

**ASX Announcement**

26 October 2023

**Quarterly Activities Report and Appendix 4C
Q1 FY24**

LiveTiles Limited (ASX:LVT) (LiveTiles or the Company), a global leader in employee experience software for employee collaboration and communications, has today released its Appendix 4C and Quarterly Activities Report for the three-month period ended 30 September 2023.

Highlights:

- **Introduction of the next phase of restructure and cost reduction program post period end with a view to working towards achieving positive cashflow in 2H FY24**
- **Strong support from existing customers with Q1 gross revenue retention of 97.9%**
- **Cash Receipts from customers of \$7.84m, cash balance of \$3.57m as at 30 September 2023. Operating cash outflow of \$2.82m**
- **Ongoing focus on driving operational rigour, discipline and profitability**
- **October release on track**

LiveTiles Chief Executive Officer David Vander said: “LiveTiles has sustained momentum this quarter while driving efficiency through the business and instilling rigour and discipline through every aspect of our Company.

“Recognising the seasonal nature of LiveTiles' business, which typically experiences a softer sales cycle in Q1 previously mentioned and considering external market pressures, we expedited our cost-saving initiatives to ensure we meet our commitment of achieving cashflow breakeven in the second half of FY24.

“Despite the forecasted softer sales cycle, we saw pleasing progress globally with the Company signing new customers in all geographies we operate, some of which including a large US bank and large Australian mining company. We are also pleased with record low churn rate and gross revenue retention in Q1 confirming the value our offering has in the market.

“The commencement of the next phase of the Company's restructure is aimed at further instilling rigour and discipline at the heart of our business while continuing to maintain prioritisation of the customer.

Our October product release remains on track for Oct 31 and demonstrates us delivering on our commitment of three major releases a year. This release will provide new AI tools, our new Operations Centre and much greater integration with HR systems. More details will be provided at the time of release.

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“Also announced during the quarter was that I will be stepping down from my role at the end of my six-month notice period. Throughout the next six months, I will oversee the restructuring process and ensure that sustainable spending and operational efficiency continue toward a process of further integration across the company. My goal is to leave the business in a cashflow-positive state and hand over the reins to a capable successor who will continue to drive LiveTiles' growth strategy.”

Q1 FY24 Operational Highlights

- LiveTiles secured numerous significant client wins during the period, including a large US healthcare provider and a global media agency in Australia.
- As part of LiveTiles work with Vantage Performance Group Pty Ltd, the Company introduced the next stage in its restructure and cost-reduction program, post period end on 10 October 2023. Overall, the program is structured to enable LiveTiles to save \$16.2m in annualised costs and \$8.4m in FY24.
- Key highlights of the program include a further global headcount reduction of forty-eight employees, with an emphasis on retaining customer-focused and revenue-generating roles across all divisions and teams. Additionally, LiveTiles is accelerating efforts to reduce operating costs through the consolidation of non-core office spaces, IT costs, marketing expenses, and professional fees.
- As part of this cost reduction program and in alignment with his career objectives, CEO David Vander has resigned and will depart the organisation at the end of his six (6) months' notice period. This ensures Mr. Vander's presence throughout the complete restructuring process and provides an orderly transition. The Company has commenced a search for a suitable replacement.

Sales and Customer Update

While LiveTiles experienced softer sales volumes and extended deal cycles during the period, the company secured several key global customer wins, underlining the sustained demand for LiveTiles' products.

Customer	Users*	Country
Large utilities company	5000	EMEA
Large EU Government Authority	2500	EMEA
Swiss Bank	1000	EMEA
Large car dealership	2500	EMEA
Large Bank	4000	US
Biotechnology company	500	US
Large healthcare provider	9000	US
Large Global Media Agency	1000	APAC
Large State Government Authority	3000	APAC
Large city council	2500	APAC

*Note users have been rounded to nearest 250.

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Cash Balance and Cash Flow Summary

LiveTiles recorded operating cash outflow of \$2.82m during the quarter, an 88% increase compared to Q4 FY23 (\$1.51m). This increase in cash burn reflects seasonality in receipting with Q1 typically softer in customer renewals compared to the prior quarter, in addition to payment of settlement costs in connection with the CYCL AG settlement agreement and increase in professional fees associated with financial year end audit engagement and consultancy engagement in relation to operational cost reduction.

Receipts from customers during the period were \$7.84m (Q4 FY23: \$8.67m). This QoQ decline was driven by market impacts including longer buying cycles and inherit seasonality in the business which typically sees a softer Q1 for customer renewals. LiveTiles confirms there were no R&D partnership receipts in Q1.

LiveTiles will continue to implement its cost reduction program which is projected to save the Company \$16.2m in annualised costs and \$8.4m in FY24.

The payments to related parties of the entity and their associates comprises of fees to directors.

Cash on hand as at 30 September 2023 was \$3.57m.

-ENDS-

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:

Saskia West LiveTiles Investor Relations	Citadel-MAGNUS	0452 120 192	swest@citadelmagnus.com IR@livetilesglobal.com
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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.



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

LiveTiles Limited

ABN

95 066 139 991

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,845	7,845
1.2 Payments for:		
(a) research and development	(1,117)	(1,117)
(b) product manufacturing and operating costs	(3,901)	(3,901)
(c) advertising and marketing	(394)	(394)
(d) leased assets	-	-
(e) staff costs	(3,421)	(3,421)
(f) administration and corporate costs	(1,611)	(1,611)
1.3 Dividends received	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(213)	(213)
1.6 Income taxes paid	(9)	(9)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
Non-recurring staff costs	-	-
1.9 Net cash from / (used in) operating activities	(2,821)	(2,821)

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2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) property, plant & equipment	-	-
	(b) businesses (item 10)	-	-
	(c) equity investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant & equipment	-	-
	(b) businesses (item 10)	-	-
	(c) equity investments	149	149
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	149	149
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issues of convertible notes	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(450)	(450)
3.7	Transaction costs related loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(450)	(450)
4.	Net increase / (decrease) in cash and cash equivalents for period		
4.1	Cash and cash equivalents at beginning of period	6,661	6,661
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,821)	(2,821)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	149	149
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(450)	(450)
4.5	Effect of movement in exchange rates on cash held	27	27
4.6	Cash and cash equivalents at end of period	3,565	3,565

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5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	3,565	6,661
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,565	6,661
6. Payments to directors of the entity and associates of the directors			Current quarter \$A'000
6.1	Aggregate amount of payments to the parties included in item 1		436
6.2	Aggregate amount of loans to the parties included in item 2		-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>			

*6.1 relates to fees paid to Directors

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7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	10,000	10,000
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 5px;"> <p>7.6.1</p> <p>On 27 September 2021, the Company announced it had signed a three and a half year secured loan facility with OneVentures for \$10m. On 27 September 2022 the Company drew the remaining \$4m available facility as at 31 March 2023, \$10m remains fully drawn. The facility has a fixed interest rate of 9.5%p.a. The facility is structured as 60% loan and 40% convertible notes. Further details can be found in the Company's ASX announcements.</p> <p>7.6.2</p> <p>In addition, the Company received the following COVID-related funding packages which remain repayable:</p> <p>USA - first draw</p> <p>Lender: Evans Bank, N.A. (under the US Government Paycheck Protection Program)</p> <p>Balance: US \$72,807 (AUD \$111,260)</p> <p>Interest rate: 1% p.a.</p> <p>Maturity: 60 months from April 2020</p> <p>Secured / unsecured: Unsecured</p> </div>		

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8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,821)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,565
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,565
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows	
	Answer: N/A	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to	
	Answer: N/A	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

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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.

Date: 26 October 2023.....

Authorised by: By the Board.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by the board.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.