

Market Announcement

22 December 2023

LiveTiles Limited (in receivership) (ASX: LVT)

Description

Attached for the information of the market are ASX query letters dated 1 November 2023, 24 November 2023 and 6 December 2023 to LiveTiles Limited ('LVT') and LVT's responses dated 16 November 2023 and 1 December 2023.

Based on the responses ASX received to ASX's query letter dated 1 November 2023 and its query letter dated 24 November 2023, ASX had further queries. LVT advised on 8 December 2023 that, following the appointment of the receivers and managers on 7 December 2023, LVT was unable to respond to ASX's query letter dated 6 December 2023.

Issued by

ASX Compliance



6 December 2023

Reference: 83018

Ms Natalie Climo
Company Secretary
Boardroom Pty Limited

By email: natalie.climo@boardroomlimited.com.au

Dear Ms Climo

LiveTiles Limited ('LVT'): Query Letter

ASX refers to the following:

- A. ASX's query letters dated 1 November 2023 (the 'Query Letter') and 24 November 2023 (the '24 November Letter') and LVT's responses dated 16 November 2023 and 1 December 2023. All capitalised terms in this letter have the same meaning as in the Query Letter and 24 November Letter.
- B. LVT's announcement titled "Restructure and Cost Reduction Program to Achieve Cashflow Breakeven" released on the ASX Market Announcements Platform ('MAP') on 10 October 2023 (the '10 October 2023 Announcement'), which disclosed, regarding the 2023 Restructure and Cost-Reduction Program, that:
- "Overall, this program will enable us to save \$16.2m in annualised costs and \$8.4m in FY24."*
- C. LVT's response to Question 9.4 of the 24 November Letter which disclosed that (emphasis added):
- "As previously stated, the Company anticipates that the 2023 Restructure and Cost-Reduction Program will lead to annualised savings of \$16.2 million as outlined in the responses to questions six (6) and seven (7) of this response above, of which **the annualised savings of \$16.2 million are based on a reduced ongoing quarterly forecasted expenditure base versus the initial FY24 Budget.**"*
- D. LVT's response to Question 3.3 of the Query Letter which disclosed the following regarding the 2022 Operational Review Program:
- "For further explanatory information, please refer operating expenses cash flow savings materialised FY23 versus FY22 in the table below:"*

Movements in Cash Flow Performance under Operational Review Program

AUD (\$000's)	FY 2023	FY 2022	FY23 v FY22
Employee & Contractor costs	(28,065)	(29,575)	1,509
Marketing expense	(646)	(1,921)	1,276
Travel and entertainment expense	(1,994)	(1,665)	(329)
Professional fees	(3,394)	(8,451)	5,057
Rent and other office costs	(1,942)	(2,450)	508
Information technology costs	(3,638)	(2,897)	(741)
Debt Facility (principal & interest)	(1,314)	(410)	(903)
Tax	(1,936)	(2,091)	155
Other expenses	(941)	(472)	(470)
Total Operating Expenses	(43,870)	(49,931)	6,061

The above table was further reproduced in LVT's response to Question 9.2 of the 24 November Letter.

- E. LVT's Appendices 4C for the quarters ended 30 June 2022 and 30 June 2023, which disclosed the following regarding LVT's cash flows for the financial years ended 30 June 2022 and 30 June 2023:

	Year to date 30 June 2023 (\$A'000)	Year to date 30 June 2022 (\$A'000)
Payments for research and development	(6,657)	(20,642)
Payments for product manufacturing and operating costs	(14,190)	(15,872)
Payments for advertising and marketing	(2,178)	(3,506)
Payments for staff costs	(14,178)	(13,853)
Payments for administration and corporate costs	(7,085)	(6,121)
Income taxes paid	(950)	(319)

- F. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ended 31 December 2022 and released on MAP on 27 January 2023 which disclosed, relevantly, that:

*"LiveTiles recorded operating **cash outflow** of \$2.98M during the quarter, with \$2.66M of this attributed to one-off, non-recurring costs that have now been removed from the business post the Operational Review announced on 27 October 2022."*

- G. LVT's Response to Question 8 of the 24 November Letter which disclosed, relevantly, regarding the 2022 Operational Review Program that:

"As specified in the Company announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 31 December 2022 and lodged on MAP on 27 January 2023: '\$2.66M of this [cost is] attributed to one-off, non-recurring costs that have now been removed from the business post the Operational Review announced on 27 October 2022...'

In further response, please see below additional relevant identification and detail on the Company 'one-off, non-recurring costs' referred to in the Company's quarterly activity report:

- *Severance payments - \$1.5m of which \$1.2m related to Key Management Personnel.*
- ***Legal settlement costs relating to the Redenbach matter and settled pursuant to Directors Loans**, previously advised to the ASX in our announcement dated on or about 29 June 2023 with further information also provided in our query responses dated on or about 4 July 2023 - **\$0.9m***
- *Professional advice for legal and regulatory compliance advice regarding prospective delisting; and advice connected to wholly owned subsidiary acquisition - \$0.3m"*

- H. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 30 September 2023 and released on MAP on 26 October 2023, which disclosed the following regarding the Restructure and Cost-Reduction Program (relevantly, emphasis added):

“...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.**”

Disclosure Obligations

- I. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- J. Section 14 of Guidance Note 14: *ASX Market Announcements Platform* which states:
- “An announcement for release to the market must be accurate, complete and not misleading.*
- To not be misleading, opinions expressed in an announcement should be honestly held and balanced and should be clearly identified as a statement of opinion rather than a statement of fact. Any forward looking statements in an announcement... must be based on reasonable grounds or else by law they will be deemed to be misleading...*
- MAP should only be used to publish information that is appropriately given to ASX... It should not be used as a guise to publish material that is really promotional, political or tendentious in nature.”*
- K. Section 1041H(1) of the Corporations Act 2001 (Cth) which states:
- “A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service that is misleading or deceptive or is likely to mislead or deceive.”*

Request for information

Having regard to the above, ASX asks LVT to respond specifically and separately to each of the following questions and requests for information:

1. Please confirm that the \$16.2m in annualised savings is based on LVT's budgeted costs rather than LVT's historical costs.
2. If the answer to Question 1 is “yes”, please identify the announcement on MAP that discloses this fact.
3. If the answer to Question 1 is “no”, please provide the basis for this view.
4. Having regard to a number of apparent discrepancies between the cash outflow figures provided in LVT's responses to the Query Letter and the 24 November Letter (paragraph D), on the one hand, and LVT's Appendices 4C (paragraph E), on the other:
 - 4.1 Are LVT's figures in the table reproduced in paragraph D based on LVT's reported financial results for the financial years ended 30 June 2022 and 30 June 2023, respectively?
 - 4.2 If the answer to Question 4.1 is “yes”, please explain the discrepancies between the two sets of figures. For these purposes, ASX requires a reconciliation of each of the following to the Appendix 4C figures for the financial years ended 30 June 2022 and 30 June 2023:
 - (a) employee and contractor costs in paragraph D and payments for staff costs in paragraph E;
 - (b) marketing expense in paragraph D and payments for advertising and marketing in paragraph E; and
 - (c) each of the other expenses identified in paragraph D and LVT's disclosures in paragraph E.

4.3 If the answer to Question 4.1 is “no”, please provide the source of the numbers in the table.

5. Please advise whether or not the \$0.9m in relation to “[l]egal settlement costs relating to the Redenbach matter and settled pursuant to Directors Loans” recorded as a cash outflow in the Appendix 4C for the quarter ended 31 December 2023 (paragraphs F and G).
6. If the answer to Question 5 is “yes”, please identify the line item in the relevant Appendix 4C that contains the \$0.9m cash outflow in the “cash flows from operating activities” section. ASX observes that no amount was disclosed in the “non-recurring legal fees” line item of the relevant Appendix 4C.
7. If the answer to Question 5 is “no”, please provide a complete breakdown and details of the “one-off, non-recurring costs” for the quarter ended 31 December 2022, as requested in Question 8 of the 24 November Letter.
8. Please confirm that LVT is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that LVT’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LVT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Monday, 11 December 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LVT’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require LVT to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LVT’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in LVT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LVT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that LVT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Stuart Roberts
Adviser, Listings Compliance (Sydney)

1 December 2023

ASX Reference: 83018

Stuart Roberts
Adviser, Listings Compliance
ASX

By email: ListingsComplianceSydney@asx.com.au

Dear Stuart

LiveTiles Limited (LVT): Further ASX Query Letter on Appendix 4C

Thank you for your further letter of 24 November 2023.

Having regard to the matters raised in your letter, LiveTiles Limited (LVT/ we/ our/ us/Company). responds as follows:

1. Is the 2022 Operational Review Program solely a cost reduction initiative? If:

- 1.1 the answer to Question 1 is “yes”, please provide the basis for the statements made on MAP on 27 October 2022 that the 2022 Operational Review Program would deliver “ongoing revenue growth” and “drive incremental sales growth” (paragraph B) and the statement made on MAP on 27 January 2023 indicating that the increase in cash receipts from customers was a benefit of the 2022 Operational Review Program (paragraph D).**

Yes, we confirm that the October 2022 project achieved its objectives and furthermore that the statement made on MAP on 27 January 2023 indicating that the increase in cash receipts from customers was a benefit of the 2022 Operational Review Program (paragraph D) was correctly stated.

Furthermore, we also confirm that the 2022 Cost reduction Project achieved its intended project goals and purpose. The table titled *Company Incurred Costs FY 2023 versus FY 2022* set out in the Question 9.2 of this response below also demonstrates the achievement of the intended project goals and purpose.

We also highlight and reconfirm our previous statement made on MAP on 27 October 2022 as specified in Item in 5.1 of the ASX Query Letter dated 16 November 2023. This statement was that the: *“Operational review was a cost reduction initiative, not linked to improvement in cash receipts. [The] Operational review delivered streamlined and optimised cost base due to slowdown in cash receipts as outlined at the Extraordinary General Meeting (EGM) held on 5 September 2022.”*

Additionally, as the basis for the statement made on MAP on 27 October 2022, we reconfirm that the key components which underpinned that the review were:

- a) cost orientated financial saving(s); and
- b) operational and go to market simplification, which involved: *“strong focus on customer engagement...to consolidate and simplify its go-to-market and product portfolio to help implement priorities for the start of 2023.”*

(Items a) – b) together stated at the relevant time, in the Appendix 4C lodged 31 October 2022).

With regard to the statement made on MAP on 27 January 2023 indicating that the increase in cash receipts from customers was a benefit of the 2022 Operational Review Program (paragraph D):

We confirm that as set out in our earlier response to the Question in Item 5.2 of the Query Letter dated 16 November 2023, *“LVT cash receipting flow by quarter for software and software support services is typically based on annual receipting received in advance for subscriptions, with higher volumes of customer renewals occurring during Q2...”*.

As previously stated in our response to the Question in Item 3.3 of the Query Letter dated 16 November 2023, we reconfirm that *“LVT expects continued downturn in quarterly receipts flow relative to same quarter last financial year, however with a significantly reduced and right sized cost base, allowing the business to move to cash positivity to invest in driving LiveTiles' growth strategy in FY24 H2 and into FY25.”*

We accordingly therefore also confirm that, yes, the increase in cash receipts from customers was a benefit of the 2022 Operational Review Program (paragraph D) due to the renewed Company focus on customer engagement(s).

1.2 the answer to Question 1 is “no”, please provide an updated and comprehensive response to Question 5.1 of the Query Letter.

Not Applicable.

2. Please provide a detailed timeline for the progression of the 2022 Operational Review Program. In the timeline, please outline the dates of commencement and completion (or anticipated completion) of all material components of the 2022 Operational Review Program, including those identified in LVT’s response to Question 4.3 of ASX’s Query Letter.

The Operational Review, announced to the market in our ASX Market Announcement dated 31 October 2022 was systematically approached with both short and long-term tactical and strategic Company operational objectives. Below is the detailed timeline highlighting key milestones:

Timeline on Progression of 2022 Operational Review Program

- **October 31, 2022 - Program Commencement**
Operational Review announcement and commencement: Official communication to stakeholders detailing the intent and scope of the Operational Review Program.
- **November 2022 to January 2023**
Initial Assessment and Strategic Planning Phase: Comprehensive assessment of existing operations across all departments, benchmarking against industry standards and identifying areas for improvement.
- **December 2022 - Strategic Planning**
Development of targeted action plans for identified improvement areas, setting specific, measurable goals for both short-term and long-term initiatives.
- **January 2023 - Implementation of Quick Wins**
Launch of initiatives that offer immediate benefits, such as process automation and policy updates to reduce operational friction.

- **February 2023 to March 2023 - Implementation of immediate operational adjustments**
Continuous Improvement Processes: Establishment of feedback loops and continuous improvement mechanisms to ensure the adaptability and sustainability of implemented changes.
- **April 2023 to June 2023 - Mid-term Review and Adjustment of Strategies**
Rollout of significant changes such as product alignment, market segmentation plans, and the start of IT system consolidations.
- **May to June 2023 - Ongoing Implementation and Monitoring**
Steady execution of strategic initiatives with regular monitoring against key performance indicators. Ongoing initiatives focused on business improvement processes and automation.
- **July 2023 - Ongoing Evaluation and Refinement**
Comprehensive review of the program's half-year impact, including margin analysis and cost savings, with a focus on sales growth metrics.

The above Timeline on Progression of the 2022 Operational Review Program included the material components identified in our response to the Question in Item 4.3 of the ASX's Query Letter dated 16 November 2023.

We continue to implement the remaining steps of the project in accordance with our Company business planning, with some longer-term objectives set to conclude on or around the end of Q2 2024.

It is important to note that while our Restructure and Cost-Reduction Program announced on 10 October 2023, is distinct, it complements the Operational Review, particularly in areas concerning technology consolidation and a drive to reduce overall spend from an IT perspective. Each of these projects have been initiatives which continue to be overseen by management to ensure effective and timely implementation and to achieve intended Company business planning and return on investment.

The Cost-Reduction Program announced in October 2023 was a clearly defined strategic program focused upon our organisational operating model, emphasising efficiency in customer acquisition and service costs. This reorganisation has enabled the streamlining of our corporate structure, shifting tasks away from higher-cost regions and reallocating them to areas where service can be delivered more economically through automation and process improvements.

3. **ASX observes that, in LVT's response to Question 3.2 of the Query Letter, LVT referred to the decline in "payments to suppliers and employees (inclusive of GST)" from \$55,609,344 in the financial year ended 30 June 2022 to \$42,117,173 in the financial year ended 30 June 2023 (or a decline of ~24.3%). ASX further observes that during this period, "receipts from customers (inclusive of GST)" declined from \$56,745,948 to \$37,352,392 (or a decline of ~34.2%).**

Please identify the line items in LVT's Quarterly Activities and Cash Flow Report/ Appendix 4C lodgments over the period from the quarter ended 30 September 2022

(i.e. the quarter in which the program was announced) to 30 September 2023 (if any) that demonstrate that LVT has *“refocused the company’s growth strategy and prioritised profitability”* and/or demonstrates the 2022 Operational Review Program’s *“short to medium term impact on performance”* (Question 3 and paragraph C(iii) of the Query Letter).

Please see below information on the line items in LVT’s Quarterly Activities and Cash Flow Report/ Appendix 4C lodgments over the period from the quarter ended 30 September 2022 to 30 September 2023.

LVT Quarterly Activities and Cash Flow Report Appendix 4C - Line Items

In FY22 the Company received significant receipts from R&D partnerships, amounting to \$17.5m; whereas in FY23 R&D partnerships receipts were \$2.2m, all received in the Q1 FY24. Please refer to the below second dot point under the heading *“Change in Cashflow Movement as Reported”* for further expansion and explanation on the pause to the R&D relationship.

Please note below the line items per the table as previous provided in the ASX Query response dated 16 November 2023:

Consolidated Statement Table Line Items – Extract from Response provided 16 November 2023

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023			
	Note	2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		37,352,392	56,745,948
Payments to suppliers and employees (inclusive of GST)		(42,117,173)	(55,609,344)

Please also see below the relevant line items in regard to the R&D partnerships arrangement as previously announced to market. Please note that there was also a linear impact in expenses, with FY22 being \$13.9m compared with FY23 expenses being \$1.2m, all being received in Q1 FY24. Please refer to the two bullet points below under the heading *“Change in Cashflow Movement as Reported”* for further information on the R&D partnership.

Change in Cashflow Movement as Reported

As further outlined below, no further R&D partnership receipts and expenses have occurred, with the Company making a decision to place R&D partnerships on hold from Q1 FY23, as specified within the explanatory content in the Company Consolidated Financial Statements 2023 Annual Report.

Furthermore, we restate the following key reported cashflow movements, per the 31 December 2022 Appendix 4D lodged with the ASX on 28 February 2023:

- *“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.”*
- As stated our Preliminary Appendix 4E dated 30 June 2023:

"Pursuant to the operational review conducted during FY23 H1, LiveTiles paused R&D partnerships in FY23 Q1. LiveTiles have received a benefit from these arrangements, providing channels for the re-sale and use of LiveTiles and R&D partner products to the partner's end-customers, through enhanced development & engineering into our platforms and integrations, however the Board and Executive have decided to put this arrangement on hold as the business refocuses on further growing the core, which also involves investing internally in product development."

Please refer to Appendix "A" (ASX Reference: 83018) **attached**, which was also previously attached to our response letter dated 16 November 202. Appendix A clearly sets out the relevant and applicable line items as related to the Company's Quarterly Activities and Cash Flow Report/ Appendix 4C lodgments over the period from the quarter ended 30 September 2022 (i.e. the quarter in which the program was announced) to 30 September 2023. These line items demonstrate the Company's *"refocused the company's growth strategy and prioritised profitability"* and the 2022 Operational Review Program's *"short to medium term impact on performance"*.

4. **Are all of the \$6.061 million in savings from the 2022 Operational Review Program identified in LVT's response to Question 3.3 of the Query Letter separate and distinct from the \$3.5 million in annual savings from the completed 2021 Strategic Review (paragraph B)? If not, please provide details, including the amounts of any cost saving overlaps between the two review programs.**

We confirm that the \$6.061 million in cost savings identified as a result of the 2022 Operational Review Program was mutually exclusive of the \$3.5 million in annual savings realised from the 2021 Strategic Review. The Company has and continues to review its efficiency and operational performance on a regular basis.

We also highlight that there is no overlap in the cost savings reported from the two distinct Review Programs. Each set of savings stems from different initiatives within our organisation, targeting separate areas of cost reduction and operational efficiency. The only notable overlap between the programs is in connection with IT cost consolidation as these specific initiatives have taken some time to execute and to thereby have taken time in order to realise all the relevant benefits.

We reconfirm that the 2022 Operational Review Program's savings are a result of new and subsequent measures which were implemented post the 2021 Strategic Review, ensuring a cumulative effect on our Company's cost structure.

5. **Please provide details, including amounts, of any cost saving overlaps between the 2022 Operational Review Program and the 2023 Restructure and Cost-Reduction Program, including the IT consolidation identified in LVT's response to Question 4.2 of the Query Letter.**

The 2022 Operational Review Program and the 2023 Restructure and Cost-Reduction Program have each identified cost savings in IT consolidation that amount to \$1.1 million, being the combined total saving across both Programs.

These savings are attributed to shared initiatives like the integration of technology platforms and the centralisation of IT services. As between the 2022 and 2023 Review Programs, the overlap between the two is centered in improving overall strategic alignments. The objectives from both programs each involve the enhancement of operational efficiency and reduction in redundancies.

6. In LVT's response to Question 4.1 of the Query Letter, LVT disclosed that \$3 million of the \$16.2 million of annualised cost savings would come from "Marketing expense[s]". ASX observes that "Marketing expense" totalled only \$604,457 in LVT's Consolidated Statement of Profit for the financial year ended 30 June 2023.

Please provide the basis for LVT's apparent view that annualised savings from marketing expenses for the financial year ending 30 June 2024 (and future years) would amount to \$3 million.

We highlight that the Marketing budget for FY24 was initially c. \$3m and this was a budgeted forecast which was subsequently reviewed, reduced and reconfigured pursuant to the 2023 Restructure and Cost-Reduction Program.

The forecasted marketing spend was amended as a result of the Cost Reduction and Restructure Program.

Please refer to the table provided in our answer to the question in Item 4.1 of the response letter dated 16 November 2023. This response clearly set out the pre Cost Reduction and Cost Restructure Program Company forecasting. An extract of the response provided in Item 4.1 is included below:

4.1 Provide the specific bases relied upon for LVT's disclosure that the "program is structured to enable LiveTiles to save \$16.2m in annualised costs and \$8.4m in FY24" (and that the program is "projected to save the Company \$16.2m in annualised costs and \$8.4m in FY24"), including but not limited to an itemised identification of the specific costs referred to.

The principal savings arising from the Restructure and Cost-Reduction Program relate to employee and contractor savings, exiting of non-core office spaces, marketing and reduced professional fees. Savings identified in the table below are partially offset by increased expenses with debt facility and tax due to baseline forecast (pre cost-reduction forecast) not factoring in increasing obligations over the course of FY24.

Restructure and Cost-Reduction Program - Itemised Identification Table from Management Accounts

AUD \$m	FY24 Savings	Annualised Savings
Employee & contractor costs	7.2	11.0
Marketing expense	(0.1)	3.0
Travel and entertainment expense	0.3	0.4
Professional fees	1.2	1.8
Rent and other office costs	0.7	1.0
Information technology costs	(0.1)	0.1
Debt Facility (principal & interest)	(0.3)	(1.0)
Tax	(0.7)	(0.3)
Other expenses	0.2	0.2
Total Operating Expenses	8.4	16.2

Furthermore, as specified in the Company Consolidated Statement of Profit for the financial year ended 30 June 2023, the Company stated the year on year decline in marketing expenditure was due to "...substantial reduction in marketing initiatives and events, with aggressive brand campaign and advertising activity during FY22 not repeated."

The management approach to marketing, including marketing expenditure, was reviewed on the basis of implementation of the FY24 developments. Such developments included a renewed set of marketing initiatives, as stated in the Consolidated Statement of Profit for the financial year ended 30 June 2023. Key statements are extracted below to restate the Company position:

- "Reinvigorated marketing programs and partnerships, including new website."

- “Growth drivers into FY24 and beyond include pipeline growth in part derived from improved digital marketing execution...”

7. Please provide the bases for the following calculations disclosed in LVT’s response to Question 4.1 of the Query Letter:

In response to the questions in this Item 7, we reconfirm that the reduction in budgeted expenditure has and will continue to contribute toward longer-term improvement in the Company cash flow position.

We also note our response at the question in Item 4.1 of the response letter dated 16 November 2023 where we provided clarification as to the basis of the cost savings under the 2023 Program. These cost savings included employee and contractor savings, existing of non-core office spaces, marketing and reduced professional fees. We also stated in our answer at Item 4.1 that the savings identified in the table within the response were partly offset by other factors such as our lending facility and taxation.

7.1 annualised “Employee & contractor costs” savings of \$11 million, despite identified savings of \$7.2 million in the financial year ending 30 June 2024;

The announcement was targeted existing and expansion costs. It was clearly understood that the Company has identified savings of \$7.2 million in the financial year ending 30 June 2024 compared to the original approved Company FY24 forecasted budget. These saving have commenced to be achieved following the completion of the following:

- Reductions in headcount;
- Employee severance and related costs.

We confirm that the reference to the Company forecasting annualised “Employee & contractor costs” savings of \$11 million was reference to the savings that would be delivered on the basis of the reduced headcount costs (after costs for impacted employees and contractor notice periods would be fully served and all remaining and final severance payments are made) as compared to the original approved Company FY24 budgeted full headcount.

7.2 annualised “Professional fees” savings of \$1.8 million, despite identified savings of \$1.2 million in the financial year ending 30 June 2024; and

We reconfirm that the reference to the Company identifying savings of \$1.2 million in the financial year ending 30 June 2024 refers to cost reductions as identified under the 2023 Restructure and Cost-Reduction Program verses the original approved Company FY24 forecasted budget.

Accordingly, the Company estimated annualised “Professional fees” savings of \$1.8 million is based in a forecasted reduction in the level of professional expenses as identified under the 2023 Restructure and Cost-Reduction Program and furthermore in a forecasted reduction in ongoing quarterly expenditure base versus the original approved Company FY24 budget.

7.3 annualised “Rent and other office costs” savings of \$1.0 million, despite identified savings of \$0.7 million in the financial ending 30 June 2024.

We confirm that the reference to identified savings of \$0.7 million in the financial year ending 30 June 2024 refers to savings to be delivered from the exiting of non-core office spaces throughout FY24 Q2 - 3.

Annualised “*Rent and other office costs*” savings of \$1.0 million refers specifically to reduced rental & leasing expenses as identified under the 2023 Restructure and Cost-Reduction Program based on a reduced ongoing quarterly expenditure base versus the original approved Company FY24 budget.

We confirm a total of eight (8) office closures (globally) contribute to the overall exiting of non-core office spaces throughout FY24 Q2 – 3, as follows:

Australian Offices:

1. Hobart
2. Melbourne
3. Sydney
4. Perth

USA Office:

5. New York

Switzerland Offices:

6. Bern
7. Basel
8. Zurich

8. Please identify and detail all the “one-off, non-recurring costs” referred to in LVT’s quarterly activities report for the quarter ended 31 December 2022 (paragraph F of the Query Letter).

In response, we note the following in relation to the Company “one-off, non-recurring costs” referred to in the Company’s quarterly activity report for the quarter ended 31 December 2022:

As specified in the Company announcement titled “*Quarterly Activities Report/Appendix 4C Cash Flow Report*” for the quarter ending 31 December 2022 and lodged on MAP on 27 January 2023: “\$2.66M of this [cost is] attributed to one-off, non-recurring costs that have now been removed from the business post the Operational Review announced on 27 October 2022...”

In further response, please see below additional relevant identification and detail on the Company “one-off, non-recurring costs” referred to in the Company’s quarterly activity report:

- Severance payments - \$1.5m of which \$1.2m related to Key Management Personnel.
- Legal settlement costs relating to the Redenbach matter and settled pursuant to Directors Loans, previously advised to the ASX in our announcement dated on or about 29 June 2023 with further information also provided in our query responses dated on or about 4 July 2023 - \$0.9m
- Professional advice for legal and regulatory compliance advice regarding prospective delisting; and advice connected to wholly owned subsidiary acquisition - \$0.3m

9. In light of the above responses, does LVT maintain the following disclosures made periodically to the market:

9.1 The 2022 Operational Review Program would deliver “ongoing revenue growth” and “drive incremental sales growth” (for example, paragraph B).

As specified in our response at Question one, above, the 2022 Operational Review Program review was a cost reduction initiative, not linked to improvement in cash receipts.

The announcement did, however, confirm that the 2022 Operational Review Program would deliver “*ongoing revenue growth*” and “*drive incremental sales growth*”, as evidenced by the following improvement with regard customer retention relative to period:

- As set out in the 2023 Annual Report of the Company “...*churn rate throughout the year continued to improve, and for 2H FY23 was only 7%*”
- As set out in the Company FY24 Q1 Appendix 4C “...*Q1 gross revenue retention of 97.9%*” meaning churn of only 2.1%

Furthermore, these initiatives have also included optimising the Company sales funnel, expansion into new markets, the enhancement of Company product offerings, and an overall improvement in customer retention strategies.

Through these concerted efforts, we anticipate incremental sales growth contributing positively toward the further development and expansion in Company sales figure and results.

9.2 The \$6.48 million in cost savings from the completed 2022 Operational Review Program will be reflected in future financial reports, from October 2022 (for example, paragraph C of the Query Letter).

We confirm that the \$6.48 million in cost savings arising from the 2022 Operational Review Program delivered \$6.1 million in cost savings, as outlined in the table provided in the previous answer to Question 3.3 of the Query Letter dated 16 November 2023. We provide the extract of the table again, below.

As noted in the table below, the savings have materialised and as such do not form part of the Company's current cost base. Accordingly, we confirm that the \$6.1 million cost savings have been delivered and no longer forms part of any future cost base, as reflected in subsequent financial reports.

We reconfirm that “*LVT has and continues to take steps towards materially improving our cash flow position which commenced at the time of the Operational Review announced to the market in October 2022.*”

Company Incurred Costs FY 2023 versus FY2022

AUD (\$'000's)	FY 2023	FY 2022	FY23 v FY22
Employee & Contractor costs	(28,065)	(29,575)	1,509
Marketing expense	(646)	(1,921)	1,276
Travel and entertainment expense	(1,994)	(1,665)	(329)
Professional fees	(3,394)	(8,451)	5,057
Rent and other office costs	(1,942)	(2,450)	508
Information technology costs	(3,638)	(2,897)	(741)
Debt Facility (principal & interest)	(1,314)	(410)	(903)
Tax	(1,936)	(2,091)	155
Other expenses	(941)	(472)	(470)
Total Operating Expenses	(43,870)	(49,931)	6,061

Table extracted from ASX Query Response Letter dated 16 November 2023

9.3 The 2023 Restructure and Cost-Reduction Program will enable LVT to save \$8.4 million in the financial year ending 30 June 2024 (for example, paragraph F).

The 2023 Restructure and Cost-Reduction Program commenced on 10 October 2023, and is currently under execution to deliver the FY24 savings in accordance with the announcement made to market.

As specified in our in the answer to Item 4.3 of the ASX Query Response Letter Query Letter dated 16 November 2023, we reconfirm Program execution includes:

"global restructure and headcount reductions actioned and final exit payments executed across Q2 FY24 through to early Q3 FY24, together the operational cost reductions as outlined to the market in our announcement made on 10 October 2023. The Company is continually assessing its operational efficiency on an ongoing basis."

We confirm that the Company has taken measurable actions in addition to headcount reductions as part of the Restructure and Cost-Reduction Program, including, where possible, office closures at non-core office spaces pursuant to lease arrangement terms, marketing reduction and change, vendor review and recalibration as well as the transition of certain roles to lower cost locations.

9.4 The 2023 Restructure and Cost-Reduction Program will lead to annualised savings of \$16.2 million (for example, paragraph F).

As previously stated, the Company anticipates that the 2023 Restructure and Cost-Reduction Program will lead to annualised savings of \$16.2 million as outlined in the responses to questions six (6) and seven (7) of this response above, of which the annualised savings of \$16.2 million are based on a reduced ongoing quarterly forecasted expenditure base versus the initial FY24 Budget.

10. Please confirm that LVT is complying with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that LVT continues operating in full compliance with Listing Rule 3.1 and also confirm that there is no information about the company's financial condition that should be given to the ASX in accordance with Listing Rule 3.1 that has not already been released to the market.

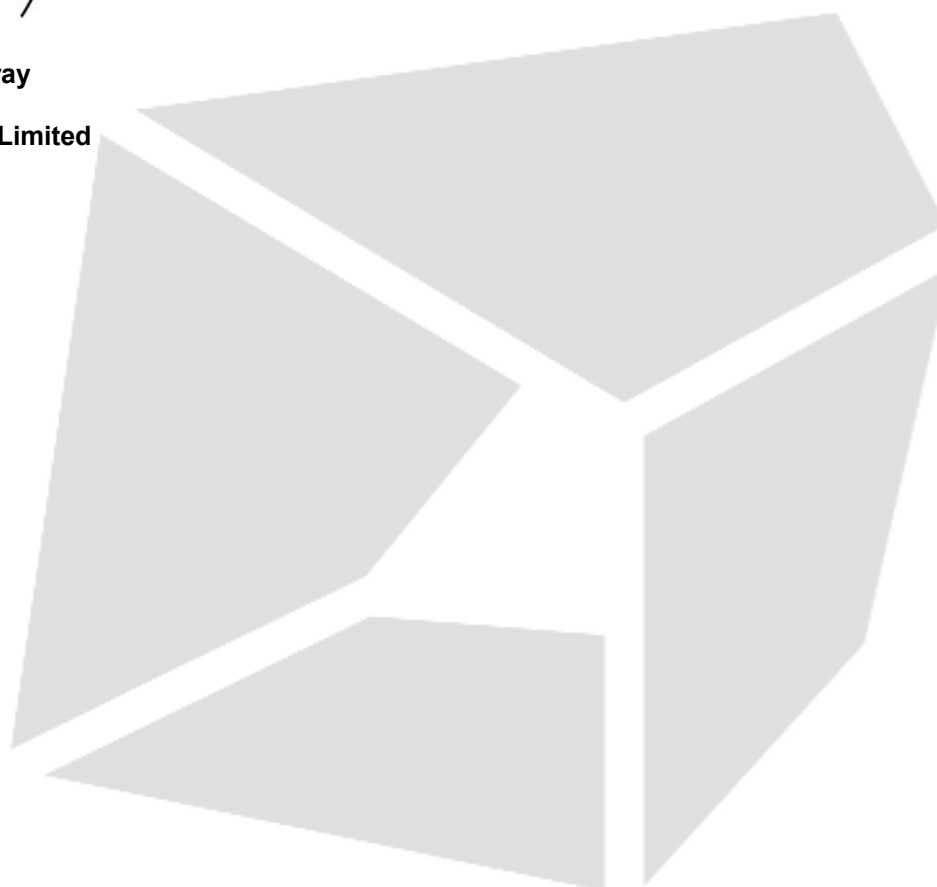
11. Please confirm that LVT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LVT with delegated authority from the board to respond to ASX on disclosure matters.

LVT confirms that this response has been authorised by its Board.

Yours faithfully



Steven Gray
Director
LiveTiles Limited



Appendix A

Quarter on Quarter Variance Commentary - Key movements

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Receipt from customers	9,440	9,990	9,251	8,671	7,845
Research and development	-3,501	-1,075	-1,192	-889	-1,117
Product manufacturing and operating costs	-4,473	-3,725	-2,833	-3,159	-3,901
Advertising and marketing	-551	-405	-517	-705	-394
Staff Costs	-3,185	-3,878	-3,388	-3,736	-3,421
Administration and corporate costs	-1,831	-2,143	-1,968	-1,143	-1,611
Interest and other finance costs	-150	-239	-240	-212	-213
Non-recurring staff costs		-1,339			
Net cash from operating activities	-4,278	-2,980	-1,253	-1,509	-2,821

Mar-23 v Dec-22	
var \$	Variance Commentary
-739	Decline driven by market impacts, churn, and longer buying cycles
-117	
892	\$520k overall reduction in APAC in quarter. Made up of: \$280k reduction in IT costs (\$590k Dec 22 vs \$310k Mar 23), \$14k GST refund received in Dec 22 vs \$135k in Mar 23. \$280k overall reduction in Corp in Qt on Qtr. Driven by a \$170k decrease in rent payments due to move to shared office space (\$260k Dec 22 vs \$90k Mar 23). \$70k decrease in IT costs Qtr on Qtr.
-112	
490	\$500k reduction Qtr on Qtr in APAC. Made up of: Decrease in salary costs of \$190k due to timing of Sep 22 management fees (\$140k) being paid in October 22. Decrease of \$320k (\$620k Dec 22 vs \$300k Mar 23) in contractor costs due to winding up of R&D partnerships.
175	
-1	
1339	\$1.3m total redundancies in Dec 23 Qtr, including redundancy payouts for Key Management Personnel
1727	

Jun-23 v Mar-23	
var \$	Variance Commentary
-580	Decline driven by continued market impacts, churn, and longer buying cycles, leading to lower than anticipated new business growth
303	\$310k decrease Qtr on Qtr in EMEA's R&D costs. Driven by a \$270k decrease in R&D related salary's and Accessa subcontractors primarily due to timing of payments (\$510k Mar 23 vs \$240k Jun 23)
-326	\$270k overall increase in APAC in quarter. \$110k increase in IT costs (\$380k Mar 23 vs \$490k Jun 23). \$80k increase in Human Link contractor costs (\$120k Mar 23 vs \$200k Jun 23). \$170k overall increase in Corp Qtr on Qtr. Driven by a \$100k increase in rent costs (\$90k Mar 23 vs \$190k Jun 23) due to timing of rent payments with a catch up payment in April 23. \$70k decrease in IT costs.
-188	
-348	\$170k increase in staff costs in APAC Qtr on Qtr due to significant redundancies of PNB and Vanessa paid out in Q2 FY23. \$230k increase in Corp Qtr on Qtr. (\$520k Mar 23 vs \$750k Jun 23) due to timing of fortnightly salary payments and employee severance in Qtr.
825	740k Qtr on Qtr decrease in costs in APAC. Made up of: A \$430k decrease cash spent on legal costs (\$500k Mar 23 vs \$70k Jun 23). A \$160k decrease cash spent on legal costs (\$230k Mar 23 vs \$70k Jun 23). A decrease in professional fees of \$230k (\$440k Mar 23 vs \$210k Jun 23)
28	
0	
-256	

Sep-23 v Jun-23	
var \$	Variance Commentary
-826	Seasonality in receiving with Q1 typically softer in customer renewals compared to the prior quarter
-228	\$310k increase Qtr on Qtr in EMEA's R&D costs due to expansion of Portugal's product team. Offset by a \$90k decrease in APAC R&D salary related costs as APAC product team made redundant in Q4FY23.
-742	\$700k overall increase in APAC in quarter. Made up of: \$470k increase in contractor costs (\$270k Jun 23 vs \$740k Sep 23). \$350k of this increase is due to a change of method of allocation of contractor costs (Social Scale) due to change in contractor's purpose of engagement, payments were previously allocated to advertising and marketing. Now performing 100% as a contracting support function. \$200k GST refund received in June 23 vs \$80k in Sep 23.
311	See above re Social Scale
315	\$230k decrease in Corp Qtr on Qtr. (\$750k Jun 23 vs \$520k Sep 23) due to timing of fortnightly salary payments and employee severance in Jun 23 Qtr.
-468	430k Qtr on Qtr increase in costs in APAC. Made up of: \$280k legal settlement for Bind Tuning in Q1. \$180k increase in professional fees for Project Egypt and \$120k increase in legal and accountancy fees. Offset by a \$70k decrease in corp card spending.
-1	
0	
-1312	



24 November 2023

Reference: 83018

Ms Natalie Climo
Company Secretary
Boardroom Pty Limited

By email: natalie.climo@boardroomlimited.com.au

Dear Ms Climo

LiveTiles Limited ('LVT'): Query Letter

ASX refers to the following:

- A. ASX's query letter dated 1 November 2023 (the 'Query Letter') and LVT's response dated 16 November 2023. All capitalised terms in this letter have the same meaning as in the Query Letter.
- B. LVT's announcement titled "*LiveTiles Operational Review update*" and released on MAP on 27 October 2022 which disclosed an operational review program (the '2022 Operational Review Program') where, relevantly (emphasis added):

*"On 21 September 2022, LiveTiles announced it was undertaking an extensive Operational Review to refocus its growth strategy and prioritise profitability to deliver increased shareholder value. This **has led to identified annual savings of \$6.48M.***

*The Company **also completed a Strategic Review in 2021**, which resulted in annual savings of \$3.5M. The outcomes of the strategic review helped the company deliver an FY22 EBITDA of \$5.1M, and the outcomes of this Operational Review will also result in further strengthening of the Company's financial position.*

*The Operational Review of the business ("Operational Review") was **designed to achieve the following objectives:***

- *Building on LiveTiles' leading market position in employee experience technology;*
- ***Delivering ongoing revenue growth** through value-enhancing strategic opportunities;*
- *Attracting and retaining top talent;*
- *Generating free cash flow and profitability on a sustainable basis...*

The key components of the Operational Review were as follows:

-
- *The rationalisation of LiveTiles' portfolio of software products (several of which have been acquired) to **drive incremental sales growth**, reduce costs and enhance customer value proposition..."*

ASX observes that the 2022 Operational Review Program followed a strategic review completed in 2021 (the '2021 Strategic Review').

- C. LVT's response to Question 5.1 of ASX's Query Letter which disclosed, relevantly (emphasis added):

*"The Operational Review **was a cost reduction initiative, not linked to improvement in cash receipts.** The Operational Review delivered streamlined and optimised cost base due to slowdown in cash receipts as outlined at the EGM held on the 5 September 2022."*

- D. LVT's "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ended 31 December 2022 and lodged on MAP on 27 January 2023, which disclosed, relevantly (emphasis added):
- "The Company is conscious of the current global economic conditions and is committed to, as part of the Operational Review, more efficient and effective means of engaging our customers. **This has already been evidenced this quarter where LiveTiles recorded receipts from customers of \$9.99M, as the business saw the benefits of the Operational Review begin to take effect.**"*
- E. LVT's announcement titled "Restructure and Cost Reduction Program to Achieve Cashflow Breakeven" and published on MAP on 10 October 2023, which disclosed details of LVT's engagement with Vantage Performance Group and the next stage in a comprehensive restructure and cost-reduction program (the '2023 Restructure and Cost-Reduction Program').
- F. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ended 30 September 2023 and lodged on MAP on 26 October 2023, which disclosed, relevantly, the following regarding the 2023 Restructure and Cost-Reduction Program (emphasis added):
- "...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.**"*

Disclosure Obligations

- G. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- H. Section 14 of Guidance Note 14: *ASX Market Announcements Platform* which states:
- "An announcement for release to the market must be accurate, complete and not misleading.*
- To not be misleading, opinions expressed in an announcement should be honestly held and balanced and should be clearly identified as a statement of opinion rather than a statement of fact. Any forward looking statements in an announcement... must be based on reasonable grounds or else by law they will be deemed to be misleading...*
- MAP should only be used to publish information that is appropriately given to ASX... It should not be used as a guise to publish material that is really promotional, political or tendentious in nature."*
- I. Section 1041H(1) of the Corporations Act 2001 (Cth) which states:
- "A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service that is misleading or deceptive or is likely to mislead or deceive."*

Request for information

Having regard to the above, ASX asks LVT to respond specifically and separately to each of the following questions and requests for information:

1. Is the 2022 Operational Review Program solely a cost reduction initiative? If:
 - 1.1 the answer to Question 1 is "yes", please provide the basis for the statements made on MAP on 27 October 2022 that the 2022 Operational Review Program would deliver "ongoing revenue growth" and "drive incremental sales growth" (paragraph B) and the statement made on MAP on 27

January 2023 indicating that the increase in cash receipts from customers was a benefit of the 2022 Operational Review Program (paragraph D).

- 1.2 the answer to Question 1 is “no”, please provide an updated and comprehensive response to Question 5.1 of the Query Letter.
2. Please provide a detailed timeline for the progression of the 2022 Operational Review Program. In the timeline, please outline the dates of commencement and completion (or anticipated completion) of all material components of the 2022 Operational Review Program, including those identified in LVT’s response to Question 4.3 of ASX’s Query Letter.
3. ASX observes that, in LVT’s response to Question 3.2 of the Query Letter, LVT referred to the decline in *“payments to suppliers and employees (inclusive of GST)”* from \$55,609,344 in the financial year ended 30 June 2022 to \$42,117,173 in the financial year ended 30 June 2023 (or a decline of ~24.3%). ASX further observes that during this period, *“receipts from customers (inclusive of GST)”* declined from \$56,745,948 to \$37,352,392 (or a decline of ~34.2%).
- Please identify the line items in LVT’s Quarterly Activities and Cash Flow Report/ Appendix 4C lodgements over the period from the quarter ended 30 September 2022 (i.e. the quarter in which the program was announced) to 30 September 2023 (if any) that demonstrate that LVT has *“refocused the company’s growth strategy and prioritised profitability”* and/or demonstrates the 2022 Operational Review Program’s *“short to medium term impact on performance”* (Question 3 and paragraph C(iii) of the Query Letter).
4. Are all of the \$6.061 million in savings from the 2022 Operational Review Program identified in LVT’s response to Question 3.3 of the Query Letter separate and distinct from the \$3.5 million in annual savings from the completed 2021 Strategic Review (paragraph B)? If not, please provide details, including the amounts of any cost saving overlaps between the two review programs.
5. Please provide details, including amounts, of any cost saving overlaps between the 2022 Operational Review Program and the 2023 Restructure and Cost-Reduction Program, including the IT consolidation identified in LVT’s response to Question 4.2 of the Query Letter.
6. In LVT’s response to Question 4.1 of the Query Letter, LVT disclosed that \$3 million of the \$16.2 million of annualised cost savings would come from “Marketing expense[s]”. ASX observes that “Marketing expense” totalled only \$604,457 in LVT’s Consolidated Statement of Profit for the financial year ended 30 June 2023.
- Please provide the basis for LVT’s apparent view that annualised savings from marketing expenses for the financial year ending 30 June 2024 (and future years) would amount to \$3 million.
7. Please provide the bases for the following calculations disclosed in LVT’s response to Question 4.1 of the Query Letter:
- 7.1 annualised “Employee & contractor costs” savings of \$11 million, despite identified savings of \$7.2 million in the financial year ending 30 June 2024;
- 7.2 annualised “Professional fees” savings of \$1.8 million, despite identified savings of \$1.2 million in the financial year ending 30 June 2024; and
- 7.3 annualised “Rent and other office costs” savings of \$1.0 million, despite identified savings of \$0.7 million in the financial ending 30 June 2024.
8. Please identify and detail all the *“one-off, non-recurring costs”* referred to in LVT’s quarterly activities report for the quarter ended 31 December 2022 (paragraph F of the Query Letter).

9. In light of the above responses, does LVT maintain the following disclosures made periodically to the market:
- 9.1 The 2022 Operational Review Program would deliver “ongoing revenue growth” and “drive incremental sales growth” (for example, paragraph B).
 - 9.2 The \$6.48 million in cost savings from the completed 2022 Operational Review Program will be reflected in future financial reports, from October 2022 (for example, paragraph C of the Query Letter).
 - 9.3 The 2023 Restructure and Cost-Reduction Program will enable LVT to save \$8.4 million in the financial year ending 30 June 2024 (for example, paragraph F).
 - 9.4 The 2023 Restructure and Cost-Reduction Program will lead to annualised savings of \$16.2 million (for example, paragraph F).
10. Please confirm that LVT is complying with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that LVT’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LVT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AEDT Friday, 1 December 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LVT’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require LVT to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LVT’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in LVT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LVT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that LVT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Stuart Roberts

Adviser, Listings Compliance (Sydney)

16 November 2023

ASX Reference: 83018

Stuart Roberts
Adviser, Listings Compliance
ASX

By email: ListingsComplianceSydney@asx.com.au

Dear Stuart

LiveTiles Limited (LVT): Query Letter on Appendix4C

Thank you for your letter of 1 November 2023.

Having regard to the matters raised in your letter, LiveTiles Limited (**LVT/ we/ our/ us/Company**) . responds as follows:

- 1. Please confirm if LVT still expects to continue to have the same level of net operating cash outflows of approximately \$2,821k (paragraph A(I)). If not, please provide details.**

LVT does not expect to have the same level of net operating cash outflows. Based on the recently executed cost reduction program which was undertaken in collaboration with our business advisor Vantage Performance Group Pty Ltd, LVT expects net cash operating inflows of approximately \$0.5m for Q2 FY24.

The key drivers to the change in net operating cash requirements are increased annual receipting volume arising from client subscription renewals versus prior quarter (in line with receipting seasonality) plus global headcount reduction costs as specified in our Announcement to the market dated 10 October 2023. An extract regarding the information on the Global Headcount Reduction is include below:

- 1. Global Headcount Reduction:** In LiveTiles' efforts to streamline operations and reduce costs, the Company will be implementing a further global headcount reduction of forty-eight (48) with a combination of full-time employees and fixed term contractors, with a focus on retaining customer focus and revenue generation positions across all divisions and teams. While this decision involves some organisational change, it is a necessary step to align resources with the evolving market conditions and LiveTiles' strategic objectives.
- 2. Please clarify what specific information LVT was referring to when it responded "Yes – in accordance with quarterly updates announced to the market" (paragraph A(v)).**

The LVT Quarterly Activities Report and Appendix 4C Q1 FY24 states:

"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."

"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.”

3. **ASX observes that in the Quarterly Activities and Cash Flow Report for the quarter ending 30 September 2022, LVT disclosed that “\$6.48 [million] of cost savings will begin to be reflected in future financial reports” as a consequence of the completed “operational review and restructure” (paragraph C(ii)); and “The review has refocused the company’s growth strategy and prioritised profitability. The Company expects to see a short to medium term impact on performance” (paragraph C(iii)). Please:**

- 3.1 Clarify the exact amount of cost savings in the financial year ending 30 June 2023 that is attributable to this operational review and restructure.**

The cost savings in the year ending 30 June 2023 attributable to the Operational Review and Restructure are AUD \$6.061m, as specified in the table titled Movements in Cash Flow Performance under Operational Review Program in the answer to Question 3.3 below.

- 3.2 Identify LVT’s financial report(s) and line item(s) that reflect these savings.**

The cost savings are also identified in the form of the Company financial report(s) being the Audited Consolidated Financial Statements for Year Ending 30 June 2023, released to the market on 29 September 2023. In particular, the reporting is identifiable at page 27, under the Cash Flows from Operating Activities section, at the top of the page, second line item under the section heading.

Please refer to the below extract from the Audited Consolidated Financial Statements for Year Ending 30 June 2023 which includes the line item “Payments to suppliers and employees (inclusive of GST)”:

LiveTiles Limited ABN 95 066 139 991			
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023			
	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		37,352,392	56,745,948
Payments to suppliers and employees (inclusive of GST)		(42,117,173)	(55,609,344)
Net cash used in ordinary operating activities		(4,764,781)	1,136,604
Interest received		55,817	76
Interest and other finance costs paid		(841,046)	(444,554)
Government grants received		-	123,168
Income tax paid		(950,219)	(1,698,504)
Net cash used in operating activities	39	(6,500,229)	(883,210)

Additional information is set out in the table titled Movements in Cash Flow Performance under Operational Review Program in the answer to Question 3.3 which has been prepared using information from the Company’s management accounts.

3.3 Indicate when and on what specific bases the company expects to see material improvements in cash flow performance.

LVT has and continues to take steps towards materially improving our cash flow position which commenced at the time of the Operational Review announced to the market in October 2022.

Based on Company modelling, the Company forecasts continued downturn in quarterly receipts inflow relative to the same quarter for the previous financial year. We believe that with the foundations already in place to reduce previous cash flow performance, we will therefore achieve a right sized cost base. The Operational Review and subsequent steps have positioned LVT to move to a cash flow positive position and therefore the Company will also be able to invest in driving LiveTiles' future growth strategy in FY24 H2 and into FY25.

For further explanatory information, please refer operating expenses cash flow savings materialised FY23 versus FY22 in the table below:

Movements in Cash Flow Performance under Operational Review Program

AUD (\$000's)	FY 2023	FY 2022	FY23 v FY22
Employee & Contractor costs	(28,065)	(29,575)	1,509
Marketing expense	(646)	(1,921)	1,276
Travel and entertainment expense	(1,994)	(1,665)	(329)
Professional fees	(3,394)	(8,451)	5,057
Rent and other office costs	(1,942)	(2,450)	508
Information technology costs	(3,638)	(2,897)	(741)
Debt Facility (principal & interest)	(1,314)	(410)	(903)
Tax	(1,936)	(2,091)	155
Other expenses	(941)	(472)	(470)
Total Operating Expenses	(43,870)	(49,931)	6,061

The 2023 Restructure and Cost-Reduction Program is aimed at achieving cashflow breakeven in the second half of FY23. We have modelled our FY24 forecast on conservative projections and have restructured our cost base accordingly. The initiative underscores LiveTiles' commitment to delivering long-term value to its shareholders and ensuring financial resilience in the recent economic environment. In line with the 10 October 2023 Company market announcement, we have provided forecasts to stabilise the cash position by end of Q2 2024 leading to cash positivity from Q3 2024, this will allow the Company to reset on investing for new business growth.

As confirmed in our market announcement made on 10 October 2023, the key highlights of the Cost-Reduction Program are:

(a) Global Headcount Reduction

The focus has been on retaining customer focused and revenue generation positions across all divisions and teams. This decision was required to align resources with the evolving market conditions and LVT strategic objectives.

- (b) CEO Departure
As part of this cost reduction program and in line with his career objectives, the CEO resigned and will depart at the conclusion of his six (6) month notice period.
- (c) Cost Reductions
The exiting of non-core office space(s), IT costs, marketing and reduced professional fees.
- (d) Global Restructure
Organisational restructure to better position LVT for the future.
- (e) Cost Effective Locations
Continued transition of certain roles to lower cost locations.

4. With respect to the “restructure and cost-reduction program” described in the Quarterly Activities and Cash Flow Report for the quarter ending 30 September 2023 (paragraph B(i)) please:

4.1 Provide the specific bases relied upon for LVT’s disclosure that the “program is structured to enable LiveTiles to save \$16.2m in annualised costs and \$8.4m in FY24” (and that the program is “projected to save the Company \$16.2m in annualised costs and \$8.4m in FY24”), including but not limited to an itemised identification of the specific costs referred to.

The principal savings arising from the Restructure and Cost-Reduction Program relate to employee and contractor savings, exiting of non-core office spaces, marketing and reduced professional fees. Savings identified in the table below are partially offset by increased expenses with debt facility and tax due to baseline forecast (pre cost-reduction forecast) not factoring in increasing obligations over the course of FY24.

Restructure and Cost-Reduction Program - Itemised Identification Table from Management Accounts

AUD \$m	FY24 Savings	Annualised Savings
Employee & contractor costs	7.2	11.0
Marketing expense	(0.1)	3.0
Travel and entertainment expense	0.3	0.4
Professional fees	1.2	1.8
Rent and other office costs	0.7	1.0
Information technology costs	(0.1)	0.1
Debt Facility (principal & interest)	(0.3)	(1.0)
Tax	(0.7)	(0.3)
Other expenses	0.2	0.2
Total Operating Expenses	8.4	16.2

4.2 Clarify if this “restructure and cost-reduction program” is a distinct program from the “operational review”

The Operational Review was announced to the market in the Appendix 4C and Business Update dated 31 October 2022. There were both short and longer term objectives of the Operational Review project, some of which remain ongoing. Whereas the Restructure and Cost-Reduction Program was a distinct and separate program announced to the market pursuant to the announcement on 10 October 2023 and included a comprehensive

restructure and cost-reduction program. While the two programs are distinct, they have some overlap in connection with IT consolidation.

4.3 Provide a detailed timeline for the progression of this program or, in the event that they are separate programs, these programs, from commencement to completion or anticipated completion.

By way of a timeline, the first activity being the **Operational Review** was commenced in October 2022 and generally focused on the components highlighted in the Company announcement made on 27 October 2022, extract below:

COMPONENTS OF OPERATIONAL REVIEW

The key components of the Operational Review were as follows:

- Review management and broader organisational structure;
- The rationalisation of LiveTiles' portfolio of software products (several of which have been acquired) to drive incremental sales growth, reduce costs and enhance customer value proposition;
- Greater focus on winning additional large enterprise customers. Whilst this initiative is expected to lengthen the Company's average sales cycle, it is expected to deliver more profitable and longer-term customers;
- Consider re-branding to better reflect the Company's technology offering and product roadmap; and
- Continued transition of certain roles to lower-cost locations of Portugal and Philippines.

The second activity being the **Restructure and Cost-Reduction Program** commenced in October 2023 and generally focused on the Components highlighted in the Company announcement made on 10 October 2023, extract below:

Key highlights of the cost reduction program include:

1. **Global Headcount Reduction:** In LiveTiles' efforts to streamline operations and reduce costs, the Company will be implementing a further global headcount reduction of forty-eight (48) with a combination of full-time employees and fixed term contractors, with a focus on retaining customer focus and revenue generation positions across all divisions and teams. While this decision involves some organisational change, it is a necessary step to align resources with the evolving market conditions and LiveTiles' strategic objectives.
2. **CEO Departure:** As part of this cost reduction program and in line with his career objectives, CEO David Vander has resigned and will be departing the organisation at the end of his six (6) months notice period. This will enable David to see through these changes and provide an orderly transition. The company will commence a search for a suitable replacement.
3. **Cost Reductions:** Accelerating efforts to reduce our operating costs including exiting of non-core office space(s), IT costs, marketing and reduced professional fees.
4. **Global Restructure:** Organisational restructure to better enable focus, speed and customer engagement.
5. **Cost Effective Locations:** Continued transition of certain roles to lower cost locations

The current program which commenced on 10 October 2023 has been focused on a global restructure and headcount reductions which have been actioned, with final exit payments executed across Q2 FY24 through to early Q3 FY24. The Company is continually assessing its operational efficiency on an ongoing basis.

5. **ASX observes that, since the increase in cash receipts from customers from the September 2022 quarter to the December 2022 quarter, which LVT appears to attribute to its operational review program (paragraph F), cash receipts from customers have fallen in every subsequent quarter (paragraph D). Please:**

5.1 Clarify the benefits and/or expected benefits to cash receipts from the operational review program, specifically linking improved cash receipts with the mechanics of the program.

The Operational Review was a cost reduction initiative, not linked to improvement in cash receipts. The Operational Review delivered streamlined and optimised cost base due to slowdown in cash receipts as outlined at the EGM held on the 5 September 2022.

5.2 Indicate whether LVT expects cash receipts to continue to decline due to market impacts and longer buying cycles, as disclosed in the quarterly activities report for the quarters ending 31 March 2023 (paragraph G), 30 June 2023 (paragraph H) and 30 September 2023 (paragraph B(ii)). Please provide the basis for this view, including the extent and duration of the decline expected.

The LVT cash receipting flow by quarter for software and software support services is typically based on annual receipting received in advance for subscriptions, with higher volumes of customer renewals occurring during Q2 and Q3 within the financial year.

As provided in the response to Question 3.3 above, LVT expects continued downturn in quarterly receipts flow relative to same quarter last financial year, however with a significantly reduced and right sized cost base, allowing the business to move to cash positivity to invest in driving LiveTiles' growth strategy in FY24 H2 and into FY25.

6. **ASX observes LVT's disclosure in the quarterly activities report for the quarter ending 31 December 2022, that \$2.66m of the \$2.98m net cash outflow for the quarter was attributable to "one-off, non-recurring costs" (paragraph F) – representing a "recurring" net cash outflow in that period of \$320k. Please explain why net cash outflows for the subsequent quarters appear to have increased, to \$1,253k in the March 2023 quarter, \$1,509 in the June 2023 quarter, and \$2,821k in the September 2023 quarter (paragraph D).**

Please refer Appendix "A" attached to this response for the response to this question 6.

7. **Please indicate the "reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern" (paragraph E(iv)).**

The reference to reasonable grounds is based in the recent collaborative engagement with our appointed external costs consultants (Vantage Performance Group Pty Ltd) under which we recently executed the Restructure and Cost-Reduction Program. As a direct result of the cost reduction processes, we intend to meet our commitment of achieving cash flow break even in the second half of FY24.

- 8 **Do the directors still consider LVT to be a going concern?**

We confirm that in the Directors view, LVT continues to be a going concern.

9. Please provide LVT's net operating cash flow for the month of October 2023.

Net cash used in operating activities -\$0.59m as at 31 October 2023 (note: that c. 50% of total quarterly receipting is typically captured in month three (3) of a quarter, whilst cost base typically spread flat each month in the relevant quarter, therefore FY24 Q2 recovery in net operating cash flow will occur in December 2023)

10. Please confirm that LVT is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

We confirm that LVT continues operating in full compliance with Listing Rule 3.1 and also confirm that there is no information about the company's financial condition that should be given to the ASX in accordance with Listing Rule 3.1 that has not already been release to the market.

11. Please confirm that LVT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LVT with delegated authority from the board to respond to ASX on disclosure matters.

LVT confirms that this response has been authorised by its Board.

Yours faithfully



Steven Gray
Director
LiveTiles Limited



1 November 2023

Reference: 83018

Ms Natalie Climo
Company Secretary
Boardroom Pty Limited

By email: natalie.climo@boardroomlimited.com.au

Dear Ms Climo

LiveTiles Limited ('LVT'): Appendix 4C Query

ASX refers to the following:

- A. LVT's announcement titled "Updated Appendix 4C" for the quarter ending 30 September 2023 lodged on the ASX Market Announcements Platform ('MAP') on 27 October 2023, which disclosed (relevantly):
- At item 8.1, that LVT incurred net operating cash outflows of \$2,821k for the quarter.
 - In response to the question in Item 8.6.1, as to whether LVT expected to continue to have the current level of net operating cash flows, LVT responded "Yes".
 - At item 8.4, that LVT had 3,565k of funding available.
 - In response to the question in Item 8.6.2, as to whether LVT expected to raise any further capital, LVT responded "No".
 - In response to the question in Item 8.6.3, as to whether and, if so, the basis on which LVT expects to be able to continue its operations and to meet its business objectives, LVT responded "Yes - in accordance with quarterly updates announced to the market".
- B. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 30 September 2023 and lodged on MAP on 26 October 2023, which disclosed (relevantly, emphasis added):
- "...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.**"*
 - "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 [sic] seasonality in the business which typically sees a softer Q1 for customer renewals.** LiveTiles confirms there were no R&D partnership receipts in Q1."*
- C. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 30 September 2022 and lodged on MAP on 31 October 2022, which disclosed (relevantly, emphasis added):
- "The slowdown in cash receipts is in line with expectations as outlined at the EGM held on the 5th September 2022 as the Company has undergone a thorough Operational Review to refocus its growth strategy, complete a restructuring and streamline efficiencies among its sales and account management functions. These operational changes have resulted in a delay to the collection of a number of expected Q1 cash receipts."*

- ii. *"With the Operational Review and restructure now complete, the **\$6.48M of cost savings will begin to be reflected in future financial reports as the Company progresses towards breakeven and profitability.**"*
- iii. *"LiveTiles completed its Operational Review in October which was conducted in response to shareholder feedback and evolving market conditions. The review has resulted in the identification of annual savings of \$6.84M. **The review has refocused the company's growth strategy and prioritised profitability. The Company expects to see a short to medium term impact on performance.**"*

D. LVT's operating cash flows from its Appendices 4Cs for the quarters ending September 2022, December 2022, March 2023, June 2023 and September 2023, which disclosed the following cash flows:

	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23
Receipt from customers	9,440k	9,990k	9,251k	8,671k	7,845k
Research and development	(3,501k)	(1,075k)	(1,192k)	(889k)	(1,117k)
Product manufacturing and operating costs	(4,473k)	(3,725k)	(2,833k)	(3,159k)	(3,901k)
Advertising and marketing	(551k)	(405k)	(517k)	(705k)	(394k)
Staff Costs	(3,185k)	(3,878k)	(3,388k)	(3,736k)	(3,421k)
Administration and corporate costs	(1,831k)	(2,143k)	(1,968k)	(1,143k)	(1,611k)
Interest and other finance costs	(150k)	(239k)	(240k)	(212k)	(213k)
Non-recurring staff costs		(1,339k)			
Net cash from operating activities	(4,278k)	(2,980k)	(1,253k)	(1,509k)	(2,821k)

- E. LVT's Annual Report for the financial year ending 30 June 2023 and lodged on MAP on 27 October 2023, which disclosed (relevantly, emphasis added):
- i. Revenue for the financial year ending 30 June 2023 declining to \$30,957k from \$53,230k in the prior financial year.
 - ii. Expenses for the financial year ending 30 June 2023 increasing to \$64,322k from \$53,166k in the prior financial year.

- iii. Net loss for the financial year ending 30 June 2023 increasing to \$33,841k from \$818k in the prior financial year.
 - iv. Note 1 to the consolidated financial statements which states *"At the date of this report, based on the current data and projections available, the Directors are of the opinion that there are reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern. As such, the financial report has been prepared on a going concern basis."*
 - v. The Independent Auditor's Report attached to the Annual Report, which disclose that *"We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter."*
- F. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 31 December 2022 and lodged on MAP on 27 January 2023, which disclosed (relevantly, emphasis added):
- "LiveTiles recorded operating cash outflow of \$2.98M during the quarter, with \$2.66M of this attributed to one-off, non-recurring costs that have now been removed from the business post the Operational Review announced on 27 October 2022."***
- The Company is conscious of the current global economic conditions and is committed to, as part of the Operational Review, more efficient and effective means of engaging our customers. This has already been evidenced this quarter where LiveTiles recorded receipts from customers of \$9.99M, as the business saw the benefits of the Operational Review begin to take effect."*
- G. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 31 March 2023 and lodged on MAP on 27 April 2023, which disclosed (relevantly, emphasis added):
- "Receipts from customers during the period were \$9.25m (Q2 FY23: \$9.99m). This slight QoQ decline was largely driven by market impacts, churn, and longer buying cycles. LiveTiles remains focused on generating new client wins and maintaining the benefits from the Operational Review. LiveTiles confirms there were no R&D partnership receipts in Q3."***
- H. LVT's announcement titled "Quarterly Activities Report/Appendix 4C Cash Flow Report" for the quarter ending 30 June 2023 and lodged on MAP on 27 July 2023, which disclosed (relevantly, emphasis added):
- "Receipts from customers during the period were \$8.67m (Q3 FY23: \$9.25m). This slight QoQ decline was largely driven by market impacts, churn, and longer buying cycles. LiveTiles confirms there were no R&D partnership receipts in Q4."***
- I. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- J. Listing Rule 12.2, which states:
- "An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing."***
- K. Section 14 of Guidance Note 14, which states:

"Any forward looking statements in an announcement... must be based on reasonable grounds or else by law they will be deemed to be misleading."

- L. Section 1041H(1) of the Corporations Act 2001 (Cth) which states:

"A person must not, in this jurisdiction, engage in conduct, in relation to a financial product or a financial service, that is misleading or deceptive or is likely to mislead or deceive."

Request for information

Having regard to the above, ASX asks LVT to respond specifically and separately to each of the following questions and requests for information:

1. Please confirm if LVT still expects to continue to have the same level of net operating cash outflows of approximately \$2,821k (paragraph A(i)). If not, please provide details.
2. Please clarify what specific information LVT was referring to when it responded *"Yes – in accordance with quarterly updates announced to the market"* (paragraph A(v)).
3. ASX observes that in the Quarterly Activities and Cash Flow Report for the quarter ending 30 September 2022, LVT disclosed that *"\$6.48 [million] of cost savings will begin to be reflected in future financial reports"* as a consequence of the completed *"operational review and restructure"* (paragraph C(ii)); and *"The review has refocused the company's growth strategy and prioritised profitability. The Company expects to see a short to medium term impact on performance"* (paragraph C(iii)). Please:
 - 3.1 Clarify the exact amount of cost savings in the financial year ending 30 June 2023 that is attributable to this operational review and restructure.
 - 3.2 Identify LVT's financial report(s) and line item(s) that reflect these savings.
 - 3.3 Indicate when and on what specific bases the company expects to see material improvements in cash flow performance.
4. With respect to the *"restructure and cost-reduction program"* described in the Quarterly Activities and Cash Flow Report for the quarter ending 30 September 2023 (paragraph B(i)) please:
 - 4.1 Provide the specific bases relied upon for LVT's disclosure that the *"program is structured to enable LiveTiles to save \$16.2m in annualised costs and \$8.4m in FY24"* (and that the program is *"projected to save the Company \$16.2m in annualised costs and \$8.4m in FY24"*), including but not limited to an itemised identification of the specific costs referred to.
 - 4.2 Clarify if this *"restructure and cost-reduction program"* is a distinct program from the *"operational review and restructure"* described in Question 3, above.
 - 4.3 Provide a detailed timeline for the progression of this program or, in the event that they are separate programs, these programs, from commencement to completion or anticipated completion.
5. ASX observes that, since the increase in cash receipts from customers from the September 2022 quarter to the December 2022 quarter, which LVT appears to attribute to its operational review program (paragraph F), cash receipts from customers have fallen in every subsequent quarter (paragraph D). Please:
 - 5.1 Clarify the benefits and/or expected benefits to cash receipts from the operational review program, specifically linking improved cash receipts with the mechanics of the program.
 - 5.2 Indicate whether LVT expects cash receipts to continue to decline due to market impacts and longer buying cycles, as disclosed in the quarterly activities report for the quarters ending 31

March 2023 (paragraph G), 30 June 2023 (paragraph H) and 30 September 2023 (paragraph B(ii)). Please provide the basis for this view, including the extent and duration of the decline expected.

6. ASX observes LVT's disclosure in the quarterly activities report for the quarter ending 31 December 2022, that \$2.66m of the \$2.98m net cash outflow for the quarter was attributable to *"one-off, non-recurring costs"* (paragraph F) – representing a *"recurring"* net cash outflow in that period of \$320k. Please explain why net cash outflows for the subsequent quarters appear to have increased, to \$1,253k in the March 2023 quarter, \$1,509 in the June 2023 quarter, and \$2,821k in the September 2023 quarter (paragraph D).
7. Please indicate the *"reasonable grounds to expect that the Group's operational and financial performance will improve and will be able to continue as a going concern"* (paragraph E(iv)).
8. Do the directors still consider LVT to be a going concern?
9. Please provide LVT's net operating cash flow for the month of October 2023.
10. Please confirm that LVT is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
11. Please confirm that LVT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LVT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10 AM AEDT Thursday, 16 November 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LVT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require LVT to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in LVT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LVT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that LVT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

Although ASX does not currently intend to release a copy of this letter, your reply and any other related correspondence between us to the market, we nonetheless reserve the right to do so under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Stuart Roberts
Adviser, Listings Compliance