



# **LiveTiles [LVT.ASX]**

## FY23 Results Presentation

29 August 2023



# FY23 RESULTS OVERVIEW

**David Vander, CEO**



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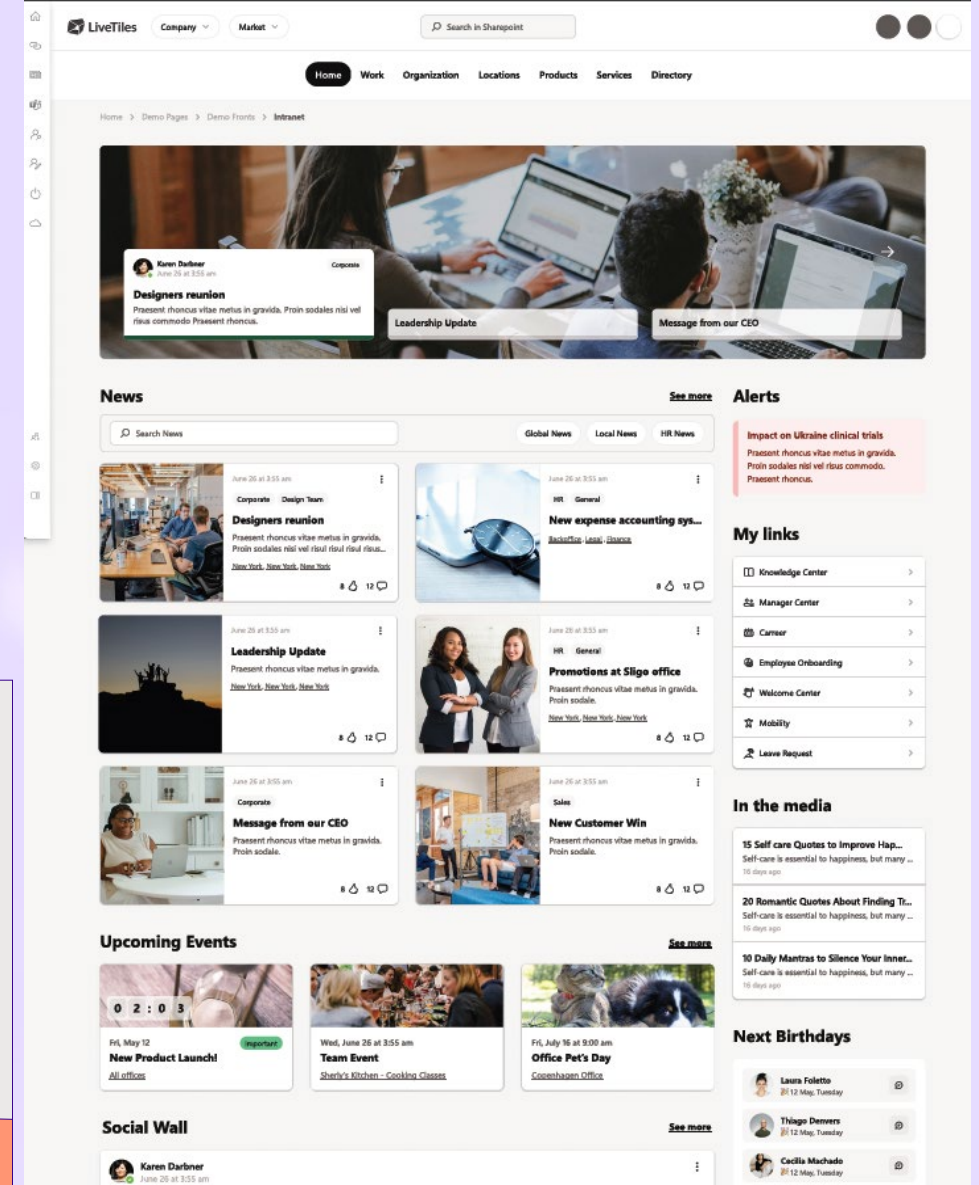
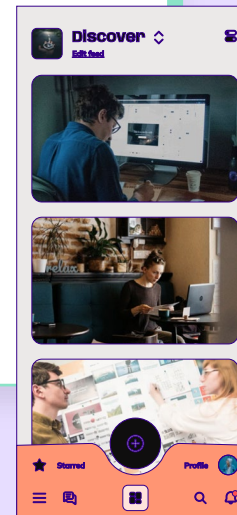
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# FY23 Highlights

- ✓ New CEO Feb 2023, David Vander
- ✓ Major restructure and refocus reflected in financials
- ✓ Simplification of our business driving better accountability
- ✓ Significant new customer adds proving demand
- ✓ Reinvigorated product innovation and roadmap
- ✓ Positioned for growth





# FY23 Results Overview

## UNDERLYING EBITDA

**\$(6.5)m**

**-319% (FY22: \$3.0m)**

## EBITDA

**\$(3.5)m**

**-168% (FY22: \$5.1m)**

## OPERATING REVENUES

**\$30.6m**

**-42% (FY22: \$52.8m)**

## GROSS PROFIT MARGIN

**65.1%**

**-118 pp (FY22: 76.9%)**

## REDUCTION IN OPERATING COSTS

**36%**

**vs PCP**

## CASH RECEIPTS

**37.4m**

**-34% (FY22: \$56.7m)**

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

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

PCP = Prior Comparison Period (30 June 2022)

# FY23 Operational Highlights

## PRODUCT

Reinvigorate product innovation with lower cost base

- Commitment to 3 major product releases per year, with first release deployed in June
- Centered all development in 2 cost effective locations only
- Rated one of top vendors in Clearbox Intranet and Employee Experience Platforms Report 2023

## DRIVING PROFITABILITY

Highly diligent attitude towards capital expenditure, with cost saving initiatives during the period including:

- Reduced operating expense by \$14.1m (36%)
- Reduced headcount globally by 32 employees
- Transition of certain roles to lower-cost locations of Portugal, Ireland and Philippines

## TALENT

Refreshed organisational structure to better align with growth plans and accountability model

- Appointment of CEO, David Vander
- Appointment of new Head of Product, Kim Sorensen and Global Head of Marketing, Alexandra Morris

## STRATEGIC OPPORTUNITIES

Continued simplification of the business operationally and strategically

- Divestment of BindTuning and acquisition completion of My Net Zero
- Appointment of Atlas Technology Group to explore strategic opportunities

# FY23 Key Customer Wins

## KEY TAKEAWAYS

- During FY23 LiveTiles continued to expand its customer base, securing several high-profile contracts with prominent businesses
- LiveTiles secured 64 new customers in FY23
- These new partnerships have strengthened LiveTiles' market position and validated the value and competitiveness of the Company's product offering
- Strong growth in Enterprise Segment which is our target segment
- Several large successful customer rollouts during FY23

## Americas

- Global Law Firm (1k users)
- Large Gov't Municipality (2k users)
- Large Paper Manufacturer (1k users)
- National Hospital upsell (9k users)

## EMEA

- Global Construction Company (10k users)
- Large Swiss Gov't Agency (38k users)
- Global Law Firm (7k users)
- Danish Municipality (6k users)

## APAC

- Global Advertising and PR Firm (1k users)
- Global Mining Company (up to 32k users)
- Multi-National Food brand (12k users)
- Global Tech Company (2k users)

# FY23 FINANCIAL SUMMARY

**David Vander, CEO**





# Profit & Loss Summary

	Jun-23 (\$000s)	Jun-22 (\$000s)	Movement
<b>Total operating revenue</b>	<b>30,606</b>	<b>52,830</b>	<b>(42)%</b>
Other income	351	400	(12)%
<b>Total Revenue</b>	<b>30,957</b>	<b>53,230</b>	<b>(42)%</b>
Cost of revenues	(10,681)	(12,191)	12 %
<b>Gross Profit</b>	<b>19,925</b>	<b>40,638</b>	<b>(51)%</b>
<i>Gross Profit Margin</i>	65.1%	76.9%	(118 pp)
Product research and development	(8,514)	(12,486)	32 %
Sales and marketing	(5,681)	(14,031)	60 %
General and administration	(10,687)	(12,470)	14 %
<b>Total operating expenses</b>	<b>(24,882)</b>	<b>(38,987)</b>	<b>36 %</b>
One off costs	(3,241)	-	-
Depreciation and amortisation	(4,503)	(4,112)	(9)%
Fair value movement through profit and loss	4,027	3,977	1 %
Human Link acquisition expenses	-	(1,013)	100 %
Other non cash expenses	(973)	(839)	(16)%
<b>Net Operating Profit / (Loss)</b>	<b>(9,296)</b>	<b>64</b>	<b>(14,667)%</b>
<b>EBITDA</b>	<b>(3,463)</b>	<b>5,095</b>	<b>(168)%</b>
<i>EBITDA Margin</i>	(11.3)%	9.6 %	(210 pp)
<b>Underlying EBITDA</b>	<b>(6,516)</b>	<b>2,970</b>	<b>(319)%</b>
<i>Underlying EBITDA Margin</i>	(21.3)%	5.6 %	(269 pp)
Impairment of intangible assets	(24,069)	-	-
<b>Net Profit / (Loss) after tax</b>	<b>(33,841)</b>	<b>(818)</b>	<b>(4,036)%</b>

- During the financial year ended 30 June 2023, LiveTiles' performance was impacted by challenging global market conditions across the SaaS and digital landscape
- Operating Revenues** decreased -42% to \$30.6m (FY22: \$52.8m), though underlying operating revenues decreased \$(7.2)m after excluding R&D partnerships. Underlying cash receipts movement account for \$35.2m excluding R&D partnerships vs the prior comparison period of \$39.2m, a 10% underlying decrease
- Total operating costs improved \$14.1m +36%**, driven through operating review, restructure and other operational and organisational efficiencies
- EBITDA** result of \$(3.5)m, a \$(8.6)m decline compared to FY22: \$5.1m. On an **Underlying EBITDA basis**, there was a \$(9.5)m decline vs prior comparison period to \$(6.5)m (FY22: \$3.0m)
- As part of the Operational Review conducted in H1, leading to the appointment of new CEO, David Vander, **the Company continues to execute upon a more efficient and effective means of engaging our customers.** Cost of revenues declined 12% versus FY22
- Pursuant to the Operational Review, LiveTiles has **paused all R&D partnerships.** Whilst LiveTiles 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 \$24.1m** 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 +\$8.4m (60%) with aggressive brand campaign and advertising activity during FY22 not repeated, and savings in salaries resulting from the Operational Review changes

# Balance Sheet

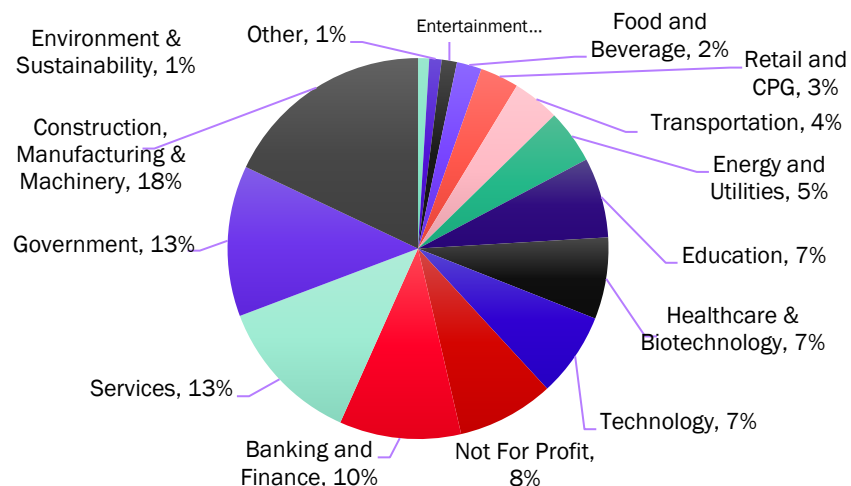
	Jun-23	Jun-22	Movement	
			\$	%
Cash and cash equivalents	6,694	13,177	-6,483	-49%
Trade and other receivables	4,704	8,139	-3,435	-42%
Assets held for sale	7,380	0	7,380	0%
<b>Total current assets</b>	<b>19,023</b>	<b>23,444</b>	<b>-4,421</b>	<b>-19%</b>
Intangibles	59,308	74,742	-15,434	-21%
Investment in Associates	0	6,567	-6,567	-100%
<b>Total non-current assets</b>	<b>63,366</b>	<b>86,601</b>	<b>-23,235</b>	<b>-27%</b>
<b>Total assets</b>	<b>82,389</b>	<b>110,045</b>	<b>-27,656</b>	<b>-25%</b>
Trade and other payables	5,179	8,089	-2,910	-36%
Provisions	7,531	12,926	-5,395	-42%
Borrowings	8,962	5,479	3,484	64%
<b>Total liabilities</b>	<b>43,905</b>	<b>50,939</b>	<b>-7,034</b>	<b>-14%</b>
<b>Total equity</b>	<b>38,484</b>	<b>59,106</b>	<b>-20,622</b>	<b>-35%</b>

- **Cash position of \$6.7M** provides sufficient cash for business operations and growth
- **Non-Current Assets** value decreased primarily due to \$21.0m impairment (adjusted by \$6.5m on FX movements on original carrying value) relating to intangible asset revaluation in the LiveTiles business – findings from executive management operational review conducted during 1H FY23 concluded that resources would be diverted to servicing core business segments expected to deliver the strongest growth
- Shift in BindTuning investment, from **Investment in Associates** to **Asset held for sale**, as the Group had been in discussions at 30 June 2023 with BindTuning to conclude its IP agreement. On 6 July 2023, the Group announced it had completed discussions and mutually agreed with BindTuning to conclude its arrangement in exchange for IP, US\$100,000 in cash, and for all LiveTiles shares returned. The BindTuning carrying and provision values will be removed in the FY24 Balance Sheet
- **Deferred ('unearned') revenue** (reflected within Total Liabilities) was \$12.1m (FY22: \$13.2m); a result of invoicing customers their full fees in advance of their subscription period, a feature of Software as a Service (SaaS) business models. This amount represents future guaranteed revenue streams that will unwind from the Balance Sheet and move into P&L as Revenue over the lifetime of each customer subscription period
- **Borrowings** increased \$3.5m due to remaining facility with OneVentures fully drawn down at 27 September 2022

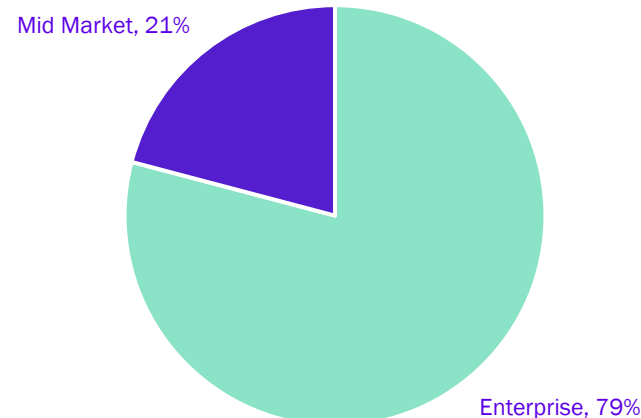
# Blue Chip Customer Validation Across a Range of Industry Verticals

Leveraged by 900+ customers across more than 20 countries, LiveTiles supports both front-office and back-office functions

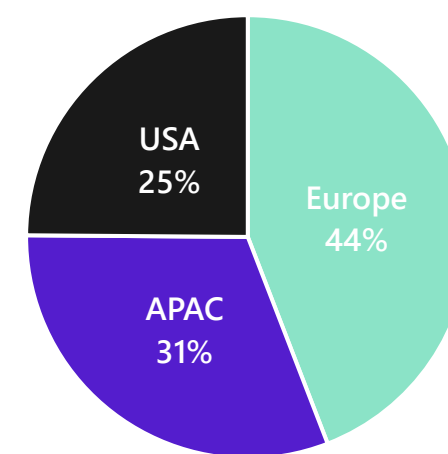
BY INDUSTRY



BY CUSTOMER SIZE



BY GEOGRAPHY



SELECT CUSTOMERS

## EDUCATION



## GOVERNMENT



## INDUSTRIALS



## FINANCIAL SERVICES



## HEALTHCARE



## NOT-FOR-PROFIT



## RETAIL/CONSUMER



## SERVICES



## OTHER



# STRATEGY & MARKET CONTEXT

**David Vander, CEO**



# Significant Addressable Market

LiveTiles has significant opportunity in a large and growing market

- Software market potential alone is large AU\$16.1bn & growing at 15% CAGR to 2027<sup>1</sup>
- Conservative estimate we are at only <7% of our Serviceable Obtainable Market
- Market definitions keep evolving as opportunities present i.e., AI, visual collab, analytics etc. There is currently no specific market definition or sizing for Intranet Packaged Solutions (IPS)
- Gartner Hype Cycle has at least 16 interesting additional scope items<sup>2</sup>
- Total software revenue from IPS competitors estimated at AU\$0.4 to \$0.5bn<sup>3</sup>
- Clear opportunity with adjacent markets and additional scope<sup>4</sup>
- Market consolidation likely in the next five years

<sup>1</sup> Gartner: Forecast Analysis: Social and Collaboration Software in the Workplace, Worldwide <https://www.gartner.com/document/4173199?ref=solrAll&refval=370140494>

<sup>2</sup> Gartner: Hype Cycle for Digital Workplace Applications, 2022s <https://www.gartner.com/interactive/hc/4017167?ref=solrctp&refval=370140864&ipDocCd=772459>

<sup>3</sup> Gartner: Craig Roth, VP Analyst

\$AUD

## TAM

Total Available Market  
\$16.1bn

- Starts with Social & Collab market
- Excluding scope i.e., SharePoint & Teams
- Includes some adjacent and infra

## SAM

Service Available Market  
\$8.1bn

- Segmentation
- Geographies
- Operational GTM

## SOM

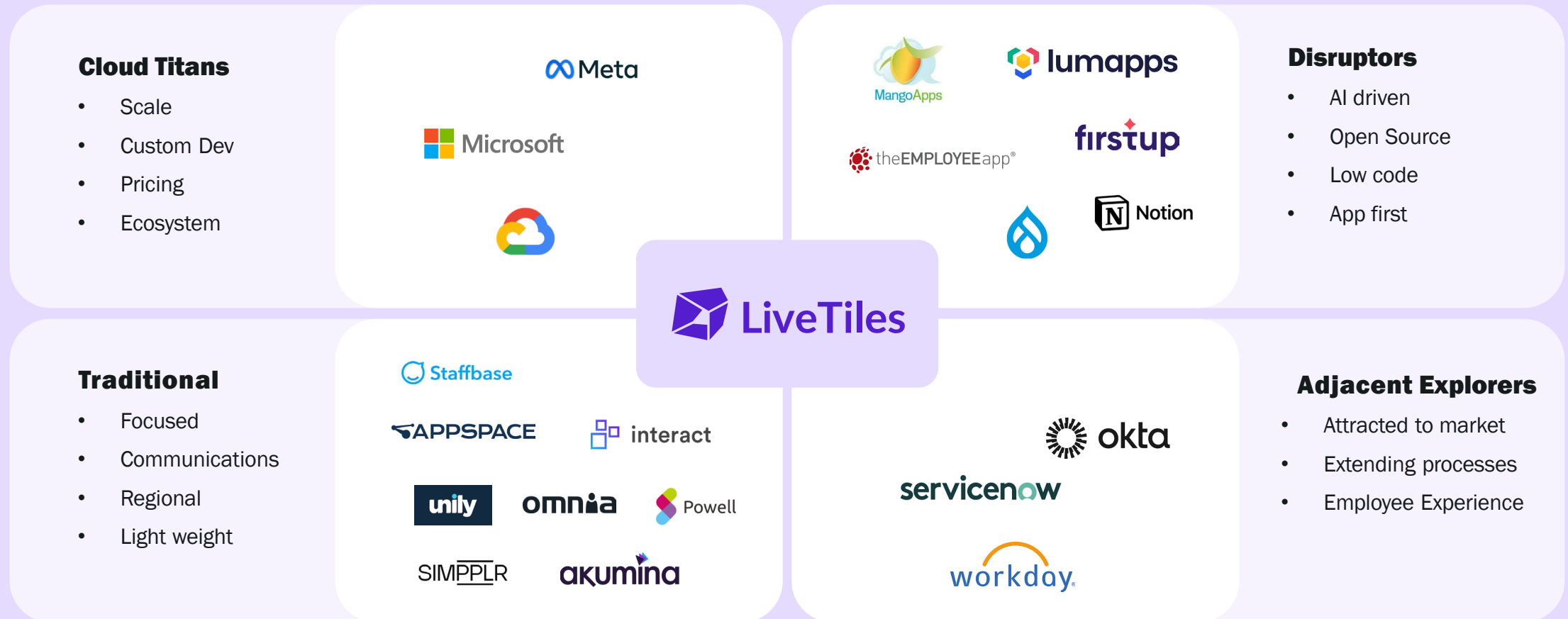
Serviceable Obtainable Market  
\$0.74bn

- Competitors
- Replacement Cycles
- Capacity



# Our Competitive Landscape

LiveTiles at the center of a converging ecosystem



<sup>1</sup> Analysis conducted by LiveTiles and based on ClearBox <https://www.clearbox.co.uk/best-intranet-platforms-reviewed-2023/> and Forrester <https://www.forrester.com/report/the-forrester-wave-tm-intranet-platforms-q1-2022/RES176320>

<sup>2</sup> Staffbase [acquires Valo](#) Nov 2021 and [announce layoffs](#) Jun 2023

<sup>3</sup> Appspace [acquires Beezy](#) Oct 2021

# How is LiveTiles different?

The LiveTiles special sauce



## Expertise, adaptability & high speed

Freedom for choice of infrastructure and ability to implement quickly



## Industrial Strength

Our products and support are geared ready to deliver for global enterprise



## Most Innovative

Leading R&D spend  
Closest to Microsoft  
Highest number of features/year



## Our People

Our expertise & commitment to the best possible business outcome

# Strategic Execution

Our strategic program for FY24

## Objectives

### Product

- Reinvigorate our innovation profile
- Create the market leading product
- Seen as leading edge and must have

### Penetration (Sales & Marketing)

- Significant increase in lead flow
- Do not lose an existing customer
- Increase win rates

### People

- Aligned and motivated teams
- Leadership factory
- Magnet for talent

## Initiatives

- 3 Major releases a year
- Product Managers (4)
- 2 Dev locations - Porto & Sligo

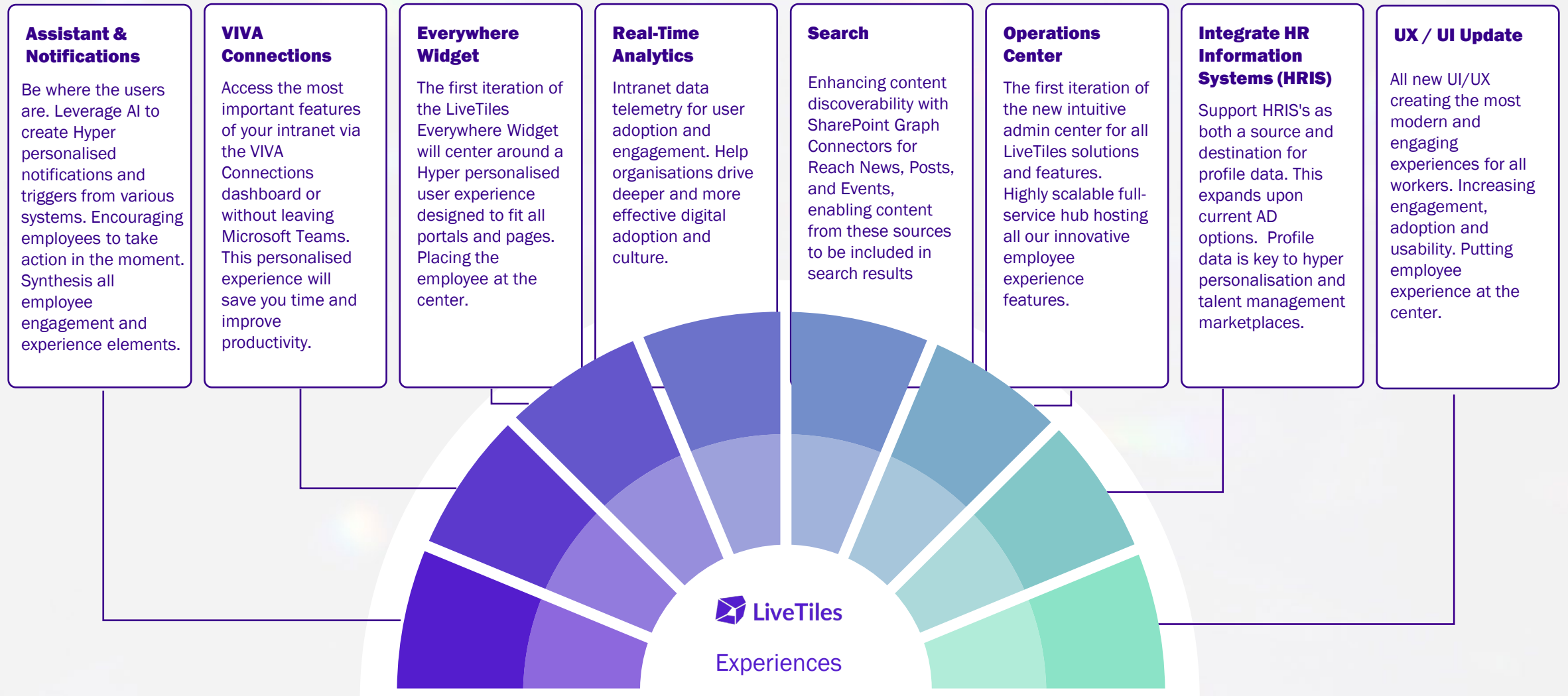
- New Marketing program
- Sales Excellence and rigour
- Reinvigorate Partner ecosystem

- Talent reviews
- EX Action plan
- Leadership Development

**Operational & Financial Discipline and Rigour**

# Product Roadmap

Exciting focus areas for FY24 and beyond



# Product Roadmap - AI: Beyond the Hype

LiveTiles is enhancing our data estate and going beyond the buzzwords to real business value

## Reach

Enhancing Internal Communications through AI

- **Content Enhancement:**  
AI-powered features for content generation, sentiment analysis, keyword generation, and more
- **Engagement Analytics:**  
Post-publication insights on engagement metrics, keyword resonance, and audience demographics

## Intranet

Boosting Operational Efficiency and ROI

- **Governance & Automation:**  
AI to automate content management, categorise content, and handle duplications
- **Content Personalisation:**  
Suggestions based on user preferences, enhanced language translations with contextual understanding
- **Enhanced Search:**  
State-of-the-art NLP models for improved content discovery, semantic search, and cross-product feature integration

## Analytics

Harnessing Data for Actionable Insights

- **Data Management:**  
Harnessing user-generated data across all products to fuel AI exploration and machine learning
- **Behavioral Insights:**  
AI analytics for understanding user behavior, forecasting trends, and real-time reporting

## Assistant

Personalised AI Assistant with Smart Notifications

- **Smart Notifications:**  
Personalised AI assistant offering hyper personalised notifications and triggers from various systems
- **Insights:**  
The assistant uses AI for sentiment analysis, content prioritisation and filtering, providing a tailored view of user suggested activities
- **Resource Prioritisation:**  
Assistant employs AI to highlight learning resources and ensures timely policy reviews



# In Summary

## Back to basics – focused on customer growth

- 64 new customers
- Reduced attrition to <7%

## Simplification of the business

- Conclusion of BindTuning
- Capitalise on H1 Operational Review and lean cost base

## Refreshed leadership team

- New Chief Executive Officer
- New Head of Product
- New Head of Marketing

## Reinvigorated product innovation

- 3 major releases per year
- New leadership & discipline
- 2 low cost dev locations only

## Financial discipline and focus on profitability

- Focus on break even
- Rigour & discipline
- Transparency & Predictability

## Position for growth

- Focused on AI and data
- Capitalise on lean set up
- Accelerate target markets



**LiveTiles**

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# APPENDIX



# Refreshed leadership team

Supported by a well respected and tenured board

## MANAGEMENT TEAM



**David Vander**  
Chief Executive Officer



**Alexandra Morris**  
Head of Marketing



**Kim Sorensen**  
Head of Product



**Cameron Smith**  
Head of Operations



**David Salter**  
GM Americas



**Martin Trachsel**  
GM EMEA



**Annalise Meurant**  
Head of Legal



**Darren Pruscino**  
Director of Finance

## BOARD



**Karl Redenbach**  
Executive Director



**Jesse Todd**  
Chair



**Vanessa Ferguson**  
Non-Executive Director



**Kevin Young**  
Non-Executive Director

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