



## ASX Announcement

30 August 2022

**LiveTiles delivers FY22 Op Revenue of \$53m and EBITDA growth of 131%**

**Highlights for the 2022 Financial Year (FY22) compared to FY21 include:**

- **Operating Revenue grew +17% to \$52.8m** (2021: \$44.98m) with a 6% reduction in operating costs
- **Underlying EBITDA<sup>i</sup> improved 362% increase to \$3.0m from \$(1.1)m in 2021 and EBITDA improved by +131% to \$5.1m** (2021: 16.2m).
- **6% reduction in operating costs**
- **Total Contracted Licences grew 20% to 2.8m** (FY21: 2.3m)
- **ARR<sup>ii</sup> grew +4% to \$65.6m** (2021: \$62.8m)
- **Cash Receipts from customers grew 10% to \$56.7m** (2021: \$51.8m).
- **Net Operating Cash Flows improved +93% to \$(0.9)m** (2021: \$(12.3)m)
- **Cash balance at 30 June 2022 at \$13.2m** (30 June 2021 \$16.8m)

**LiveTiles Limited (ASX:LVT) (LiveTiles or the Company)**, a global leader in employee experience software for employee collaboration and communications, today announced its full year result for the period ended 30 June 2022. LiveTiles achieved another year of strong growth across its key business metrics of ARR, Revenues, EBITDA and Operating Cash Flows and improved its performance by 100% to achieve a profit of \$0.64m (from -\$30m in 2021).

**LiveTiles Co-Founder and Chief Executive Officer Karl Redenbach said**, “LiveTiles has delivered a strong year of revenue growth culminating in a positive EBITDA of \$5.0m, and Underlying EBITDA of \$3.0m and a 10% increase in cash receipts from customers at \$56.7m. We continue to execute on disciplined cost management strategies to maximise our growth opportunities and accelerate our pathway to profitability. Our focus in sales and marketing has also driven solid growth as we enhanced and innovated our product offering to secure new, bigger customers.”

## FY22 Financial Highlights

	Notes	Jun-22 (\$000s)	Jun-21 (\$000s)	Movement
Software subscription revenue		42,575	34,403	24 %
Software related services revenue		9,349	10,574	(12)%
EX services revenue		906	-	100 %
<b>Total operating revenue</b>		<b>52,830</b>	<b>44,977</b>	<b>17%</b>
Other income		400	1,745	(77)%
<b>Total Revenue</b>		<b>53,230</b>	<b>46,722</b>	<b>14%</b>
Cost of revenues		(12,191)	(12,155)	(0)%
<b>Gross Profit</b>	(a)	<b>40,638</b>	<b>32,822</b>	<b>24%</b>
<i>Gross Profit Margin</i>		76.9%	73.0%	39 pp
Product research and development	(b)	(12,486)	(12,158)	(3)%
Sales and marketing		(14,031)	(15,399)	9 %
General and administration		(12,470)	(13,856)	10 %
<b>Total operating expenses</b>		<b>(38,987)</b>	<b>(41,413)</b>	<b>6 %</b>
One off costs	(c)	-	(14,030)	-
Depreciation and amortisation		(4,112)	(5,950)	31 %
Change in fair value of CYCL earn out	(c)	3,977	-	-
Human Link acquisition earn out expenses	(d)	(1,013)	-	-
Other non cash expenses	(e)	(839)	(2,737)	69 %
<b>Net Operating Profit / (Loss)</b>		<b>64</b>	<b>(29,563)</b>	<b>100%</b>
<b>EBITDA</b>		<b>5,095</b>	<b>(16,206)</b>	<b>131%</b>
<i>EBITDA Margin</i>		9.6 %	(36.3)%	459 pp
<b>Underlying EBITDA</b>	(f)	<b>2,970</b>	<b>(1,134)</b>	<b>362%</b>
<i>Underlying EBITDA Margin</i>		5.6 %	(2.8)%	84 pp
<b>Net Profit / (Loss) after tax</b>		<b>(818)</b>	<b>(30,141)</b>	<b>97%</b>

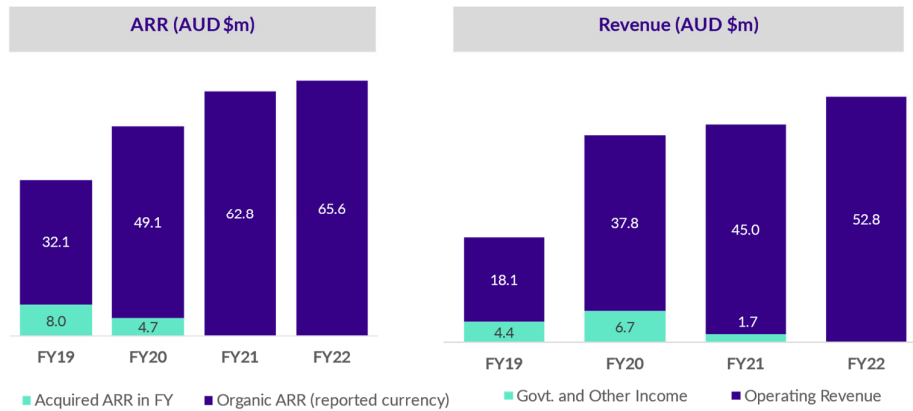
### Notes

- (a) Gross Profit excludes Other Income.
- (b) Includes amortisation of capitalised software development costs of \$614k during the period.
- (c) Prior period relates to litigation and redundancy costs. Current period relates to the fair value movement in contingent consideration, due to the decrease in the value of expected payment to the sellers of CYCL AG under the earn out arrangement of the acquisition contract.
- (d) Relates to professional fees, share based payment expenses & employee benefits payments expenses accrued during the period with respect to payments owed to Human Link sellers under earn out arrangement of the acquisition contract, see Note 14.
- (e) Non-cash expense items include \$0.3m unrealised foreign currency movements, \$0.5m share based payments expenses, excluding those related to Human Link acquisition which are included per (d).
- (f) Underlying EBITDA excludes non-cash expenses (e) and one-off non-recurring items (c)(d).

This ASX announcement should be read in conjunction with the Appendix 4E Full Year Report which can be found on the Company's web site and ASX announcements page.

## FY22 Performance Update

### ARR and Revenues



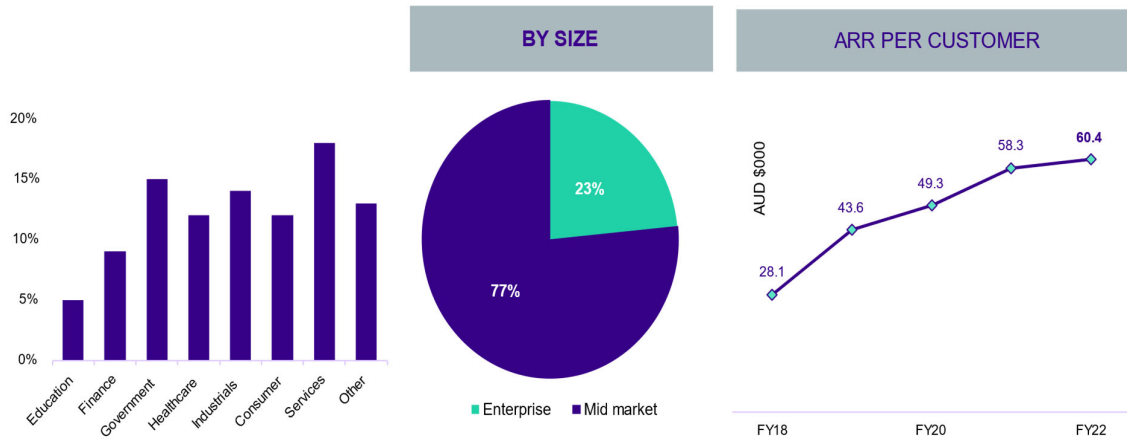
LiveTiles delivered total operating revenue of \$52.8m up 17% on the prior period which was made up of; subscription revenue of \$42.6m (2021: \$34.4m), Software related services revenue of \$9.3m (2021: \$10.6m), EX services revenue of \$0.9m (2021: \$0m) and other revenue \$0.4m (2021: \$1.7m).

In addition, unearned revenue (a balance within the Statement of Financial Position) was \$13.2m (2021: \$13.5m); a result of invoicing customers their full fees in advance of their subscription period, a feature of Software as a Service (SaaS) business models.

ARR grew by +4% to \$65.6m comprising 1,087 paying customers with an average ARR per customer of \$60.4k. On a constant currency basis, ARR was \$65.0m. Net ARR \$ Retention<sup>1</sup> through the 12-month period was 91%.

<sup>1</sup> Net Retention is ARR expansion from existing customers less any down sells or cancellations in the period / ARR at the beginning of the period

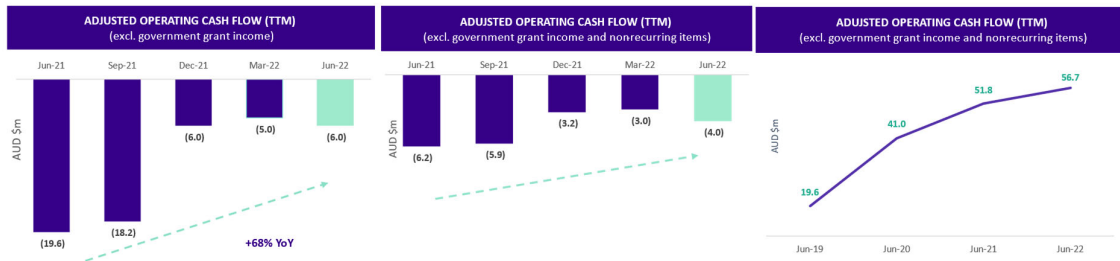
## Customers



As a leader in the EX market, LiveTiles continues to broaden its global base of enterprise customers. The ongoing development of the Company's products and EX program capabilities coupled with the five acquisitions made this financial year has strengthened the Company's offering.

During the year, Average ARR per Customer over the year grew +4% to \$60.4k versus the pcp, on a constant currency basis, average ARR per Customer was \$59.8k. This reflects the shift in focus towards a greater mix of our customer base towards larger Mid-market and Enterprise customers with 23% of customers now considered Enterprise.

## Cashflows



**Cash Receipts of \$56.8m** for the Group in financial year 2022 was a record and saw 10% increase on the prior year and a 43% 3 year CAGR.

**Cash Flows:** Net Operating Cash Flows on a Trailing Twelve Month (TTM) basis of \$(0.9)m, improved +93%, compared to FY21. It is noted that this result was stated differently for in the Appendix 4C, for the period ending 30 June 2022, due to the classification of payments for salary and wage developments costs as investing activities (\$3.9m) and repayment of lease liability as financing activities (\$1.1m) in the Consolidated Statement of Cash Flows. Adjusted operating cash flows for the trailing twelve months were \$(6.0m), representing a 68% improvement year on year. The net operating cash flow improvement was off the back of growing customer receipts, improved cost management practices and better operating leverage.



**Debt Facility:** The Company announced on 27 September 2021 that it secured a 3.5 year, \$10.0m secured loan facility with OneVentures to assist with future investment strategies, deliver on new product developments and support ongoing working capital needs. As at 30 June 2022, \$6.0m of the facility had been drawn down. Access to additional draw subject to completion of the shareholder vote on removal from the official list of the ASX, per announcement dated 5 August 2022.

**Cash and cash equivalents \$13.2m as at 30 June 2022**, with additional \$4.0m available to draw from the OneVentures debt facility, providing a total available cash of \$17.2m. Access to additional draw subject to completion of the shareholder vote on removal from the official list of the ASX (Ref announcement 5 September).

### **Company Business Update**

During FY22, the Company began executing its strategic focuses aligned to its overall Company Goals including via advances and initiatives in,

- Strategic EX investments and expanding EX capabilities
- Cost saving initiatives and synergies creating efficiencies for scale
- The Employee Experience Academy Launch
- App strategy evolution
- Partnerships
- Microsoft relationship
- Marketing

As LiveTiles moves towards becoming a global leader in the Employee Experience (EX) market as part of its renewed strategy, the Company made investments during the financial year into companies which facilitate **the acceleration of the Company's EX offering**, including

- **The Human Link (100% of issued capital acquired in FY22)** a leading EX business that works with many of Australia's largest blue-chip organisations and is a leading provider of EX programs. The integration of this acquisition was completed successfully during the final quarter of the financial year
- **BindTuning (100% acquired over a 24 month period, with 19.99% stake acquired during FY22)** a Portugal based, leading Digital Workplace software company which builds technology to transform intranets into a modern and collaborative, intelligent digital workplace to improve employee experience.
- **My Net Zero (strategic partnership signed in Dec21 with a 19.97% minority stake acquired)** a leading carbon reduction and climate change platform. The My Net Zero platform leverages LiveTiles' Reach Technology "Reach Zero" providing organisations and employees a global platform to help tackle Scope 4 emissions.
- **BrainPac (19.9% minority investment acquired in FY22)** a leading Australian based Cognitive AI development company. The business is developing a tool that assesses and provides rich insights into cognitive performance, mental health, psychological traits, and engagement in human behaviour.
- **Hide & Seek (10% stake acquired in FY22)** is a Canberra based digital design and consulting business. The investment, along with a key sales and reseller partnership, strategically positions LiveTiles with a footprint in the Canberra market alongside Hide & Seek, who is a trusted advisor to many Government departments and agencies.

Cost saving initiatives and synergies creating efficiencies for scale were focused on marketing and engineering during FY22 and will expand into other departments in FY23. A core part of this was to increase its engineering capacity into low-cost jurisdiction Portugal during the year. The company has



realised marketing and operational efficiencies by expanding its back-office support into the Philippines during the Period.

The Company officially launched the EX Academy in the final quarter of 2022, which provides a new lead-generation engine for the company and is an integral part of LiveTiles strategy on becoming a world leader in EX.

The Company has also completed the **Employee App Strategy engagement** as part of its renewed go-to-market-strategy, with a focus on further increasing its enterprise customer base via developing a product which has features desired by enterprise buyers.

LiveTiles also continues to focus on key channel partners and the Microsoft relationship as part of its **Partnerships strategic focus**.

As part of its **Marketing initiatives**, LiveTiles re-launched its branding during the period, including launching a dedicated LiveTiles Reach website ([reach.livetilesglobal.com](https://reach.livetilesglobal.com)) and a redesign of the LiveTiles website. This initiative has driven increased website sessions (+74%) and strong paid ad impressions of 5.5 million, when compared to this same period last year.

A more detailed overview of the Company Business Update can be found in the Significant Activities during the Financial Year section provided in the Directors Report of the Appendix 4E 2022 Financial Statements.

#### **Significant events since the end of the financial year**

In August LiveTiles submitted a formal request to the ASX to be removed from the official list and a subsequent Notice of Meeting was released on the 5<sup>th</sup> August.

The reason for the proposed delisting is the potential to attract a higher valuation, the ability to raise strategic capital, other strategic and corporate opportunities, stock illiquidity, ongoing exchange costs and the ability to recruit high quality talent. More detailed information regarding the proposition and the voting instructions is included in the Notice of Meeting.

Should the delisting go ahead, LiveTiles will undertake an extensive and Operational Review of its business following the delisting of the business with the objective of generating substantial value for shareholders over the medium term.

After successful completion of the delisting and at the conclusion of the Operational Review, the Board will actively explore a liquidity event for the Company such as a growth capital raise, sale of the company to a strategic buyer, strategic M&A with complimentary companies to accelerate growth and market position and or a listing of the Company on NASDAQ.

The delisting shareholder vote will be held on 5 September 2022.

#### **Outlook**

As per its Outlook statement in 1HFY22 Result Announcement, The Group has decided not to provide guidance in respect to 2023 financial year at this time, other than to reiterate its continued focus on disciplined cost management strategies to accelerate its pathway to cash flow break even and profitability.

Other specific strategic objectives for the coming year are.

- Maintaining high customer retention
- Securing larger high margin customers and delivering ongoing revenue growth



- Retaining a market leading position across APAC, EMEA and the Americas

The Company's coming strategic outlook is dependant on the outcome of the EGM and shareholder

This announcement has been authorised for release by the Board.

**For further information, please  
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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.

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<sup>i</sup> Underlying EBITDA excludes non-cash expenses (incl. changes in fair value amounts) and one-off non-recurring items

<sup>ii</sup> LiveTiles defines ARR as revenue, normalised on an annual basis, that Live Tiles has a reasonable expectation it will continue to receive from its customers for providing them with products and services. This definition includes committed recurring subscriptions for products and services and includes service types where there is a demonstrable track record of repeat revenues such as support. It excludes revenue deemed unlikely to be recurring in nature.

<sup>iii</sup> Adjusted Net Operating Cash Flows includes cash payments for capitalised software development costs (reported in investing Activities), lease liability payments (reported in Financing activities) and excludes government grant income, as this is an accurate reflection of the Company's operating cash positions