



# **LiveTiles [LVT.ASX]**

## 1H23 Results Presentation

28 February 2023



# Contents

**01**

1H23 Results  
Overview

**02**

1H23  
Financial  
Summary

**03**

Strategy &  
Outlook

**04**

Questions

# Strong fundamentals

## PRODUCT

- Building on LiveTiles' leading market position in employee experience technology
- Strong customers connections and passion for our product
- Strong product team with deep insight

## STRATEGIC OPPORTUNITIES

- Delivering ongoing revenue growth through value-enhancing strategic opportunities
- Market has experienced significant disruption that will rebound
- High fragmentation provides significant opportunity

## CULTURE

- Speed and quality is a differentiator
- Ability to attract and retain top talent
- Continue transition of certain roles to lower-cost locations
- Commitment to drive further rigour and discipline

## STRATEGIC REALIGNMENT

- Operational review completed in Q2 provides a more robust platform
- Positioning for growth and strategic planning
- Further potential to move to more efficient and effective ways of engaging customers

# Principles and commitments



## About David

- >20 years of experience in enterprise software sales
- Intellectual integrity and fact driven
- Global expertise at scale
- Fundamentally an engineer
- Business builder

## Commitment

### **Drive operational rigour and discipline**

Operational review complete, with LVT determining key metrics, and strategic and operational priorities for the business going forward

### **Accountability and focus**

New organisational structure announced in Feb, introduction of Field Scorecards which will improve sales and align market activities. Introduced quarterly performance employee measuring

### **Product excellence**

New Head of Product, committed to 3 major releases a year, each offering new and improved experiences, features and capabilities; putting a greater focus on client experience and anticipating market needs

### **Fiscal responsibility**

Drive to positive free cash flow; maintain progress from operational review; new CFO

# 1H23 RESULTS OVERVIEW

**David Vander, CEO**





# Refreshed leadership team

Supported by a well respected and tenured board

## MANAGEMENT TEAM



**David Vander**  
Chief Executive Officer

Enterprise software sales expert. David joined LiveTiles from Salesforce having previously led global teams at Microsoft for 16 years with a focus on revenue generation and strategic growth.



**Darren Pruscino**  
Director of Finance

Accomplished CPA and qualified finance leader. Extensive SaaS experience applying a commercial lens to advise and influence strategy, planning, growth, risk, efficiency and rationalisation.



**Kim Sorensen**  
Head of Product

Technology leader specializing in innovative products for enterprise companies. Kim has held various leadership roles and has 15yrs of experience in product development, services and management within our space.



**Cameron Smith**  
Head of Operations

Experienced executive with 20 years in the technology industry, specialist in organisational transformation and operational excellence with previous CEO and CIO experience

## BOARD



**Karl Redenbach**  
Executive Director



**Jesse Todd**  
Chair



**Vanessa Ferguson**  
Non-Executive Director



**Kevin Young**  
Non-Executive Director

# 1H23 Results Overview

## UNDERLYING EBITDA

**\$(1.4)m**

**(238)% \$(2.4)m vs PCP**

## EBITDA

**\$(5.3)m**

**(222)% \$(9.6)m vs PCP**

## OPERATING REVENUES

**\$18.1m**

**(32)% \$(8.6)m vs PCP**

## GROSS PROFIT MARGIN

**74%**

**(2.6)% vs PCP**

## REDUCTION IN OPERATING COSTS

**26%**

**vs PCP**

## CASH RECEIPTS

**19.4m**

**(35)% vs PCP**

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

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

PCP = Prior Comparison Period (31 December 2021)

# 1H23 Operational Highlights

## PRODUCT

- Consolidating LiveTiles' go-to-market and product portfolio
- Launched Green Teams (RECs); Reach Marketplace and LiveTiles Analytics
- Rated one of top vendors in Clearbox Intranet and Employee Experience Platforms report

## STRATEGIC OPPORTUNITIES

- Acquisition of My Net Zero
- Appointment of Atlas Technology Group to explore strategic opportunities

## TALENT

- Appointment of CEO, David Vander
- Reduction of overall headcount globally by 32 employees
- 12 roles changed to better align with growth plans
- Transition of certain roles to lower-cost locations of Portugal, Ireland and Philippines

## DRIVING PROFITABILITY

- Completion of a detailed Operational Review resulting in annual savings of \$6.48m



# 1H23 FINANCIAL SUMMARY



# Profit & Loss Summary

	Dec-22 (\$000s)	Dec-21 (\$000s)	Movement
Total operating revenue	18,102	26,670	(32)%
Other income	219	223	(2)%
<b>Total Revenue</b>	<b>18,321</b>	<b>26,893</b>	<b>(32)%</b>
Cost of revenues	(4,777)	(6,338)	25 %
<b>Gross Profit</b>	<b>13,325</b>	<b>20,333</b>	<b>(34)%</b>
Gross Profit Margin	73.6%	76.2%	(26 pp)
Product research and development	(6,852)	(5,814)	(18)%
Sales and marketing	(2,503)	(8,022)	69 %
General and administration	(5,522)	(6,200)	11 %
<b>Total operating expenses</b>	<b>(14,877)</b>	<b>(20,036)</b>	<b>26 %</b>
One off costs	(1,699)	-	-
Depreciation and amortisation	(2,261)	(2,022)	(12)%
Fair value movement through profit and loss	(1,065)	3,977	(127)%
Other non cash expenses	(1,806)	(660)	(174)%
<b>Net Operating Profit / (Loss)</b>	<b>(8,165)</b>	<b>1,814</b>	<b>(550)%</b>
<b>EBITDA</b>	<b>(5,292)</b>	<b>4,339</b>	<b>(222)%</b>
EBITDA Margin	(29.2)%	16.3 %	(455 pp)
<b>Underlying EBITDA</b>	<b>(1,407)</b>	<b>1,022</b>	<b>(238)%</b>
Underlying EBITDA Margin	(7.8)%	3.8 %	(116 pp)
Impairment of intangible assets	(16,000)	-	-
<b>Net Profit / (Loss) after tax</b>	<b>(24,148)</b>	<b>1,343</b>	<b>(1,899)%</b>

- During the six months ended 31 December 2022, LiveTiles performance was impacted by challenging global market conditions across the SaaS and digital landscape
- Operating Revenues** decreased 32% to \$18.1m \$(8.6)m (1H FY22: \$26.7m), though underlying operating revenues decreased 14% \$(2.5)m after excluding R&D partnerships
- Total operating cost improved ~\$5.2m +26%**, driven through operating review and restructure
- EBTIDA** of \$(5.3)m, a \$9.6m decline compared to 1H FY22. On an **Underlying EBITDA basis**, there was a \$2.4m decline vs PCP to \$(1.4)m (H1 2021: \$1.0m)
- As part of the Operational Review conducted, leading to the appointment of new CEO, David Vander, **the Company is committed to more efficient and effective means of engaging our customers**
- 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
- Impairment cost of \$16.0m** relates to the revaluation in the fair value of the LiveTiles business, with the findings of Operational Review concluding to reset operations to grow LiveTiles' core value proposition
- S&M** savings of +\$5.5m (69%) with aggressive brand campaign and advertising activity during H1 2022 not repeated, reduction in costs due to exit of R&D partnerships during H1 FY23, and savings in salaries resulting from the Operational Review changes

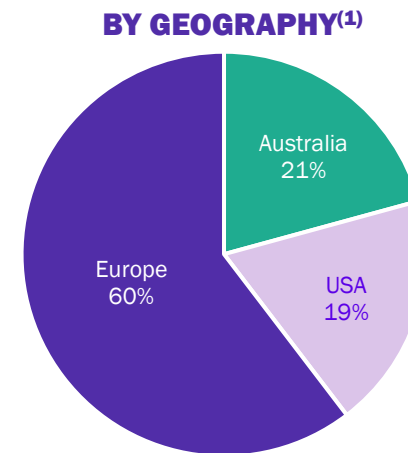
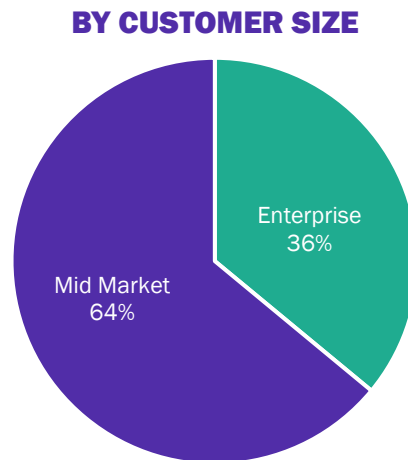
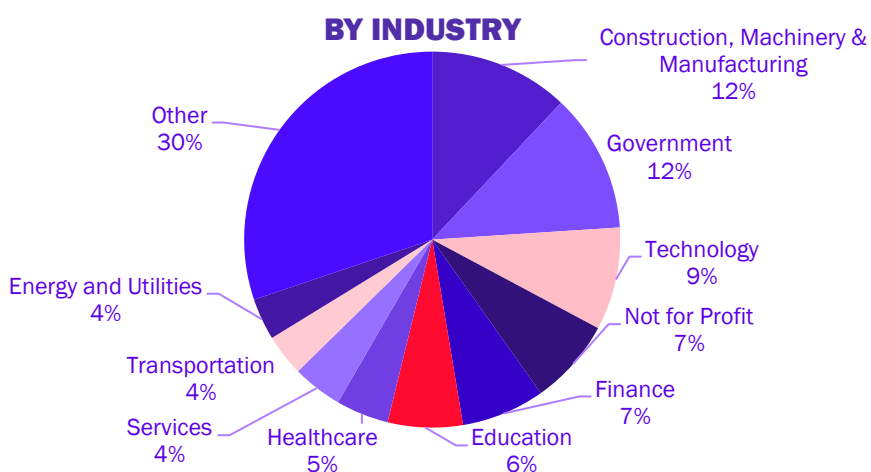
# Balance Sheet

	Dec-22	Jun-22	Movement	
			\$	%
Cash and cash equivalents	9,670	13,177	-3,507	-27%
Trade and other receivables	7,914	8,139	-225	-3%
<b>Total current assets</b>	<b>19,803</b>	<b>23,444</b>	<b>-3,642</b>	<b>-16%</b>
Intangibles	64,460	74,742	-10,282	-14%
<b>Total non-current assets</b>	<b>74,945</b>	<b>86,601</b>	<b>-11,656</b>	<b>-13%</b>
<b>Total assets</b>	<b>94,748</b>	<b>110,045</b>	<b>-15,297</b>	<b>-14%</b>
Trade and other payables	7,094	8,089	-995	-12%
Provisions	12,911	12,926	-15	0%
Borrowings	9,360	5,479	3,881	71%
<b>Total liabilities</b>	<b>51,403</b>	<b>50,939</b>	<b>464</b>	<b>1%</b>
<b>Total equity</b>	<b>43,345</b>	<b>59,106</b>	<b>-15,761</b>	<b>-27%</b>

- **Cash position of \$9.7M** provides sufficient cash for business operations and growth
- **Non-Current Assets** value decreased primarily due to \$16.0m impairment relating to intangible asset revaluation in the LiveTiles business – findings from executive management operational review conducted during 1H FY23 concluded that resources need to be diverted to servicing core business segments expected to deliver the strongest growth
- **Borrowings** increased \$3.8m due to remaining facility with OneVentures now fully drawn down at 27 September 2022

# Blue Chip Customer Validation Across a Range of Industry Verticals

Leveraged by 1,000+ customers across more than 20 countries, LiveTiles supports both front-office and back-office functions



## SELECT CUSTOMERS

### EDUCATION



### GOVERNMENT



### INDUSTRIALS



### FINANCIAL SERVICES



### HEALTHCARE



### NOT-FOR-PROFIT



### RETAIL/CONSUMER



### SERVICES



### OTHER



(1) Geography data representing customers with >\$100K as at 30 June 2022.

# STRATEGY AND OUTLOOK





# The Roadmap



## Business fundamentals remain strong

- Solid product market fit and customer acceptance
- We are the leading solution provider and customers seek our guidance and advice always
- Strong annuity revenue
- Scalable resourcing
- Focus on operational excellence



## Significant market opportunity

- \$300bn market opportunity
- The macro environment is enforcing corporates become more active and engage their employees
- Industry tailwinds towards sustainability to create further growth opportunities



## Strategic opportunities

- Unsolicited offer from Bigtincan in October highlighting the attractive LVT offer
- Appointment of Atlas
- Product strategy and vision alignment to growth opportunities



## Leadership aligned for growth

- Right leadership team in place to drive a step-change for the business
- Focused on accountability, discipline and rigour
- Enhanced Board
- Clear direction and strong path forward



# In summary

## **Operational review impacting H1 results**

- 24% reduction in operating expense
- Positioning for growth

## **Acquisitions**

- My Net Zero

## **Refreshed leadership team**

- New CEO

## **Focus on product excellence**

- New leadership
- 3 major releases per year

## **Appointment of Atlas to explore strategic opportunities**

## **Rigour and discipline to drive LVT towards profitability**

# **Thank You! Q+A**



**LiveTiles**

**[www.livetilesglobal.com](http://www.livetilesglobal.com)**

**[ir@livetilesglobal.com](mailto:ir@livetilesglobal.com)**

# Disclaimer

All currency amounts in this presentation are in Australian Dollars (AUD).

This presentation has been prepared by LiveTiles Limited (ABN 05 066 139 991) ("LiveTiles"). Each recipient of this presentation is deemed to have agreed to accept the qualifications, limitations and disclaimers set out below.

This presentation contains summary information about LiveTiles and its activities which is current as at the date of this presentation. No member of LiveTiles, its subsidiaries or respective directors, officers, employees, advisers or representatives (each a "Limited Party") makes any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation, including any forecast or prospective information. This presentation should be read in conjunction with the Company's Annual Report, market releases and other periodic continuous disclosure announcements, which are available at [www.asx.com.au](http://www.asx.com.au).

This presentation is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission) or any other law. The distribution of this presentation outside Australia may be restricted by law. Any recipient of this presentation who is outside Australia must seek advice on and observe any such restrictions. This presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of LiveTiles. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any shares in the United States or in any other jurisdiction in which such an offer would be illegal.

This presentation contains certain "forward-looking statements" about LiveTiles and the environment in which LiveTiles operates. Forward-looking statements often include words such as "may", "anticipate",

"expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance. The forward-looking statements included in this presentation involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, LiveTiles and each Limited Party. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based.

Given these uncertainties, you are cautioned to not place undue reliance on such forward-looking statements.

This presentation contains certain financial measures that are "non-IFRS financial information" under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS).

The non-IFRS financial information/non-GAAP financial measures contained in this presentation include Annualised Recurring Revenue (ARR), EBITDA, Underlying EBITDA, LifeTimeValue and Customer Acquisition Cost. LiveTiles believes such non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and business conditions of LiveTiles. The non-IFRS/non-GAAP financial information does not have a standardised meaning prescribed by AAS and IFRS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-

GAAP financial information and ratios included in this presentation.

Certain market and industry data included in this presentation has been obtained from public filings, research, surveys or studies conducted by third parties, including industry and general publications, and has not been independently verified by LiveTiles. LiveTiles cannot warrant or guarantee the accuracy or completeness of such information.

This presentation is a general overview only and does not purport to contain all the information that may be required to evaluate an investment in LiveTiles. The information in this presentation is provided personally to the recipient as a matter of interest only and has been prepared without taking into account the objectives, financial situation or needs of prospective investors. It does not amount to an express or implied recommendation with respect to any investment in LiveTiles, nor does it constitute financial, legal, tax, investment or other advice or a recommendation to acquire LiveTiles shares.

The recipient, intending investors and respective advisers should:

conduct their own independent review, investigations and analysis of LiveTiles and of the information contained or referred to in this presentation; and/or seek professional advice as to whether an investment in LiveTiles is appropriate for them, having regard to their personal objectives, risk profile, financial situation and needs.

Except insofar as liability under any law cannot be excluded, neither LiveTiles nor any Limited Party shall have any responsibility for the information contained in this presentation or in any other way for errors or omissions (including responsibility to any persons by reason of negligence).