavior, forecasting trends, and real-time reporting

Assistant

Personalised AI Assistant with Smart Notifications

- **Smart Notifications:**
Personalised AI assistant offering hyper personalised notifications and triggers from various systems
- **Insights:**
The assistant uses AI for sentiment analysis, content prioritisation and filtering, providing a tailored view of user suggested activities
- **Resource Prioritisation:**
Assistant employs AI to highlight learning resources and ensures timely policy reviews

In Summary

Back to basics – focused on customer growth

- 64 new customers
- Reduced attrition to <7%

Simplification of the business

- Conclusion of BindTuning
- Capitalise on H1 Operational Review and lean cost base

Refreshed leadership team

- New Chief Executive Officer
- New Head of Product
- New Head of Marketing

Reinvigorated product innovation

- 3 major releases per year
- New leadership & discipline
- 2 low cost dev locations only

Financial discipline and focus on profitability

- Focus on break even
- Rigour & discipline
- Transparency & Predictability

Position for growth

- Focused on AI and data
- Capitalise on lean set up
- Accelerate target markets



LiveTiles

www.livetilesglobal.com

ir@livetilesglobal.com

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APPENDIX



Refreshed leadership team

Supported by a well respected and tenured board

MANAGEMENT TEAM



David Vander
Chief Executive Officer



Alexandra Morris
Head of Marketing



Kim Sorensen
Head of Product



Cameron Smith
Head of Operations



David Salter
GM Americas



Martin Trachsel
GM EMEA



Annalise Meurant
Head of Legal



Darren Pruscino
Director of Finance

BOARD



Karl Redenbach
Executive Director



Jesse Todd
Chair



Vanessa Ferguson
Non-Executive Director



Kevin Young
Non-Executive Director

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