



**APPENDIX 4D
HALF-YEAR INFORMATION GIVEN TO THE ASX
UNDER LISTING RULE 4.2A.3**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

**LIVETILES LIMITED
ABN 95 066 139 991**

**6 MONTHS ENDED
31 DECEMBER 2022**

The information provided in this report should be read in conjunction with the most recent annual financial statements and ASX announcements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2022

Company details

Name of entity:	LiveTiles Limited
ABN:	95 066 139 991
Reporting period:	6 months ended 31 December 2022
Previous period:	6 months ended 31 December 2021

Results for announcement to the market

Key information	6 months ended 31 December 2022	6 months ended 31 December 2021	Change
	\$	\$	%
Revenue from ordinary activities	18,101,899	26,670,118	(32%)
Profit / (Loss) after tax from ordinary activities attributable to members	(24,147,664)	1,342,650	(1,899%)
Profit / (Loss) attributable to members	(24,147,664)	1,342,650	(1,899%)

Dividends paid and proposed

	Amount per Security (cents)	Franked Amount per Security at 30% of Tax (cents)
Dividend for the 6 months ended 31 December 2022	Nil	Nil

Explanation of key information

An explanation of the above figures is contained in the "Operating and financial review" included within the attached directors' report.

Net tangible liabilities per share

	31 December 2022 Cents/Share	31 December 2021 Cents/Share
Net tangible liabilities per share (net of intangible assets and pension actuarial liabilities)	(2.20)	(1.17)

LiveTiles Limited ABN 95 066 139 991
and Controlled Entities

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2022

Investments in associates and joint ventures

Associate	Ownership interest		Contribution to profit/(loss)	
	Dec 2022	Dec 2021	Dec 2022	Dec 2021
Bind Soluções Informáticas, Design Web e Gráfico, Lda	19.99%	19.99%	38,238	8,938
<i>LiveTiles Limited's aggregate share of associates profit/(loss)</i>				
Profit/(loss) from ordinary activities before income tax			50,345	11,314
Income tax on operating activities			(12,107)	(2,376)

Investments in subsidiaries

Subsidiary	Ownership interest		Contribution to profit/(loss)	
	Dec 2022	Dec 2021	Dec 2022	Dec 2021
My Net Zero R&D Pty Ltd	54.13%	19.97%	(23,166)	-

Audit qualification or review

The financial statements were subject to a review by the auditors and the unmodified review report is attached as part of the Interim Report.

Attachments

The Interim Report of LiveTiles Limited for the 6 months ended 31 December 2022 is attached.

Signed



David Vander
Chief Executive Officer
28 February 2023
Melbourne



Jesse Todd
Chair
28 February 2023
Sydney

LiveTiles Limited ABN 95 066 139 991
and Controlled Entities

LiveTiles Limited

ABN 95 066 139 991

Interim Report - 31 December 2022

LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity consisting of LiveTiles Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (the 'Consolidated Group' or Group') at the end of, or during, the 6 months to 31 December 2022 (the 'period').

Directors

The names of directors who held office during or since the end of the period:

Dr Marc Stigter	Non-executive Chair (resigned 27 October 2022)
Karl Redenbach	Executive Director
Peter Nguyen-Brown	Executive Director and Chief eXperience Officer (resigned 27 October 2022))
Jesse Todd	Non-executive Chair
Vanessa Ferguson	Non-Executive Director (appointed 27 October 2022)
Kevin Young	Non-Executive Director (appointed 27 October 2022)

Principal activities

The Group's principal continuing activities during the half-year were being a Software as a Service (SaaS) provider, specialising in the development and sale of Employee Experience software via cloud-based platform offerings. LiveTiles is a global leader in the Employee Experience workplace software market, creating and delivering solutions that drive engaged employee communication and collaboration in the modern workplace. LiveTiles has over 1,000 customers representing a diverse range of sectors across North America, Europe and Asia Pacific.

Operating and financial review

Certain financial information in the review of the business operations below referencing Earnings Before Interest, Tax, Impairment, Depreciation and Amortisation (EBITDA) have been derived from the reviewed financial statements. EBITDA and Underlying EBITDA positions are non-IFRS financial information used by Directors and Management to assess the underlying performance of the business and as such have not been reviewed in accordance with Australian Auditing Standards.

During the six months ended 31 December 2022, LiveTiles performance was impacted through challenging global market conditions across the SaaS and digital landscape. As part of the Operational Review conducted, leading to the appointment of new CEO, David Vander, the Company is committed to be more efficient and effective means of engaging our customers.

- **Operating Revenues decreased -32% to \$18.1m** (H1 FY22: \$26.7m), though underlying operating revenues decreased -14% after excluding R&D partnerships.
- **Reduced EBITDA result of \$(5.3)m, a \$(9.6)m decline** compared to H1 FY22: \$4.3m. On an Underlying EBITDA basis, there was a \$(2.4)m decline vs prior comparison period to \$(1.4)m (H1 2021: \$1.0m).
- **Cash Receipts for the period of \$19.4m** (31 Dec-21: \$30.1m), though underlying movement after excluding R&D partnerships is \$17.2m vs prior comparison period \$21.0m, a -18% underlying decrease.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' REPORT

The table below summarises the Group's statement of profit or loss and other comprehensive income for the year, as well as the EBITDA and Underlying EBITDA positions, which are used as key management reporting metrics.

	Notes	Dec-22 (\$000s)	Dec-21 (\$000s)	Movement
Total operating revenue		18,102	26,670	(32)%
Other income		219	223	(2)%
Total Revenue		18,321	26,893	(32)%
Cost of revenues		(4,777)	(6,338)	25 %
Gross Profit	(a)	13,325	20,333	(34)%
<i>Gross Profit Margin</i>		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 %
Total operating expenses		(14,877)	(20,036)	26 %
One off costs	(b)	(1,699)	-	-
Depreciation and amortisation		(2,261)	(2,022)	(12)%
Fair value movement through profit and loss	(c)	(1,065)	3,977	(127)%
Other non cash expenses	(d)	(1,806)	(660)	(174)%
Net Operating Profit / (Loss)		(8,165)	1,814	(550)%
EBITDA	(e)	(5,292)	4,339	(222)%
<i>EBITDA Margin</i>		(29.2)%	16.3 %	(455 pp)
Underlying EBITDA	(f)	(1,407)	1,022	(238)%
<i>Underlying EBITDA Margin</i>		(7.8)%	3.8 %	(116 pp)
Impairment of intangible assets	(g)	(16,000)	-	-
Tax		17	(472)	104 %
Net Profit / (Loss) after tax		(24,148)	1,343	(1,899)%

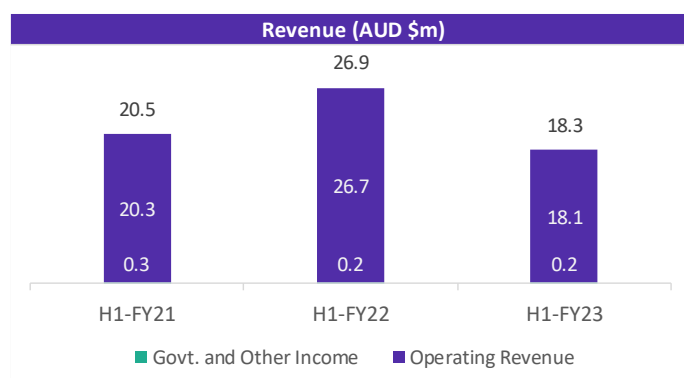
Notes

- (a) Excludes other income.
- (b) One-off costs of \$1.7m are non-recurring expenses in connection to redundancy costs and related withholding costs incurred resulting from executive and senior leadership restructure.
- (c) Fair value losses related to the derecognition of the financial asset of My Net Zero of \$0.36m and fair value losses on contingent considerations of \$0.7m.
- (d) Other non-cash expense items include \$1.05m non-recourse loan on MIP shares immediately vested but remain restricted for one year as of the date of issue, \$0.38m foreign currency losses, and \$0.38m share based payments.
- (e) EBITDA excludes depreciation and amortisation of \$2.3m and finance costs of \$0.6m. Finance costs are grouped under general and administration.
- (f) Underlying EBITDA includes the amortisation of capitalised development costs of \$0.7M, other non-cash expenses, one off costs and fair value movements.
- (g) Refer to note 4 of the financial statements.

DIRECTORS' REPORT

H1 Financial Year 2023 Highlights

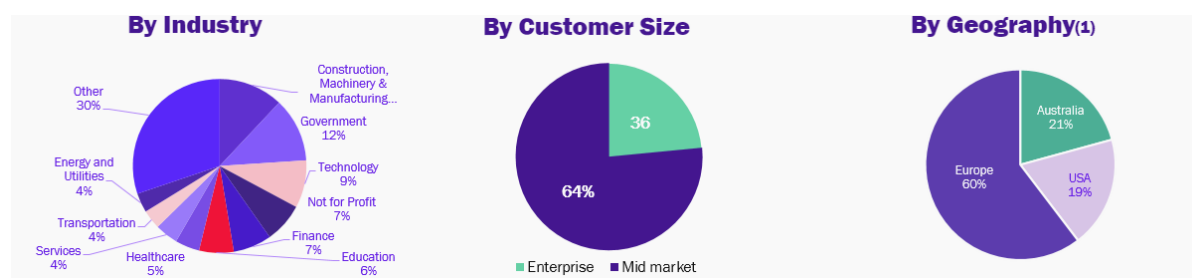
Revenues



During the period, LiveTiles Operating Revenues declined by -32%, or \$(8.6m) vs prior comparison period H1 2022, though underlying operating revenues decreased -14% after excluding R&D partnerships. 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.

Excluding R&D partnerships from revenue, underlying movement vs prior comparison period results in an overall operating revenue variance of \$(2.5m).

Customers

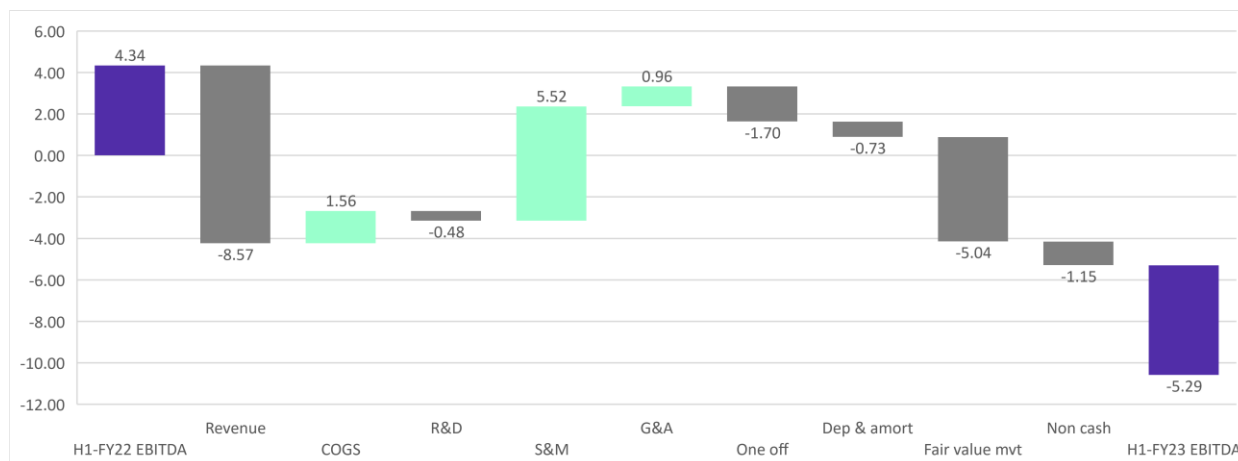


LiveTiles continues the strategic focus of the Company to shift towards a greater mix of its customer base to larger Mid-market and Enterprise customers with 36% of total customers now considered Enterprise (up from 26% vs prior comparison period)

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' REPORT

Movements of EBITDA Performance



Intangible assets impairment

A review of indicators of impairment relating to goodwill, software IP and customer contracts and relationships was conducted as at 31 December 2022 with management performing a detailed impairment assessment. Based on the results of the assessment, the carrying value of the EX Platform CGU exceeded their recoverable amount by \$16,000,000. The impairment was allocated to goodwill.

ARR has not been reported

LiveTiles is reviewing the key metrics for the business going forward, with product mix shifting between employee platforms and employee experience and future new categories of revenue that is high quality annuity revenue but not necessarily licence/subscription revenues.

Significant events since the end of the period

No other matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation and performance

The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share options

During the period no options were exercised.

As at the reporting date, there were 17,851,350 options on issue (31 December 2021: 17,851,350) related to the Company's employee remuneration framework.

Significant changes in state of affairs

Other than as outlined in the Operating and financial review of the Directors' Report, there were no significant changes in the state of affairs of the Group during the period.

DIRECTORS' REPORT

Likely developments and expected results

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 continue to reduce its cash burn towards breakeven and look for opportunities to invest in further strategic growth initiatives. The Directors continue to expect the business to remain focused on execution of its Strategic Goals, whilst continuing to deliver a growing sales pipeline to achieve another strong revenue growth half, as demonstrated this period, as employers recognise a need for improved Employee Experience offering in a post pandemic work environment.

Indemnification and insurance of officers and directors

Under the Company's constitution, to the extent permitted by law and subject to the provisions of the Corporations Act 2001, the Company indemnifies every Director, executive officer and secretary of the Company against any liability incurred by that person as an officer of the Company. The Company has insured its Directors, executive officers and the Company Secretary for the 2022 financial year.

Under the Company's directors' and officers' liability insurance policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirements to disclose the nature of the liability insured against and the premium amount of the policy.

Indemnification of auditors

The Company's auditor, BDO Audit Pty Ltd, has not been indemnified under any circumstance.

Significant changes in the state of affairs

There were no significant changes in the state of affairs for the 6 months to 31 December 2022.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 for the 6 months ended 31 December 2022 is set out on page 6.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Signed



David Vander
Chief Executive Officer
28 February 2023
Melbourne



Jesse Todd
Chair
28 February 2023
Sydney

DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF LIVETILES LIMITED

As lead auditor for the review of LiveTiles Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of LiveTiles Limited and the entities it controlled during the period.



Martin Coyle
Director

BDO Audit Pty Ltd

Sydney, 28 February 2023

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

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General information

The financial statements cover LiveTiles Limited as a consolidated entity consisting of LiveTiles Limited and the entities it controlled at the end of, or during, the 6 months to 31 December 2022. The financial statements are presented in Australian Dollars, which is LiveTiles' functional and presentation currency.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 31 DECEMBER 2022**

		Consolidated Group	
	Note	31 December 2022	31 December 2021
		\$	\$
Revenue	2	18,101,899	26,670,118
Other income		218,871	223,016
		<hr/>	<hr/>
		18,320,770	26,893,134
Expenses			
Employee benefits expense		(9,525,740)	(9,844,048)
Contractor expense		(6,182,721)	(6,591,219)
Marketing expense		(290,329)	(2,423,118)
Travel and entertainment expense		(388,022)	(298,755)
Professional fees		(838,008)	(1,441,256)
Rent and other office costs		(758,381)	(702,403)
Information technology costs		(1,730,530)	(1,469,161)
Other expenses		(1,027,583)	(3,101,187)
Depreciation expense		(551,821)	(543,886)
Amortisation charge of intangible assets	4	(1,708,712)	(1,649,860)
Share based payments expense	10	(1,430,153)	(264,667)
Unrealised currency gain / (loss)		(376,041)	(395,404)
Finance costs		(612,802)	(330,614)
Impairment of intangible assets	4	(16,000,000)	-
Fair value movement through profit and loss	7	(1,064,860)	3,976,929
		<hr/>	<hr/>
		(42,485,703)	(25,078,649)
Profit / (Loss) before income tax		<hr/>	<hr/>
		(24,164,933)	1,814,485
Income tax (expense) / benefit		17,269	(471,835)
		<hr/>	<hr/>
Profit / (Loss) for the period		(24,147,664)	1,342,650
		<hr/>	<hr/>
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations, net of tax		3,321,712	2,245,437
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain / (loss) on remeasurement of defined benefit pension schemes		953,678	197,918
		<hr/>	<hr/>
Total comprehensive (loss) / income for the period		(19,872,274)	3,786,005
		<hr/>	<hr/>
Earnings per share for profit / (loss) attributable to the owners of LiveTiles Ltd			
– basic earnings / (loss) per share (cents)	16	(2.68)	0.15
– diluted earnings / (loss) per share (cents)	16	(2.68)	0.15

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Consolidated Group	
		31 December 2022	30 June 2022
ASSETS			
CURRENT ASSETS		\$	\$
Cash and cash equivalents		9,669,858	13,177,071
Trade and other receivables	3	7,914,428	8,139,446
Other current assets		2,218,301	2,127,579
TOTAL CURRENT ASSETS		19,802,587	23,444,096
NON-CURRENT ASSETS			
Property, plant and equipment		453,756	780,765
Intangible assets	4	64,460,083	74,741,937
Right-of-use assets		1,799,226	2,083,704
Financial assets		1,150,000	2,135,000
Investments in associates	5	6,879,987	6,567,019
Other non-current assets		201,934	292,283
TOTAL NON-CURRENT ASSETS		74,944,986	86,600,708
TOTAL ASSETS		94,747,573	110,044,804
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		7,094,207	8,088,797
Income tax payable		1,487,349	657,296
Employee benefits provision		1,943,428	2,442,300
Provisions for business combinations	7	12,911,116	7,111,201
Lease liabilities		350,503	605,254
Borrowings	8	1,353,587	502,393
Other current liabilities	6	13,130,787	13,996,707
TOTAL CURRENT LIABILITIES		38,270,977	33,403,948
NON-CURRENT LIABILITIES			
Employee benefits provision		82,917	199,608
Income tax payable		711,159	871,251
Deferred tax liability		1,326,528	1,984,875
Provisions for business combinations	7	-	5,814,780
Lease liabilities		2,099,957	2,186,974
Pension liabilities		599,049	1,224,467
Borrowings	8	8,005,919	4,976,300
Other non-current liabilities	6	305,998	276,633
TOTAL NON-CURRENT LIABILITIES		13,131,527	17,534,888
TOTAL LIABILITIES		51,402,504	50,938,836
NET ASSETS		43,345,069	59,105,968

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

EQUITY

Issued capital	9	209,147,787	206,466,565
Reserves	11	10,673,775	4,968,232
Accumulated losses		(176,476,493)	(152,328,829)
TOTAL EQUITY		43,345,069	59,105,968

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2022**

Consolidated Group	Note	Issued capital	Reserves	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance at 1 July 2021		205,044,070	349,912	(151,510,422)	53,883,560
Profit after income tax for the period		-	-	1,342,650	1,342,650
Other comprehensive income for the period, net of tax		-	2,245,437	-	2,245,437
Remeasurements of the defined benefit asset (post tax)		-	197,918	-	197,918
Total comprehensive income for the period		-	2,443,355	1,342,650	3,786,005
Transactions with owners, in their capacity as owners, and other transfers					
Share based payment expense		-	264,667	-	264,667
Share capital issued		269,309	-	-	269,309
Share capital issued		52,155	-	-	52,155
Share capital issued		378,929	-	-	378,929
Compound equity instrument issued		245,202	-	-	245,202
Total transactions with owners and other transfers		945,595	264,667	-	1,210,262
Balance at 31 December 2021		205,989,665	3,057,934	(150,167,772)	58,879,827
Balance at 1 July 2022		206,466,565	4,968,232	(152,328,829)	59,105,968
Loss after income tax for the period		-	-	(24,147,664)	(24,147,664)
Other comprehensive income for the period, net of tax		-	3,321,712	-	3,321,712
Remeasurements of the defined benefit asset (post tax)		-	953,678	-	953,678
Total comprehensive loss for the period		-	4,275,390	(24,147,664)	(19,872,274)
Transactions with owners, in their capacity as owners, and other transfers					
Share based payment expense	10	-	1,430,153	-	1,430,153
Share capital issued	9	2,500,000	-	-	2,500,000
Compound equity instrument	8	181,222	-	-	181,222
Total transactions with owners and other transfers		2,681,222	1,430,153	-	4,111,375
Balance at 31 December 2022		209,147,787	10,673,775	(176,476,493)	43,345,069

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2022**

	Consolidated Group	
	31 December 2022	31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	19,430,482	30,054,867
Payments to suppliers and employees (inclusive of GST)	(24,251,293)	(27,608,678)
Interest received	53,887	134
Interest paid	(405,690)	(423,343)
Income tax paid	(247,835)	(1,580,133)
Net cash provided by / (used in) operating activities	(5,420,449)	442,847
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred consideration for the acquisition of Human Link	(250,000)	-
Payments for development costs	(1,380,383)	(2,394,988)
Payments for plant and equipment	-	(86,493)
Transaction costs related to investing activities	(121,611)	-
Investments in associates	-	(364,406)
Investments in financial assets	-	(2,135,000)
Net cash (used in) investing activities	(1,751,994)	(4,980,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings and issue of convertible notes	4,000,000	6,000,000
Transaction costs related to borrowings and issuance of convertible notes	-	(464,427)
Repayment of lease liability	(488,962)	(363,767)
Net cash provided by / (used in) financing activities	3,511,038	5,171,806
Net increase / (decrease) in cash and cash equivalents	(3,661,405)	633,766
Cash and cash equivalents at the beginning of the financial period	13,177,701	16,804,924
Effects of exchange rate changes on cash and cash equivalents	153,562	146,708
Cash and cash equivalents at end of period	9,669,858	17,585,398

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The interim financial report for 6 months ended 31 December 2022 has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of LiveTiles Limited and its controlled entities (referred to as the “consolidated Group” or “Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following 6 months.

These interim financial statements were authorised for issue on 28 February 2023.

b. Going concern

This interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. For the half year ended 31 December 2022, the Group made a loss after tax of \$24,147,664 (31 December 2021: \$1,342,650 profit) and incurred net cash outflows from operating activities of \$5,420,449 (31 December 2021: \$442,847 cash inflows). At 31 December 2022, the Group had a cash balance of \$9,669,858 (30 June 2022: \$13,177,071). Furthermore, a major component of the Group’s current liabilities relate to unearned revenue and deferred share liabilities recognised within provisions for business combinations of \$19,857,797 (30 June 2022: \$17,528,684) which is not expected to be paid in cash.

The Group has prepared a detailed cash flow forecast which estimates a positive cash position over the 12-month period from the date of authorisation of this interim financial report. However, if certain revenue targets do not eventuate and additional costs are incurred (resulting in a higher than anticipated cash burn) additional equity and/or debt financing could be required. This condition indicates a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. To address uncertainty over the Group’s future cash position, an operational review was conducted during the period, the results of which will seek to realise future cost savings and headcount reductions. Should this initiative be unsuccessful, the Group will need to source additional capital. To date, the Directors have been successful in obtaining additional capital through the issuance of convertible notes, borrowings and ordinary shares and therefore there is a reasonable expectation that alternate sources of funding can be sourced. As such, the interim financial report has been prepared on a going concern basis.

Should the Group not be able to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The interim financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

c. Accounting Policies

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the year commencing 1 July 2022. There has been no material impact on the financial statements of the Group related to new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee announced during the period.

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 2: REVENUE

	Consolidated Group	
	31 December 2022	31 December 2021
	\$	\$
Subscription revenue	16,121,929	21,468,566
Software related services revenue	1,540,462	5,201,552
Ex Programs revenue	439,508	-
	<u>18,101,899</u>	<u>26,670,118</u>

NOTE 3: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
Trade receivables	8,888,043	7,133,724
Accrued revenue	41,829	1,390,509
Provision for doubtful debts	(1,015,444)	(384,787)
	<u>7,914,428</u>	<u>8,139,446</u>

Doubtful debt expense

The Group makes use of a simplified approach in accounting for the impairment of trade and other receivables as well as other current assets and records the loss allowance at the amount equal to the lifetime expected credit loss (ECL). In using this practical expedient, the Group uses its historical experience, external indicators, and forward-looking information to calculate the ECL using a provision matrix. From this calculation, it was determined that the ECL in trade and other receivables was immaterial to be disclosed separately.

During the period, the Group recognised a doubtful debt expense, including expected credit losses, of \$630,657 (2021: 23,138). This is shown within Other Expenses of \$1,027,583 (2021: \$3,101,187) in the consolidated statement of profit or loss.

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NOTE 4: INTANGIBLES

	Balance at 1 July 2022	Additions	Impairment	Foreign Exchange	Balance at 31 December 2022
<i>At cost:</i>					
Capitalised development costs	19,196,990	1,371,851	-	-	20,568,841
Software intellectual property	19,048,876	-	-	612,889	19,661,765
Customer contracts and relationships	8,045,732	-	-	333,108	8,378,840
Goodwill	58,154,105	3,068,962	(16,000,000)	2,638,730	47,861,797
Total at cost	104,445,703	4,440,813	(16,000,000)	3,584,727	96,471,243

	Balance at 1 July 2022	Amortisation charge	Depreciation	Foreign Exchange	Balance at 31 December 2022
<i>Accumulated amortisation:</i>					
Capitalised development costs	(15,908,640)	(733,887)	-	-	(16,642,527)
Software intellectual property	(5,749,394)	(974,825)	-	(265,574)	(6,989,793)
Customer contracts and relationships	(8,045,732)	-	-	(333,108)	(8,378,840)
Total accumulated amortisation	(29,703,766)	(1,708,712)	-	(598,682)	(32,011,160)

Summary of net intangible assets

	Balance at 1 July 2022	Additions	Amortisation charge	Impairment	Foreign Exchange	Balance at 31 December 2022
	\$	\$	\$	\$	\$	\$
Net intangible assets	74,741,937	4,440,813	(1,708,712)	(16,000,000)	2,986,045	64,460,083

The estimated useful life of capitalised development costs is determined to be in line with the frequency at which our software is updated and replaced. Prior to 1 July 2021, development costs were fully amortised in the same financial year given the iterative nature and frequency of updates in the Group's product life cycle. In line with the launch of the integrated solutions product go-to-market, mobile and desktop, the useful life of capitalised development costs during the current and prior period were assessed as 3 years.

Other intangible assets have a finite life and are amortised on a straight line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

The useful life of software intellectual property is 10 years. The useful life of customer contracts and relationships is 2 years. Goodwill is carried at cost less any accumulated impairment losses.

The accompanying notes form part of these financial statements.

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NOTE 4: INTANGIBLES (CONTINUED)

Cash Generating Units (CGUs) as at 31 December 2022

During the period, on 18 October 2022, the Group signed a share purchase agreement to obtain the right to acquire the remaining 80.03% of the shares of My Net Zero R&D Pty Ltd (MNZ) in several tranches, resulting in a shareholding of 54.13% as at 31 December 2022. The acquisition resulted in the Group recognising goodwill of \$3,068,962 (refer to note 12) and the recognition of a new identifiable MNZ CGU. As at 31 December 2022 the CGUs of the Group can be summarised as:

Employee Experience ("EX") Platform	Represents the revenue and operating expenses attributable to sale of software and software related services.
Employee Experience ("EX") Programs	Represents the revenue and operating expenses attributable to employee experience related services.
My Net Zero ("MNZ")	Represents the revenue and operating expenses attributable to employer and employee climate change consultancy services.

Impairment EX Platform CGU

Goodwill is subject to impairment testing on an annual basis or where indicators of impairment arise. The annual impairment test was conducted as at 30 June 2022. A review of indicators of impairment relating to goodwill, software IP and customer contracts and relationships was conducted as at 31 December 2022. For the EX Platform CGU an impairment indicator was identified as a result of the ongoing cash burn and the underperformance of the CGU in comparison to budget for the period ended 31 December 2022. As a result, management performed a detailed impairment assessment. The key assumptions within the impairment model related to:

31 December 2022 Intangible Assets Impairment – EX Platform CGU Testing Assumptions	Annual Revenue Growth Rate	Compound Annual Growth Rate	Terminal Growth Rate	Post-tax discount Rate	Carrying Value of EX Platform Intangible Assets - pre impairment
EX Platform CGU	6% - 10%	8.49%	2.00%	17%	76,478,689

Based on the results of the value-in-use model, the carrying value of the EX Platform CGU exceeded their recoverable amount by \$16,000,000. The impairment was allocated to goodwill.

No impairment indicators were identified for the EX Programs CGU and MNZ CGU as at 31 December 2022.

The accompanying notes form part of these financial statements.

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NOTE 5: NON CURRENT ASSETS – INVESTMENT IN ASSOCIATES

	31 December 2022
	\$
<i>Reconciliation of consolidated entity's carrying amount</i>	
Opening balance of investment value BindTuning	6,567,019
Foreign exchange movements	274,730
Share of result	38,238
Closing carrying amount	<u>6,879,987</u>

BindTuning has no contingent liabilities as at 31 December 2022.

The Directors have determined that the Group has significant influence over BindTuning as at 31 December 2022 despite holding an ownership interest of less than 20%. The Directors' determination is due to the Group's right to participate in the financial and operating policy decisions through the appointment of a director to the board of BindTuning.

NOTE 6: OTHER LIABILITIES

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Unearned revenue	12,398,055	12,950,664
Unearned grant income	701,212	1,046,043
Other current Liabilities	31,520	-
	<u>13,130,787</u>	<u>13,996,707</u>
NON-CURRENT		
Unearned revenue	<u>305,998</u>	<u>276,633</u>

The accompanying notes form part of these financial statements.

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NOTE 7: PROVISIONS FOR BUSINESS COMBINATIONS

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Provision for contingent consideration – CYCL AG	6,394,116	6,861,201
Provision for contingent consideration – BindTuning	6,517,000	-
Deferred consideration – Human Link	-	250,000
	<u>12,911,116</u>	<u>7,111,201</u>
NON-CURRENT		
Provision for contingent consideration – BindTuning	-	5,814,780
	<u>-</u>	<u>5,814,780</u>

Movements between periods relate to the movement in fair value liability of cash and shares owed to the former shareholders of CYCL AG, recognition of the fair value liability for contingent considerations owed to BindTuning and foreign exchange movements between reporting periods.

The Group measures performance based payments (earn-out payments) for acquired entities estimating the probability of the targets being met and using an appropriate discount rate to reflect payment periods. Management continually evaluates its judgements and estimates, which are based on various factors including historical experience and expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates seldom equal the related actual results. The provisions for business combinations are considered to be a key estimate.

Provision for contingent consideration – CYCL AG

The provision for contingent consideration owed to the former shareholders of CYCL AG represents the preliminary estimate of amounts payable under the Share Purchase Agreement if all payment conditions are satisfied. The determination of whether conditions for payment have been satisfied and the final calculation will be determined in future reporting periods.

Of the amounts included in current provisions, \$2,193,674 is expected to be settled in cash, the remaining balance of \$4,201,242 is expected to be settled in shares. The movement in the period relates to foreign exchange differences. The second earn out test date was 31 December 2021, however as at 31 December 2022 this amount remains unpaid pending the outcome of ongoing commercial discussions between the parties. The number of shares to be issued will be calculated using the Volume Weighted Average Price calculated over the 20 trading days prior to (but excluding) the second earn out test date.

Provision for contingent consideration – Human Link

The deferred consideration owed to Human Link has been paid during the period.

Provision for contingent consideration – BindTuning

The provision for contingent consideration owed to BindTuning represents preliminary estimates of amounts payable under the Shareholders Agreement. The amount owed will be reassessed at each reporting period and will be revalued in line with updated performance expectations. The amount stated is discounted to the net present value based on payment falling due after the completion of the 24 month staged acquisition period which ends 14 December 2023. Per the terms of the contract, where performance milestones are achieved, the timing of the deferred payment may fall due after 12 months, being after 14 December 2022. The earn-out is 50% payable in shares and 50% in cash.

The accompanying notes form part of these financial statements.

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NOTE 8: BORROWINGS

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Government program repayable	64,448	63,732
Loans	1,289,139	438,661
	<u>1,353,587</u>	<u>502,393</u>
NON-CURRENT		
Government program repayable	101,586	121,629
Loans	4,418,478	2,813,848
Convertible notes	3,485,855	2,040,823
	<u>8,005,919</u>	<u>4,976,300</u>

Loan / convertible notes

In September 2021, the Group entered into a new facility agreement to provide funds to finance growth to finance strategic activities. The total available amount under the facility is \$10,000,000 of which \$6,000,000 was drawn on 27 September 2021 and \$4,000,000 was drawn down on 27 September 2022. The facility is interest only for the first 18 months, following each drawdown, principal is then repayable in monthly instalments over a further 24 months. The total term of each drawdown being 42 months. The interest only period for the first drawdown ends 31 March 2023, with full repayment due by 31 March 2025.

The first drawdown of \$6,000,000 is comprised of two components, a loan, of \$3,600,000 and a convertible note, of \$2,400,000. The convertible note includes a fixed for fixed conversion feature at 20 cents per ordinary share equating to 12 million ordinary shares. The terms of the convertible note agreement include a cash settlement requirement which cannot be avoided, therefore the convertible note is accounted for as a compound instrument. \$245,203 was therefore designated as equity (see Note 9(d)).

The second drawdown of \$4,000,000 is comprised of two components, a loan, of \$2,400,000 and a convertible note, of \$1,600,000. The convertible note includes a fixed for fixed conversion feature at 20 cents per ordinary share equating to 8 million ordinary shares. The terms of the convertible note agreement include a cash settlement requirement which cannot be avoided, therefore the convertible note is accounted for as a compound instrument. \$181,222 was therefore designated as equity (see Note 9(h)).

The facility agreement contains an early redemption clause, which is considered to be a derivative asset. However an assessment over the value concluded that this was immaterial and therefore the balance has not been recognised.

The loan is a fixed rate, Australian dollar denominated loan which is carried at amortised cost. It therefore did not have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

Arrangement fees of \$150,000 were paid to the lender upon signing the facility agreement. For the first tranche total transaction costs, including the arrangement fees were \$578,454, which were debited proportionally to the loan and convertible note accounts. No transaction costs were incurred for the second tranche.

No loan covenants exist.

The accompanying notes form part of these financial statements.

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NOTE 9: EQUITY – ISSUED CAPITAL

Consolidated Group				
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	930,691,305	890,691,305	209,147,787	206,466,565
<hr/>				
Movements in ordinary share capital	Date	Shares No.	Issue Price \$	Total \$
Balance	30-Jun-2021	879,859,403		205,044,070
<hr/>				
Share capital issued	(a) 22-Nov-2021	2,564,847	\$0.105	269,309
Share capital issued	(b) 1-Dec-2021	508,834	\$0.1025	52,155
Share capital issued	(c) 16-Dec-2021	3,157,740	\$0.12	378,929
Compound equity instrument issued	(d) 24-Dec-2021	-	-	245,202
Share capital issued	(e) 7-Apr-2022	4,450,481	\$0.105	467,300
Share capital issued	(f) 18-April-2022	150,000	\$0.064	9,600
Balance	30-Jun-2022	890,691,305		206,466,565
<hr/>				
Share capital issued	(g) 25-Oct-2022	40,000,000	\$0.06	2,500,000
Compound equity Instrument Issued	(h) 30-Sep-2022	-	-	181,222
Balance	31-Dec-2022	930,691,305		209,147,787
<hr/>				
Restricted shares on issue MITP	(i) -	63,380,001	-	-
Restricted shares Chief Executive Officer	(j) 24-Nov-2022	25,000,000	-	-
Restricted shares MNZ	(g) 24-Nov-2022	28,294,390	-	-
Total issued capital	31-Dec-2022	1,047,365,696		209,147,787

The accompanying notes form part of these financial statements.

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NOTE 9: EQUITY – ISSUED CAPITAL (CONTINUED)

- (a) On 22 November 2021, LiveTiles Limited issued 2,564,847 shares at \$0.105 per share at \$nil consideration under the Employee Share Plan in lieu of cash bonuses.
- (b) On 1 December 2021, LiveTiles Limited issued 508,834 options issued under the Long Term Incentive Plan at \$0.1025 per share which were exercised at \$nil consideration in lieu of cash bonuses.
- (c) On 16 December 2021, LiveTiles Limited issued 3,157,740 shares as consideration for 19.99% of the shares in Bind Soluções Informáticas, Design Web e Gráfico, Lda. The fair value of the shares issued is based on a floor price of \$0.12 per share of LiveTiles Limited at the date of the acquisition.
- (d) On 24 December 2021, LiveTiles Limited issued 2,400,000 unlisted convertible notes to 1V Venture Credit Trusco Pty Ltd under the terms of the facility agreement, refer to Note 8.
- (e) On 7 April 2022, LiveTiles Limited issued 4,450,481 shares as consideration for 100% of the shares in Human Link Consulting Pty Ltd, Human Link Programs Pty Ltd and Cordis Digital Pty Ltd. The fair value of the shares issued is based on a floor price of \$0.105 per share of LiveTiles Limited at the date of the acquisition.
- (f) On 18 May 2022, LiveTiles Limited issued 150,000 options issued under the Long Term Incentive Plan at \$0.064 per share which were exercised at \$nil consideration in lieu of cash bonuses.
- (g) On 25 October 2022, LiveTiles limited issued 68,294,390 shares comprised out of 28,294,390 unvested restricted shares and 40,000,000 ordinary shares as base consideration for the acquisition of My Net Zero R&D Pty Ltd. Refer to note 12.
- (h) On 30 September 2022, LiveTiles Limited issued 1,600,000 unlisted convertible notes to 1V Venture Credit Trusco Pty Ltd under the terms of the facility agreement, refer to Note 8.
- (i) As at 31 December 2022, LiveTiles Limited had issued 63,380,001 shares under the Management Incentive Plan.
Tranches A, B and C – 26,250,000 shares were issued under the Management Incentive Plan on 25 August 2015
Tranches D, E and F - 1,200,000 shares were issued under the Management Incentive Plan on 5 April 2016
Tranches G, H and I - 300,000 shares were issued under the Management Incentive Plan on 2 June 2017
Tranches J, K and L - 600,000 shares were issued under the Management Incentive Plan on 20 November 2017
Tranches M, N and O - 800,001 shares were issued under the Management Incentive Plan on 6 May 2019
Tranches P, Q and R – 1,680,000 shares were issued under the Management Incentive Plan on 16 March 2020
Tranches S, T and U – 300,000 shares were issued under the Management Incentive Plan on 25 January 2021
Tranches V, X and W – 1,400,000 shares were issued under the Management Incentive Plan on 8 March 2021
Tranche Y – 30,850,000 shares were issued under the Management Incentive Plan on 24 November 2022 by means of a non-recourse loan and vested immediately, but remain restricted for a period of one year.
Shares issued under the Management Incentive Plan are not included in the earnings per share calculation in Note 16.
- (j) On 24 November 2022, LiveTiles Limited issued 25,000,000 shares under the Employee Incentive Plan. These are restricted shares and will vest upon achieving certain vesting conditions.

The accompanying notes form part of these financial statements.

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NOTE 10: SHARE BASED PAYMENTS EXPENSE

		Consolidated Group	
		31 December 2022	31 December 2021
		\$	\$
Share based payment expense			
	Note		
Management Incentive Plan shares		28,802	82,004
Long Term Incentive Plan shares		230,956	182,663
My Net Zero shares	12	578,000	-
Non-recourse loan on MIP shares immediately vested	9(i)	1,047,381	-
Reversal of unvested performance based shares		(454,986)	-
		<u>1,430,153</u>	<u>264,667</u>

NOTE 11: EQUITY – RESERVES

		Consolidated Group	
		31 December 2022	30 June 2022
		\$	\$
Share based payments reserve		5,726,000	4,295,847
Foreign currency translation reserve		(1,669,340)	(4,991,052)
Actuarial remeasurement reserve – pension liabilities		6,617,115	5,663,437
		<u>10,673,775</u>	<u>4,968,232</u>

Foreign currency translation reserves relate to the translation of foreign operations with functional currencies other than Australian dollars. Exchange differences arising on translation are recognised in other comprehensive income. Current period movement predominately relates to the translation of intercompany balances in foreign currencies and denominated in AUD that are considered permanent in nature. Intercompany balances fully eliminate upon consolidation.

Actuarial remeasurement reserve records movements arising from actuarial gain or loss on the revaluation of the Group's defined benefit pension plan assets and liabilities, net of tax.

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NOTE 12: ACQUISITION OF MY NET ZERO

During the period, on 18 October 2022, the Group signed a share purchase agreement to obtain the right to acquire the remaining 80.03% of the shares of My Net Zero R&D Pty Ltd (MNZ) in several tranches, resulting in a shareholding of 54.13% as at 31 December 2022.

My Net Zero is a climate advisory, tech company and marketplace enabling employees to involve and activate their people in positive climate action manner. With the climate crisis in the top three concerns of employees across all demographics, My Net Zero provides a framework of communication and support to respond to employee concerns and support their desired actions.

My Net Zero offers employers both the behavioural-change advice and practical tech platform to translate, connect and implement tangible action on climate change not only from employees but also other stakeholders (consumers, students, members).

The acquisition of MNZ will enable LiveTiles to achieve its strategic vision more quickly, and allow LiveTiles to deliver new capabilities to market.

Under the Share Purchase Agreement, the total amount payable for the Acquisition of the remaining 80.03% of the remaining shares, comprises the following components:

- Base consideration of \$2,500,000 payable in either cash or shares using a fixed share price, as included in the Share Sale agreement, of \$0.062 per shares or 40 million shares.
- Earn-out payments of \$7,500,000 contingent upon revenue performance hurdles being met and the continued employment of the CEO of MNZ. The earn-out is payable in either cash or shares using a fixed share price of \$0.062 per shares capped at 120 million shares. The amount of cash or shares that will ultimately vest is subject to the achievement of the revenue performance targets with LiveTiles sole discretion in terms of settlement in either cash or shares.

The Acquisition meets the requirements of AASB 3 Business Combinations therefore MNZ has been consolidated into the financial statements of the Group from the date of the acquisition, being 18 October 2022. As at 31 December 2022 the Group has a shareholding of 54.13% in MNZ. Given the immaterial nature of the MNZ net assets acquired no Non-Controlling Interest (NCI) split has been recorded in the statement of changes in equity.

On 25 October 2022, 68,294,390 shares were issued representing 40,000,000 shares that vested immediately relating to the \$2,500,000 base consideration and 28,294,390 shares that remained restricted (refer to note 9(g)).

Goodwill has been measured as the excess of consideration over the provisional identifiable net assets of MNZ and the fair value of the 19.97% minority stake acquired on 13 December 2021 accounted for as a financial asset with a fair value of \$985,000 as at 30 June 2022.

Fair value assessment upon acquisition

		Fair value at acquisition date \$
Net identifiable assets acquired	Note	<u>54,867</u>
Representing:		
Base consideration		2,500,000
Fair value 19.97% minority stake as at 30 June 2022		985,000
Fair value movement through profit and loss for 19.97% stake upon acquisition		<u>(361,171)</u>
Fair value of consideration		3,123,829
Goodwill recognised on acquisition of MNZ	4	<u>3,068,962</u>

The accompanying notes form part of these financial statements.

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NOTE 12: ACQUISITION OF MY NET ZERO (CONTINUED)

Expenses related to the acquisition of MNZ

		2022
		\$
Share based payment expense for post combination services	(a)	578,000
Transaction costs	(b)	121,611

- (a) Part of the total amount payable to MNZ is contingent on the continued employment of the CEO of MNZ and is therefore deemed to be a share based payment for post combination services. The fair value of the share based payment has been determined using the market price of LiveTiles shares at the date of the Acquisition and considering the probability of the revenue performance and service conditions being met. Refer to note 10.
- (b) The Group incurred costs of \$121,611 in relation to the acquisition of MNZ which have been expensed in the Statement of Profit or Loss and Other Comprehensive Income as professional fees. The transaction costs have been paid in the period.

The Group has applied provisional accounting and has 12 months from the date of acquisition to finalise the accounting treatment to reflect any new information. Revenue from the time of acquisition on 18 October 2022 until 31 December 2022 was \$63,050 and the result for the same period was a loss after tax of \$23,066. Refer to note 15.

NOTE 13: INTEREST IN SUBSIDIARIES

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interest held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of subsidiary	Principal place of business	Ownership interest held by Group	
		31 December 2022	30 June 2022
LiveTiles Holdings Pty Ltd	Australia	100%	100%
LiveTiles APAC Pty Ltd	Australia	100%	100%
LiveTiles R and D Pty Ltd	Australia	100%	100%
LiveTiles Corporation (formerly LiveTiles LLC)	USA	100%	100%
Modun Resources Pty Ltd	Singapore	100%	100%
Hyperfish, Inc	USA	100%	100%
LiveTiles Europe A/S	Denmark	100%	100%
LiveTiles Switzerland AG	Switzerland	100%	100%
LiveTiles Portugal, Unipessoal LDA	Portugal	100%	100%
Human Link Consulting Pty Ltd	Australia	100%	100%
Human Link Programs Pty Ltd	Australia	100%	100%
Cordis Digital Pty Ltd	Australia	100%	100%
My Net Zero R&D Pty Ltd	Australia	54.13%	19.97%

The accompanying notes form part of these financial statements.

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NOTE 14: RELATED PARTY TRANSACTIONS

	Consolidated Group	
	31 December 2022	30 June 2022
	\$	\$
<i>Receivables from related parties:</i>		
Current receivables (other current assets):		
Loans to key management personnel	1,439,782	1,340,870

The loans in the above table, first raised in April 2019, were provided to the co-founders, Karl Redenbach and Peter Nguyen-Brown, to assist with their defence of litigation brought against them, as advised to ASX on 1 June 2018. Whilst the Group engaged its own lawyers to represent the four Group entities named in the litigation, instructed by the independent non-executive directors, the loans above solely relate to legal advice sought by co-founders.

The loans have been provided at arm's length with a total capped amount of \$475,000 per person (excluding accrued interest). Interest charged at 15% per annum and is capitalised annually, current capitalised balance equals \$244,891 per person. There have been no write-downs of the balances owed during the period. No provision is held in relation to the collection of these balances.

The loans are repayable, including interest, 180 days after the later of 1) the case is settled, 2) findings determined against the defendants or 3) receipt of cost assessors certificate which was received on 2 September 2022.

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NOTE 15: OPERATING SEGMENTS

The consolidated entity has identified three operating segments based on the internal reports that are reviewed and used by the Board of Directors & Chief Executive Officer (who is identified as the Chief Operating Decision Makers ('CODM')). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The operating results of the consolidated entity are currently reviewed by the CODM and decisions are based on three operating segments which also represent the three reporting segments, as follows:

2022 Operating Segments	
Employee Experience ("EX") Platform	Represents the revenue and operating expenses attributable to sale of software and software related services.
Employee Experience ("EX") Programs	Represents the revenue and operating expenses attributable to employee experience related services.
My Net Zero ("MNZ")	Represents the revenue and operating expenses attributable to employer and employee climate change consultancy services.

This represents a change in the operating segments from the prior half year period of 2021, the change between the periods was attributable to the following changes in the business during the 2022 financial year:

- Successful product integration of various legacy software solutions and the launch of a new product portfolio go-to-market.
- Sales/operations and product organisation restructure of previously geographically structured teams, supporting aggregation of legacy operating segments.
- Acquisition of Human Link and establishment of the EX Programs offering, representing a new operating segment.
- Commensurate change in the basis of which discrete financial information is reported.
- Acquisition of MNZ in the current period.

2021 Operating Segments	
Americas	Represents the revenue and operating expenses attributable to activities conducted in the United States of America, Canada, Central America & South America.
APAC	Represents the revenue and operating expenses attributable to activities conducted in Australia, New Zealand & Asia.
EMEA	Represents the revenue and operating expenses attributable to activities conducted in Europe, Middle East & Africa.

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NOTE 15: OPERATING SEGMENTS (CONTINUED)

The table below shows the segment information provided to the CODM for the reportable segments for the 6 months ending 31 December 2021:

Consolidated - 31 Dec 2021	APAC	Americas	EMEA	Unallocated /Head Office	Total
Subscription revenue	11,232,912	3,476,481	11,960,725	-	26,670,118
Other revenue	45	115,576	21,283	86,112	223,016
Revenue	11,232,957	3,592,057	11,982,008	86,112	26,893,134
EBITDA	(546,792)	(22,554)	4,993,188	(84,997)	4,338,845
Depreciation & amortisation	(28,821)	(374,064)	(233,302)	(1,557,559)	(2,193,746)
Finance costs	(6,866)	(143,456)	(32,835)	(147,457)	(330,614)
Profit / (loss) before income tax expense	(582,479)	(540,074)	4,727,051	(1,790,013)	1,814,485
Income tax benefit / (expense)	-	167,804	(867,563)	227,924	(471,835)
Profit / (loss) after income tax expense	(582,479)	(372,270)	3,859,488	(1,562,089)	1,342,650
Consolidated – 31 Dec 2021	APAC	Americas	EMEA	Unallocated /Head Office	Total
<i>Assets</i>					
Segment assets	6,300,170	6,024,153	17,194,814	84,916,123	114,435,260
<i>Liabilities</i>					
Segment liabilities	(6,615,424)	(8,063,362)	(12,088,275)	(28,788,372)	(55,555,433)

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

NOTE 15: OPERATING SEGMENTS (CONTINUED)

Consolidated - 31 Dec 2022	EX Platforms	EX Programs	My Net Zero	Unallocated /Head Office	Total
Revenue	17,599,341	439,508	63,050	-	18,101,899
Other revenue	115,047	360	-	103,464	218,871
Revenue	17,714,388	439,868	63,050	103,464	18,320,770
EBITDA	(3,970,344)	(690,200)	(23,166)	(607,887)	(5,291,597)
Depreciation & amortisation	(2,260,533)	-	-	-	(2,260,533)
Finance costs	(146,587)	(788)	-	(465,427)	(612,802)
Impairment	(16,000,000)	-	-	-	(16,000,000)
Profit / (loss) before income tax expense	(22,377,464)	(690,988)	(23,166)	(1,073,314)	(24,164,933)
Income tax benefit / (expense)	17,269	-	-	-	17,269
Profit / (loss) after income tax expense	(22,360,195)	(690,988)	(23,166)	(1,073,314)	(24,147,664)
Consolidated – 31 Dec 2022	EX Platforms	EX Programs	My Net Zero	Unallocated /Head Office	Total
<i>Assets</i>					
Segment assets	86,431,762	431,072	48,575	7,836,164	94,747,573
<i>Liabilities</i>					
Segment liabilities	(35,324,204)	(340,427)	(16,874)	(15,720,999)	(51,402,504)

The CODM uses adjusted EBITDA as a measure to assess the performance of the segments. This excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as acquisition costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, unrealised gains/losses on financial instruments and amortisation of intangibles.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

**LiveTiles Limited ABN 95 066 139 991
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NOTE 16: EARNINGS PER SHARE

	Consolidated Group	
	31 December 2022	31 December 2021
	\$	\$
Profit / (Loss) after income tax for the period	(24,147,664)	1,342,650
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	901,484,956	880,953,450
	Cents	Cents
Basic profit / (loss) earnings per share	(2.68)	0.15
Diluted profit / (loss) earnings per share	(2.68)	0.15

There are 116,674,391 restricted shares outstanding as at 31 December 2022 which have not been included in the earnings per share calculation, refer to Note 9. The options on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.

NOTE 17: CONTINGENT LIABILITIES

No contingent liabilities exist as at 31 December 2022 (2021: nil).

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Signed

A handwritten signature in black ink, appearing to be 'David Vander', with a large, circular, scribbled loop at the end.

David Vander
Chief Executive Officer
28 February 2023
Melbourne

A handwritten signature in black ink, appearing to be 'Jesse Todd', with a long, horizontal, sweeping stroke at the end.

Jesse Todd
Chair
28 February 2023
Sydney

The accompanying notes form part of these financial statements.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LiveTiles Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of LiveTiles Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

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 conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in dark ink, appearing to read 'Martin Coyle', is written over a faint, larger 'BDO' watermark.

Martin Coyle
Director

Sydney, 28 February 2023