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LIVEWORLD, INC.

OTC PINK: LVWD

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INVESTOR CONFERENCE

LiveWorld is a digital agency specializing in social media and technology solutions that help companies spark emotional conversations, build stronger customer relationships, and drive behavior change.

LiveWorld, Inc. lives at the intersection of bold creative rooted in strategy that inspires, moderation that activates human interactions, and technology that enriches and scales customer experiences. With over 26 years of making connections, LiveWorld's integrated team leverages its social media DNA to deliver emotion driven behavior change through digital campaigns with a human touch. LiveWorld clients include the number one brands in pharmaceuticals, healthcare, and financial-travel services. LiveWorld is headquartered in San Jose, California, with an additional office in New York City.



Adam Lowensteiner
Vice President
Lytham Partners



Peter Friedman
Chairman & CEO
LiveWorld, Inc.
OTC Pink: LVWD



David Houston
Chief Financial Officer
LiveWorld, Inc.
OTC Pink: LVWD

A video replay of the LiveWorld, Inc. Fireside Chat is available at:

<https://wsw.com/webcast/lytham5/lvwd/2057748>



Adam Lowensteiner, Vice President at Lytham Partners, had the opportunity to interview Peter Friedman, CEO and David Houston, CFO of LiveWorld, Inc. (OTC Pink: LVWD) as part of the Lytham Partners Summer 2022 Investor Conference Series.



Adam Lowensteiner, Vice President, Lytham Partners

Hello everyone and thank you all for joining us during the Lytham Partners Summer 2022 Investor Conference. My name is Adam Lowensteiner, Vice President of Lytham Partners. During this fireside chat, we welcome LiveWorld, ticker symbol of LVWD, on the OTC Pinks, and its Founder, Chairman and CEO, Peter Friedman; and its CFO, David Houston.

Before we begin for those not familiar, Lytham Partners is one of the country's leading investor relations firms. With more than two decades of corporate access experience, we have built one of the industry's most diverse and effective platforms for connecting small cap companies with high quality and focused institutional investors while creating a framework of best practices in all aspects of investor relations. Today's discussions, hopefully at another example, we could bring value to multiple constituents. I want to remind everybody that LiveWorld is available for one-on-one meetings. If you are interested in a meeting, please send me an email at lowensteiner@lythampartners.com. With that said, let's begin our discussion. Welcome Peter and David.

Peter Friedman, Chairman & CEO, LiveWorld Inc.

Thanks for having us. We're very glad to be here.

Adam Lowensteiner, Lytham Partners

I always love to start with this question. Let's start with providing a brief overview of the company and your backgrounds.



Peter Friedman, LiveWorld Inc.

The way to look at LiveWorld is we're a digital agency specializing in social media and technology solutions. Our key focus is creating emotional connections between our client brands and their customers to help those clients meet their business objectives, which are either marketing, customer service, or healthcare outcomes. We work with Fortune 100 companies in a few market segments, but our primary focus is healthcare.

A little about myself. I'm the Founder, Chairman and CEO of LiveWorld. When my colleagues and I started LiveWorld, 26 years ago, I was coming out of Apple where I worked 12 years and eventually became a senior executive in the company and was the Vice President and General Manager of Apple's online division.



David Houston, Chief Financial Officer, LiveWorld Inc.

I'm LiveWorld's Chief Financial Officer. Prior to joining LiveWorld, almost 16 years ago, I was a Senior Financial Executive at Excite@Home. And before that CKS Group, which was the first major interactive digital agency.



Adam Lowensteiner, Lytham Partners

How has your industry evolved over the past few years, including during COVID? How has that affected your business?

Peter Friedman, LiveWorld Inc.

For a number of years now, we've seen a major shift in marketing budgets towards digital and even more so towards social media. We're seeing continued growth in the healthcare market to the point of it being over 20% of our U.S. GDP or over \$4 trillion. The big opportunity that relates to us is the convergence of these two. Healthcare and social media create an opportunity for us. In particular, patients and physicians have already moved to social media. The pharma companies and hospitals are playing a little bit of catch up and that's where we fill in the gap. And finally, I'd say, COVID has moved us to a virtual world and we've seen this trend toward social media accelerate.

Adam Lowensteiner, Lytham Partners

Who are some of your clients and what are the typical services you provide for them?



David Houston, LiveWorld Inc.

We work with approximately 70 brands across 20 clients. We currently work with some of the top pharma companies, such as Pfizer, AstraZeneca, Bristol-Myers Squibb, and AbbVie. Hospitals are a new segment for us, where we count Mount Sinai Medical Systems and Mass General two of the largest and most innovative systems among our clients. Regarding our non-healthcare clients, we have American Express, who we've been working with for 14 years, and Federal Express, who we've been working with for nearly 7 years.

Adam Lowensteiner, Lytham Partners

Why do these companies work with LiveWorld? What do you offer that other firms don't?

Peter Friedman, LiveWorld Inc.

First is our solutions mix. A mixture of creative, which you would think of as the strategy and creative and management of digital marketing campaigns. Moderation, which is the combination of our human agents and the technology we have to manage user content and conversations in social media. Part of that, which is really important for pharma, is managing the FDA regulations regarding adverse events, which is just a must have for pharma companies. Also engaging with our clients' customers for marketing, customer service, and healthcare reasons. Third, we build technology platforms that enrich the customer experience, more interactive and scales all of it. Each of these areas is very powerful on their own, but when we integrate them that's more powerful. This is the first element of what's really different versus other companies, that we have this solution that includes creative, moderation, and technology is very unique. We know of no other agency capable of providing all three of these and in the combinations we do.

The second differentiator is our deep, deep DNA in social media. We're actually the longest standing company in the world that's social media related. We started it 26 years ago. Not only does this enable us to create and manage very high quality, very valuable programs in social media, but it gives us a unique perspective on how emotions drive behavior change, which is what our clients want. They want to sell something. They want to position themselves. They've got to get patients or doctors or consumers to behave differently, which is driven by emotions. This lets us implement the strategies and programs for them very well.



Peter Friedman, LiveWorld Inc. (cont.)

Then each of the solution areas has a bunch of differentiators. That's too detailed to go into now, but in each of creative, moderation, and technology, there are things we do that others don't do or we do them better. Last, we're a small agency. We're not one of these giant conglomerates. So, we're faster. We're more flexible. We're more out of the box. Without all the overhead of these big giant companies we're more cost effective. A lot of corporate clients are looking for that now.

Adam Lowensteiner, Lytham Partners

Can you share with us maybe a sample client and what you've done for them over the years?

Peter Friedman, LiveWorld Inc.

Yes. Let's take AbbVie, a really big pharmaceutical company, with blockbuster drug HUMIRA. It's about \$20 billion/year and they have a bunch of other drugs too. We began with them about seven years ago working on one or two brands, providing our moderation services and technology, the main focus being adverse events. It's important to remember, you can't be a pharma company or any other kind of company without being in social media today. But if you're a pharma company, you're regulated, and the FDA requires you to report and track adverse events. That's where we come in. We have services and technology that really helps for that. We started with that. Then over time that work expanded to multiple other brands and more social media pages with each one pretty much having their own contract or SOW which stands for a (statement of work).

They're all under a Master Services Agreement, but we have a dozen to two dozen different contracts within AbbVie that are separate pieces of business. They just expanded from there because we offered such services. We become the default provider. Then they added more kinds of moderation, including more engagement to help the patients with their healthcare journeys. Then AbbVie acquired a whole other company. We picked up business with them too. Then we started doing our creative and digital agency work such as strategy, insight, and campaigns for a few of these brands. In those cases, we're effectively the agency of record for social media. So, it began with adverse events moderation for a few brands and a few pages and expanded to many. We upsold our different types of services and technology and to more parts of the company. This business for us went from one group and a few hundred thousand dollars a year to well over 15 brands and to millions of dollars a year.

Adam Lowensteiner, Lytham Partners

You mentioned technology, can you discuss the types of data that is gathered from your technology and how you can use that data or use it currently and possibly monetize it?

Peter Friedman, LiveWorld Inc.

We collect a lot of data, but it depends on the type of program, of course. When you look at it overall, we're always collecting, organizing, tagging, and analyzing comments and conversations and other kinds of data for social media. Who the users are, what they're saying, patterns and things like that. In our digital campaigns, we collect all kinds of KPIs from impressions to engagement. In some of our programs, we have quizzes and surveys that collect more information either to be a rich user experience that drives behavior and emotions or to actually create profiles of people for targeting. First, we use this data to



Peter Friedman, LiveWorld Inc. (cont.)

measure programs. Then to reveal insights for our clients about their customers, subject interest, what they like, they don't, like trends. Early crisis alert. When a company today has a crisis, it's usually a social media crisis. We're able to detect those early by collecting data and looking at the conversations. This can make a big difference in being prepared. and responding rapidly. Then we track what's happening as the crisis unfolds and we're managing it. Some of that is just the basic differentiation and it helps us win business. We also have revenue programs associated with data that are specific projects that we're getting paid for. Last, within all that, we have layers of reports. Some of the reports are included in the basic program and some are premium add-ons.

Adam Lowensteiner, Lytham Partners

Can you share how you attract new clients? I know you mentioned before about there's mergers and acquisitions and such. But also how long is the sales cycle? And once customers are on board, how long do they usually stay and how large can they really become?

Peter Friedman, LiveWorld Inc.

The main way our industry and our company gets new clients is through word of mouth, referrals, and events. Events that either we put on like a luncheon for say pharma people in New Jersey or industry events we participate in. We also do targeted content marketing in social media and digital venues. Winning awards, which is important because that helps spur the word of mouth. Our challenge and opportunity today is not everybody knows about us. As we're emerging more now and building awareness, we expect to get a lot more business. The sales cycle is kind of a tricky question. This can really vary anywhere from a few weeks to a couple of years. There might be a prospect that attends one of our events, but it's not until the following year that they have a budget or a program or they're changing an agency, or they need to step up their social media and they reach back out to us.

On the other hand, sometimes a company is starting in social media or expanding, and their moderation needs go way up real fast. Those people can come crashing through our doors and want us up and running like tomorrow if we can. Usually, it's about two weeks to get started. The way we generally think about it is a 6 to 18 months range but it can really vary.

The other element of all this is how long they stay. Client longevity we think really reflects on the value that LiveWorld delivers. **We're in this to build long-term relationships and we've done so. American Express has been a client for over 14 years.** Pfizer, one of the largest pharmaceutical company, and Zoetis, one of largest animal drug companies have each been with us for over 10 years. Six or seven years for each of AbbVie, Bristol-Myers, and FedEx.

To build those relationships, to have those people stay with us that long really reflects on the value we bring them and the quality of account service, not just the relationship. Another measure here is recurring revenue. Most of our revenue is annuity streams, or if not outright an annuity, it's a contract that just keeps repeating year to year. The clients range anywhere from \$50,000 a year, particularly at the beginning, to well over \$2 million a year. Our bell curve, I think, is in the half million to million range. We have more clients



Peter Friedman, LiveWorld Inc. (cont.)

in that range than anywhere else. Realistically as we grow the business, we build that long term relationship, and we have multiple brands at a corporate client it's reasonable for our Fortune 100 clients to get to several hundred thousand to several million dollars a year each.

Adam Lowensteiner, Lytham Partners

Marketing budgets are usually a first to get cut during slowdowns or recessions. Are you seeing that at all? And if not, why? And how recession resistant is your business?



David Houston, LiveWorld Inc.

Right now, what we're seeing across our client base is stable budgets. Or slightly increasing budgets. Our business approach has always been to be aggressive on ideas and strategies. We're being conservative with our discipline and financial management. I don't see any company that's really recession proof. However, with that said, I'd say we have some key strengths that enable us to manage some downturns. The reason marketing budgets are shifting to digital and social is because these are more effective and more cost-efficient ways to communicate with the brand's consumers. Right now, we're seeing marketing budgets grow, but when they cut back, it's not uncommon for monies to be shifted to digital and social and away from the traditional media spends. Today, these brands all need to be in social media or they're simply not showing up to their customers. The healthcare market is growing. Healthcare doesn't go away because of recession. Digital, social, and healthcare have a very good intersection and that's where you're going to find LiveWorld. Also going back to the disciplined financial management, we have a flexible cost base, we have cash on hand and no debt.

Adam Lowensteiner, Lytham Partners

Pivoting to the next question, you've done a tremendous job over the past few years to get the company to this point. It's no small feat given the pandemic. Can you spend a moment and discuss the financial highlights of the company?

David Houston, LiveWorld Inc.

Sure. Right now, I would say the top-line revenue went from \$7.4 million to \$8.6 million from 2019 to 2020. That's about a 16% growth rate. And from 2020 to 2021, we grew at 18% up to \$10.1 million. In 2019, we had a net loss of about \$449,000. We were able to turn that around into a profit of \$366,000 in 2020. In 2021, our net income grew to \$796,000 more than doubling our profits. Our cash has gone up from \$730,000 at the end of 2019 almost to \$3.6 million at the end of 2021. Again, we did this using no debt with cash flow positive from our operations.

Adam Lowensteiner, Lytham Partners

So now that the company has gotten to this point, built a nice track record — what type of opportunity is here for LiveWorld? How should investors think about how large your business can grow to and how do you get there?

David Houston, LiveWorld Inc.

We see a significant opportunity over the long run on multiple levels. First, social media and healthcare are only going to grow. This is due to the enormous size of the healthcare market combined with its fairly nescient position in social. Plus, social media itself is on a significant



David Houston, LiveWorld Inc. (cont.)

growth path. These combined mean all aspects of our business are poised for growth. Additionally, we develop long-term relationships with our clients. This is the basis for more and larger annuity streams. But the key thing we have to do is build awareness for LiveWorld and our solutions. We're going to do this, but it's going to take a little bit of time.

We grew our healthcare revenues from \$1 million to nearly \$9 million over the last few years. The marketing opportunity suggests we can do more than that moving forward.

We've demonstrated the ability to grow clients from small projects with tens of thousands of dollars and to hundreds of thousands or even millions of dollars of business per year. Again, we've got 70 brands that we're working with across 20 clients. Most of these are all top Fortune 100 companies, and we can provide more to the brands with a wider range of our solutions. Most of the companies we are working with have a quite a number of additional brands or other areas that we can go after. This is just the 20 companies we're working with right now. There are literally thousands of other companies we should be working with. Today, our business is mostly pharmaceutical companies and we've just rolled out our focused efforts on hospitals. We feel there is a great potential here as well. Beyond that, I would say medium and long-term, we're looking at other verticals such as financial services, where we do have a strong track record historically.

Adam Lowensteiner, Lytham Partners

What are some of the key accomplishments LiveWorld achieved in recent years that you're proud of and are important to share with investors?



Peter Friedman, LiveWorld Inc.

It always starts with delivering great value to our clients and seeing the business growing from that. We just have focus on value and providing a work environment and culture in which our people have a passion for the business and for each other. You have to have that, partly because of the kind of company we want to be. That drives everything.

That said, we made a conscious decision several years ago to double down on healthcare. We've grown healthcare from 10% of our business to like 88%. As David said, it's gone from \$1 million to \$9 million. That's a pretty good accomplishment. We also made a conscious decision to expand to be a full-service digital agency, bringing on digital creative teams and the rest of what you need for that. Over the last three years, the agency part of our business has gone from very, very little to about \$2 million a year.

Then there is COVID. We got through COVID, and we actually grew our revenue. That's in part being at the intersection of digital, social, and healthcare. In part through this intersection of creative, moderation, and technology. It's mostly due to having built a quality client base and really having an extraordinary team that has stuck with us for a number of years and is committed to seeing things through. This may be interesting to our listeners. We've been a virtual company pretty much for 20 years. When COVID hit and everybody has struggled with virtual, it was just normal for us. We've been telling everybody it's more productive and you can innovate more for years, but a lot of people didn't believe us. Now the studies show we've been right all along. So, I think we're a leader on that.



Peter Friedman, LiveWorld Inc. (cont.)

Last, as an accomplishment, we focused on healthcare in part because it's the business opportunity, everything David talked about. But we also did it because we knew that our solutions and our team could impact people's healthcare. In various ways, not just in the last seven years, but for 26 years, our solutions and team have helped people with their healthcare journeys, sometimes being instrumental to them, sometimes saving lives. I mean, really literally we've saved lives. There are very specific cases just in the last few years, we've made a really big difference in people's lives. As a team and a company and as investors in our company, this is something we can all be really proud of.

Adam Lowensteiner, Lytham Partners

Okay. Aside from quarterly press releases, what other news items can investors expect to see from LiveWorld? What metrics should they be focused on to know that you're on the right path?

David Houston, LiveWorld Inc.

Yes, I'd say, I think there are two key metrics people should be interested in regarding our business. The first being our healthcare related revenues and our ability to grow that. Secondarily would be our annuity revenues as it creates a strong foundation for our business. Approximately 72% of our current revenues come from annual contracts. I'd say that the healthcare related revenue growth and our ability to maintain that 70% of renewal rates of the annuities, those would be the two keys that I'd be focused on.

Adam Lowensteiner, Lytham Partners

Is there anything else you want to say before we end the discussion?

Peter Friedman, LiveWorld Inc.

First, thank you for your time. Thank you, Adam and Lytham and thank you all who are watching us and giving us your attention. Second, when you think about LiveWorld, we'd like you to consider that we are about value, which is probably the word I used most during all these questions. We've lasted when nobody else did because we deliver enough value to our clients that they are willing to pay us more than it cost us to do the work. We're very proud of that. It seems obvious, but a lot of companies in digital, in Internet, and in social media, they can't say that.

We also create a work environment that our employees value. We do that with the customers and the employees by having our deep commitment to value with a long-term view. Whether it's innovating in our products or pivoting to changing market conditions. Or creating this work environment that has employees with us for 5, 10, even over 15 years. Sometimes this value comes quickly, sometimes it takes longer. But we're committed, really committed to collaborating with our clients, our team, and shareholders to creating that value for all of us. We've made a difference in that value and an impact on people's lives. That's what we want you to think of and we hope you'll join us in doing so.

Adam Lowensteiner, Lytham Partners

Peter and David, thank you very much for your time today. We greatly appreciate it. If you'd like to sign up for a one-on-one with the management team, again please send me an email at lowensteiner@lythampartners.com.





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