

LiveWorld May 2024 Business Report





Dear LiveWorld Shareholders,

Following on the recent release of our [2023 financials](#), I would like to review how we have evolved the company to where it is today, and our strategy to accelerate growth in the coming years. We had another solid year in 2023 — our fourth consecutive one with top-line revenue growth, delivering profits, and generating positive cash flow.

We have a proven business model and, over the years, have repeatedly demonstrated endurance during down economic times. Our Fortune 100 clients are very happy with our work; some have been with us as much as 11-17 years. We've also shown we can grow our revenue. But we really haven't been able to grow as fast or as much as we want to. At times, this has been due to having a product line that is too narrow. But primarily, it's due to our industry being a noisy market and the difficulty of cutting through that noise to get the attention of prospects and stand out in a compelling way.

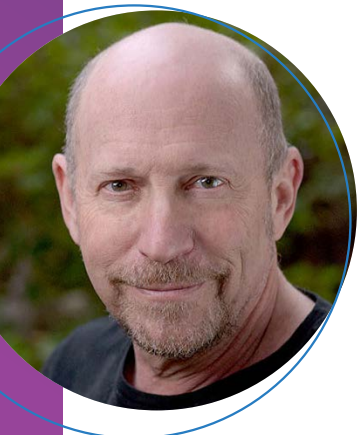
Our team has been working hard to develop a strategy to address these challenges. With our proven business model as a foundation, our goal now is to grow LiveWorld to tens of millions of dollars a year in revenue while continuing to deliver high-value to clients, be a great place to work, and provide a strong ROI for shareholders.

To grow faster and larger we are investing to:

- Add new revenue streams with additional products.
- Add new revenue streams with additional market segments.
- Increase our market presence with a more differentiated, stand out story.

We began this new investment strategy in 2023 and will continue to invest ahead of revenue for 2024. We plan to invest about one million dollars this year in our growth initiatives. As we do this, we expect our ongoing business will grow and be operationally profitable, while the investments will result in net losses for 2024. While the investments will generate some revenue in 2024, we expect meaningful revenue impact starting in 2025.

In the following business report, we'll discuss what kind of company we are, our vision, and how we make money. We'll cover how we got here — LiveWorld is now the longest-standing social media related company in the world — and how we will leverage our strong foundation to pursue faster growth.



True to our vision, we have always created value together that we could not do by ourselves. This will continue. It's a team effort that includes clients, employees, and shareholders. We look forward to your being on this journey with us. To learn more about LiveWorld, our story, and plans to accelerate our growth, please read our business report.

Peter Friedman, Founder, Chairman, & CEO

[Please see our safe harbour statement on page 17.](#)



Together We've Created A Proven Business Model. Now It's Time to Accelerate Growth.

The transformative power of online dialogue and relationships and how this can enable people to create value together that they couldn't by themselves.

This is the core vision of LiveWorld from day one through to the present.

We have always believed that **online conversations and engagement build relationships, and the resulting emotional connections can influence behavior**. This is central to our client work as we develop digital and social media marketing and customer support solutions that create awareness and education for products, build loyalty, and drive word-of-mouth marketing, product consideration, and actual sales. This is especially important in our primary market: healthcare. These emotional connections between patients, doctors, and the communities around a condition provide support and education and validate struggles in the patient journey. These peer conversations also add a level of credibility not otherwise achievable.

Creating value together is central to our work. We have a collaborative work model that enables us to be productive and innovative. Our teams are better able to work together cross-functionally to create additional integrated value across our product lines. Clients consider superior account service an important vendor selection criteria. Our culture of "create value together" enables us to deliver on this need and become an extension of our clients' teams. **Most important, the essence of our solutions is how social media enables brands to build relationships with their customers in which the customers contribute to the overall experience and to the marketing itself.** In this respect, we help our clients



create value together with their customers that neither would be able to do by themselves.

Our business has always centered on online dialogue and engagement, but we have varied in *how*.

A good way to think about LiveWorld is we are the company that is especially great at helping our clients meet their business objectives by building customer relationships based on online engagement and dialogue. We do this with a combination of services and technology that deliver excellent compliance management, dynamic engagement with innovative creative and conversational interaction, and strategic insight. That special talent enables us to pursue the above market opportunities.

Now let's take a look at how this talent has performed in 2023, defined what kind of company we are, brought us to where we are today, and is the basis of where we are headed.



2023 in Review

2021-2023 Financials

	2021	2022	2023
Revenue	\$10,061	\$11,146	\$11,458
Profit	\$796	\$1,017	\$214
Percent Profit	8%	9%	2%
Cash	\$3,551	\$3,801	\$4,635

Numbers in thousands (000's)

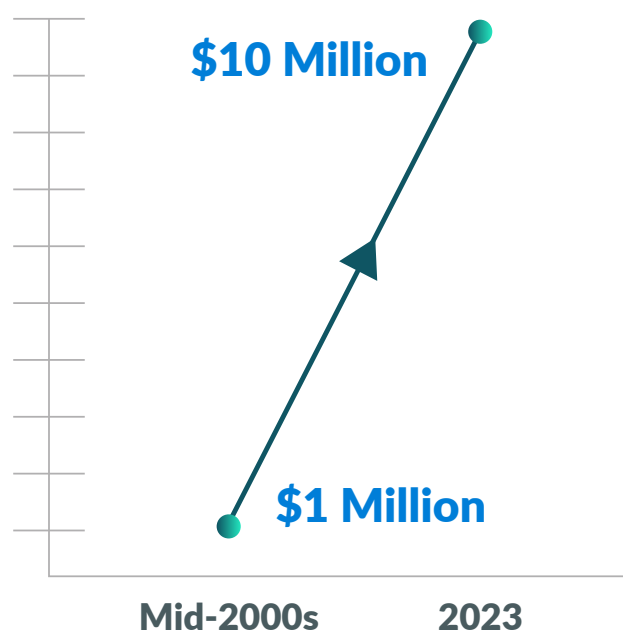
In 2023, our social-first digital marketing agency, moderation, and software company grew revenue to approximately \$11.5 million in total revenues with about \$214,000 in net income and grew cash by \$835,000 to almost \$4.7 million. Please see our [annual financials report](#) for more detailed information.

We grew revenue by increasing the range of our digital agency services, growing current clients, and adding new clients. Among new clients of note are Chiesi, a \$3 billion Italy-based pharmaceutical company, and Eli Lilly, which we closed in late Q4, 2023. In 2024, we expect these two clients together to total over \$2 million in revenue that we did not have in 2022.

Three consecutive years of revenue growth, profit, positive cash flow, and adding new clients reflects our multi-year strategy that has **successfully grown our healthcare revenue from under \$1 million in the mid-2000s to about \$10 Million in 2023.**

Today, we deploy healthcare compliance programs for social media, produce digital marketing campaigns, manage 370 social media properties, and deliver over 100,000 hours per year of moderation, customer engagement, support, and listening — all for about 72 marquee brands across our approximately 22 corporate clients.

Healthcare Revenue (Approximate)





Our Company



Agency Services

- Compliance
- Research & Analytics
- Strategy & Process
- Creative Concepting
- Campaign Planning
- Design & Production
- Media
- Influencer Marketing Insight



Content Moderation and Engagement

- Listening & Content Review
- Adverse Events Management
- Response & Engagement
- Customer Service
- Community Management



Technology

- Conversational Management Platform
- Bots & Apps
- Websites
- Interactive Experiences

Today, LiveWorld is a social-first digital agency providing compliance, engagement, and insight solutions to Fortune 500 companies, primarily in healthcare markets. Essentially, we create digital marketing campaigns and manage the social media presence for Fortune 500 companies who are primarily in the healthcare segment. The solutions are made of a series of products in three categories, each of which can stand alone, but together provide even more value. These are: digital agency services, content moderation, and technology. We know of no other company that provides, in house, the combination of these three categories.

Digital agency services

Clients pay LiveWorld to create and manage digital marketing campaigns and provide assorted supporting services. We develop strategies and creative for clients' digital marketing campaigns. These are the inspirational calls to action for

audiences and set the context for the moderation and technology parts of the solution. A critical dynamic in healthcare is these companies need to be compliant with all kinds of regulations. This has held many back from being innovative and creative at a time when the market demands more customer-centric marketing. LiveWorld brings a different approach, starting with compliance strategies and process. Then our talent and expertise creates standout advertising campaigns while still being compliant. Last, we provide a range of insight solutions that enable our clients to better understand their customers, competitors, and market opportunities. Our work in agency services places us at the heart of each clients' business objectives and strategy, positioning us to sell a wider array of our products. Digital agency services are mostly annual contracts that repeat, often expand, and comprise about 20% of our revenue.



Solutions Breadth & Depth



Content moderation and engagement

Moderation is about 70% of our business. It's a **high-margin annuity revenue stream** in which clients pay us to manage user content on social media: keeping their social pages clean of negative content and interacting with their customers to build relationships and drive sales. This includes social media adverse events management for pharma companies.

In moderation, our live social media agents, supported by technology, protect the brand by reviewing and removing problematic user content. The agents engage users, thus activating a human touch and feel. With creative as the foundation, moderation sparks the conversations that build relationships as well as stimulating and guiding users to create content themselves. From this, we also get insight and ideas for our creative and strategy teams.

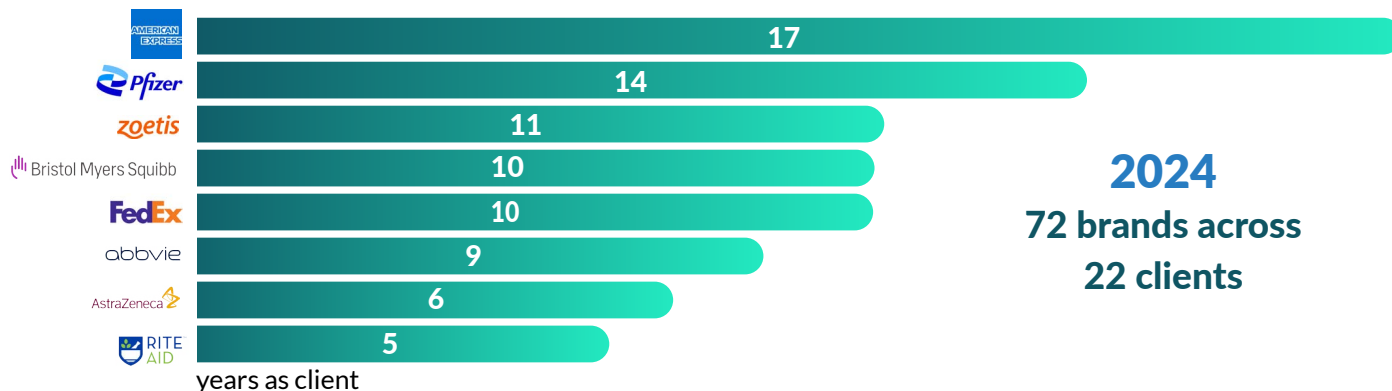
Moderation is a fundamental must-have for pharma companies. They simply cannot fully engage customers in social media without it. This is because they live in the regulatory environment set by the FDA which requires that all adverse events they come across be tracked and reported. Examples of adverse events are when someone has a problem with a drug or uses it in a way that is off-label or counter to instructions. Any such comment on a pharma company's Facebook page, Instagram ad, or in response to their comments on X (Twitter) is considered an adverse event. It must be marked as such, tracked, and then escalated through the company and reported to the FDA, usually within 24 hours.

Technology

Clients pay us annuity license fees for SaaS software with which **we or our clients manage online user content and conversations**. We also provide apps and bots for digital marketing campaigns. Software revenue is a high-margin annuity revenue stream and currently comprises about 10% of our business.

Our technology enriches the brand/custom connections and enables us to scale the moderation, customer experience, and compliance aspects of the programs. Our technology products also collect and analyze data as the basis of our insight products and further inform our agency services and moderation.

Client Longevity



2024
72 brands across
22 clients

Our clients

Perhaps more than anything else, our value focus is reflected in the longevity of our global brand-client relationships. American Express has been a client for over 17 years; Pfizer for over 14 years; Zoetis, Bristol Myers Squibb, and FedEx for over 10 years; and AbbVie, AstraZeneca, and Rite Aid for 5 to 9 years. Today we work with about 72 brands spread across about 22 corporate clients.

Our business model

Our business model is very much focused on value. We create enough value for our clients that they are willing to pay us more than it costs us to provide the solutions. That may seem obvious and basic to a business model, but if you look across the digital-social-Internet landscape, there are not many companies that can say that. The value we provide enables us to maintain strong gross margins as well as scale — particularly in our moderation services and SaaS software. Our revenue consists mainly of annuity streams: annual and repeating moderation contracts and SaaS software licenses. Even our digital agency work is primarily ongoing retainers that repeat year to year, not one-off projects. The agency work creates a strategic relationship with our clients which in turn pulls along moderation and SaaS software revenue, which is even higher margin.

How our revenue grows

Our general approach is to add new clients each year that may start small but carry annuity revenue streams. Then, the following year, we build each client's budget by expanding those initial programs

and layering on additional annuity revenue solutions. Our revenue grows in stages. Generally, it starts with a smaller sell in such as an agency services program, moderation, or tech license. Or, sometimes we start out as the client's new digital or social media agency of record and provide a more comprehensive set of solutions. That first set of revenue can be anywhere from tens of thousands of dollars to a few hundred thousand dollars.

Over time, these programs can expand, and we sell this same client our other products. As our value is proven with the initial contracts, we look to expand and add work with other parts of the same corporation. This can increase our revenue with that one corporate client to anywhere from several hundred thousand dollars a year to a few million dollars per year.

Our goal now is to grow LiveWorld to tens of millions of dollars per year in revenue by providing high-value solutions to our clients while being a great place to work, and delivering a positive return to our shareholders.

Our strategy today

- Provide our clients with a unique mix of integrated services and technology that enables them to meet their objectives in marketing, customer support, and healthcare outcomes.
- Focus on healthcare markets for vertical leverage.
- Grow revenue in two ways: First, by signing large clients with whom we add additional annuity revenue streams year after year. Second, by expanding our product line and adding additional market segments in the healthcare industry.



How We Got Here

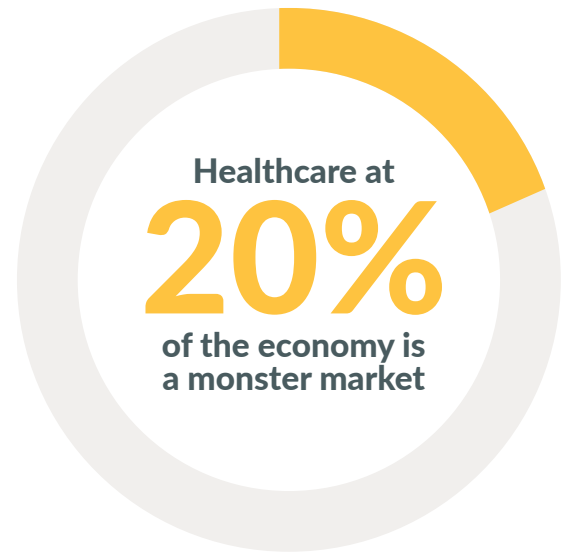
The last several years is not where our story begins. LiveWorld is a long-haul company; we are now the longest-standing social media-related company in the world. The depth and length of our experience, along with a balanced annuity-stream business model of agency services, moderation, and technology, sets us apart from our competition.

For many years, we were a social media moderation and management company with clients in multiple market segments.

For much of our history, our business was a mix of content moderation services and associated SaaS software, strategy, and management of community websites and social media pages. This peaked in the mid-2010s when we worked in several market segments including auto, consumer packaged goods, entertainment, financial services, retail, and healthcare, among others.

Since then, we have become a full-service, social-first digital marketing agency, specializing in the healthcare vertical market.

While our business had periods of growth, we needed a stronger foundation and wider product line to both sustain the business and enable steady growth. In the mid- to late-2010s, we made a series of decisions to double down on three strategies: focus on the healthcare market, expand to be a full-service digital agency, and increase our market presence.



Three Core Strategies:

1

Healthcare

We shifted from going after any business in any market to prioritizing healthcare as our primary segment with vertical market-focus leverage. We chose healthcare for four reasons:

- 1) Healthcare, at **20%** of the economy, is a monster market.
- 2) It has specialized knowledge and needs. This enables us to build a differentiated business and a reputation to gain new clients.
- 3) Healthcare has special affinities with social media, thus leveraging our deep experience and expertise.
- 4) We already had a foothold in healthcare with revenue across a few top pharmaceutical companies and specialized experience in regulated industries.

It worked. Since the mid-2010s, we have grown our healthcare business from about \$1 million a year revenue to over \$10 million in 2023.



2

Full service social-first digital agency

Leveraging our deep roots in social media, we expanded our range of solutions to cover our clients' entire digital marketing needs. These include digital strategy, creative and content for advertising campaigns, websites, and apps among other products. We did this by hiring a digital marketing team that includes strategists and creative directors, particularly those with healthcare agency experience. Then, we crafted unique solutions that combined creative, moderation, and technology.

It worked. Over the past three years, our digital agency revenue has grown from \$0 to approximately \$2.4 million in 2023, with all that in healthcare. Not only has this added new revenue streams for us, but it presents clients with a digital agency approach which is the context under which many of them buy moderation and technology. Our creative digital marketing work is winning awards. This is great recognition and leads to industry awareness that, in turn, drives new business.

Recent LiveWorld Awards



3

Marketing

To gain new business, one must tell a story. We built a super marketing team and expanded the program budget each year. This proved instrumental in growing our healthcare and digital agency revenue.

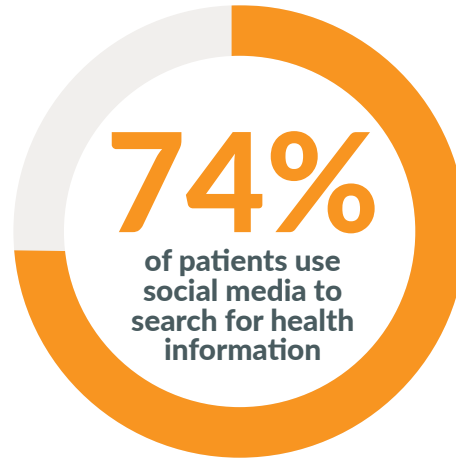
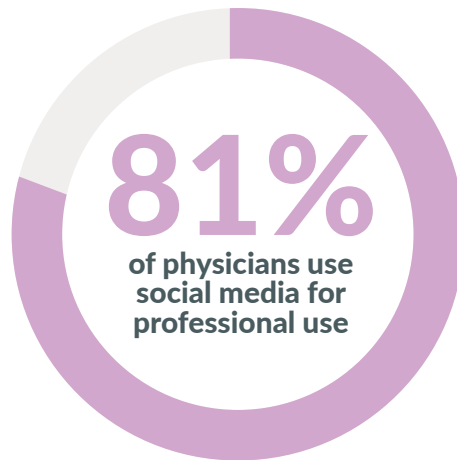
Content Marketing Examples





Where We Are Heading Now, Why, and How

Market Opportunity



LiveWorld has built a strong foundation with profitable growth, but we are not satisfied with the growth rate. We want to grow much larger and at a faster annual growth rate. Just as we invested ahead of revenue to build up our healthcare and digital agency business, we are now investing to step up our revenue growth rate. We are expanding the number of products we offer, adding new market segments, and increasing our marketing presence with a more standout story. Our intent for these investments is to separate us from the pack and increase the rate of our annual growth.

Our opportunity

We see a specific market opportunity that plays to our strengths in social media and healthcare. Healthcare is the largest segment of our economy and is growing. Digital and social media are the strongest growth segments in the marketing world. Yet, healthcare companies are behind other industries in advancing their marketing models into digital and social. In particular, they lag in leveraging the core strengths of social media in which engagement can build relationships and, in turn, influence customer behavior. LiveWorld's opportunity is to bridge the gap between where healthcare companies are today and their future: a place where market forces will pull them into advanced digital and social media marketing.

How We Increase Our Revenue Growth Rate

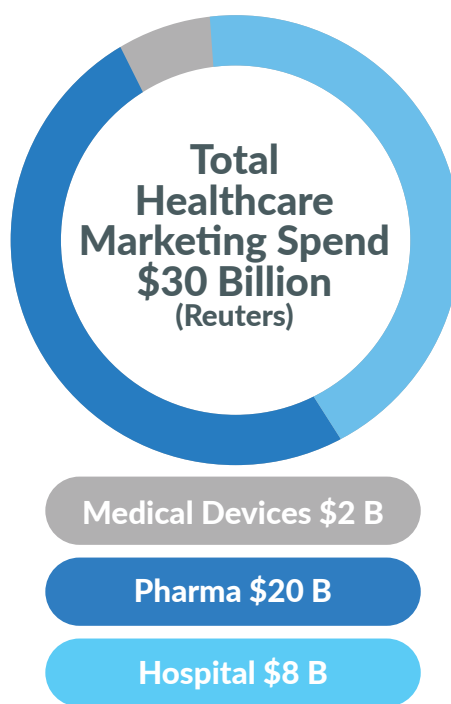
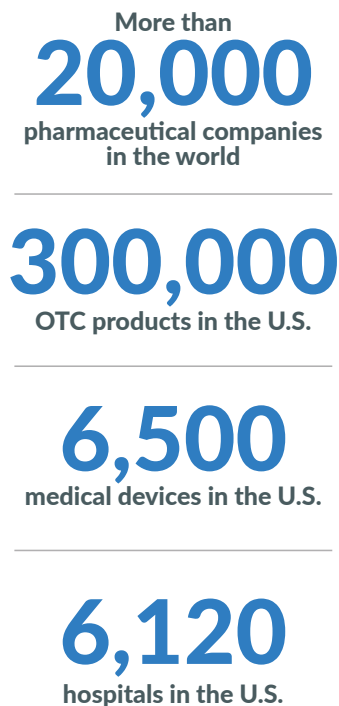
Number of Products We Offer

Adding New Market Segments

Increasing Our Market Presence With a More Standout Story



Market Opportunity



As seen in the charts above, the market opportunity is very large. Healthcare providers (doctors and so on) and patients have moved to social media. Patients, caregivers, and doctors all want to know what other people like them are experiencing in having or treating a particular condition. People prefer to filter the large array of changing information based on what others have to say. Social media enables these connections. In the last ten years, the overall rise and ubiquity of social media has become a primary driver of patient and doctor healthcare knowledge and decision-making. This move to social media is part of patients and doctors demanding more attention to their experience, not just product information.

Our biggest challenge is that the market for digital agencies is noisy. From the clients' perspective, the vendors are blurred together in a sea of sameness. For LiveWorld, this means our solutions and the story we describe them with must stand out as significantly different and better than competitors. In the new AI world, a company must leverage the technology without being commoditized by it.

This requires strong technological knowledge and execution, blended with human talent that brings creativity, nuance, and empathy beyond what software alone can do.

At the same time, we bring unique strengths to this market opportunity. **We have a balanced business model consisting of agency services (strategy, creative, and so on), moderation and engagement services, and technology (SaaS platform, apps, and bots).** We can start a client with revenue in any of these three areas and then expand with the other two. Agency services are generally annual contracts that repeat. Moderation and technology are high-margin annuity revenue streams. Our solutions are very high-value, positively impacting our clients' business objectives. We have deep expertise in the healthcare market including how to deploy compliance programs to meet regulatory requirements yet still have innovative and engaging marketing. Our team of strategists, creatives, software developers, account directors, program managers, and online agents is exceptionally talented with deep expertise and experience, delivering solutions globally in over 70 country language combinations.



Invest For Growth Strategy

We plan to invest about \$1 million of our \$4.5 million in cash in initiatives to stand out more and add new revenue streams. As we do this, we expect our ongoing business will grow and be profitable while the investment will result in net losses for 2024. These investments began in Q4, 2023, will continue through all of 2024, and are intended to set a foundation for future growth.

We have a three-point investment plan

- 1 New solutions and market segments which will add entirely new revenue streams.
- 2 Increase our market presence and with a stand-out story.
- 3 Add two new board members from the pharma industry with strong marketing backgrounds and industry connections.

1

New solutions and market segments which will add entirely new revenue streams

New revenue streams by adding new solutions.

Our current product line is solid and has supported our growth to date. We've identified four areas for product line expansion:

- Expanding our compliance product line:** Our compliance product line manages the pharma company's adherence to Food & Drug Administration (FDA) regulations in the course of their digital and social media marketing. The overall market for pharma compliance solutions is **\$900 million**.

Our core compliance product is moderating and managing user adverse event comments in social media, making sure they are identified and properly escalated at the company and to the FDA. Examples of adverse event comments are a consumer on social media reporting a problem with drug use or describing how to use it in a way that conflicts with the proper directions for it.

This type of moderation is especially important to pharma companies who need to engage with customers to locate the brand's audiences, drive condition diagnosis, and educate consumers and HCPs on treatment options but still need to meet the FDA's adverse event reporting requirements,

We are now expanding our compliance product line to include internal process definition, optimization, management, governance, and audit support, and managing social media compliance in the event of mergers & acquisitions. **We have already seen success piloting these new products with two clients and are now rolling them out to the rest of our customers and prospects as well.**

TIPS FOR GETTING Creative IN Social Media WHILE REMAINING COMPLIANT

TIP 2 KNOW WHEN YOU NEED ISI

When getting creative with your social content, make sure to know when you need to include ISI. Here are some ways different social channels ensure compliance with ISI while still being creative.

Instagram has ads specifically for Pharma advertising that provide 2 links within the ad, a CTA to learn more, and a disclaimer that takes you to the ISI. The disclaimer ad is available for most ad types but has a media limitation because it can't be used with PNC.

X (aka Twitter) has compliance with limited characters and multiple options for including ISI that allow marketers to create similar content designs as are used on Meta's platforms.

On LinkedIn, HCPs are growing at double digit rate. With the increased use by HCPs, LinkedIn has become a viable option to expensive-walled gardens and has great implications for Pharma.

TikTok is the fastest growing platform with 56% of users interested in healthcare messaging. They continue to work through pharma compliant ad types so you can be creative with your advertising.

IMPLICATION When you have a brand name plus an indication, full scrolling ISI is required. ISI must be available within 1 click and travel with the post.

Pharma Compliance Content Marketing

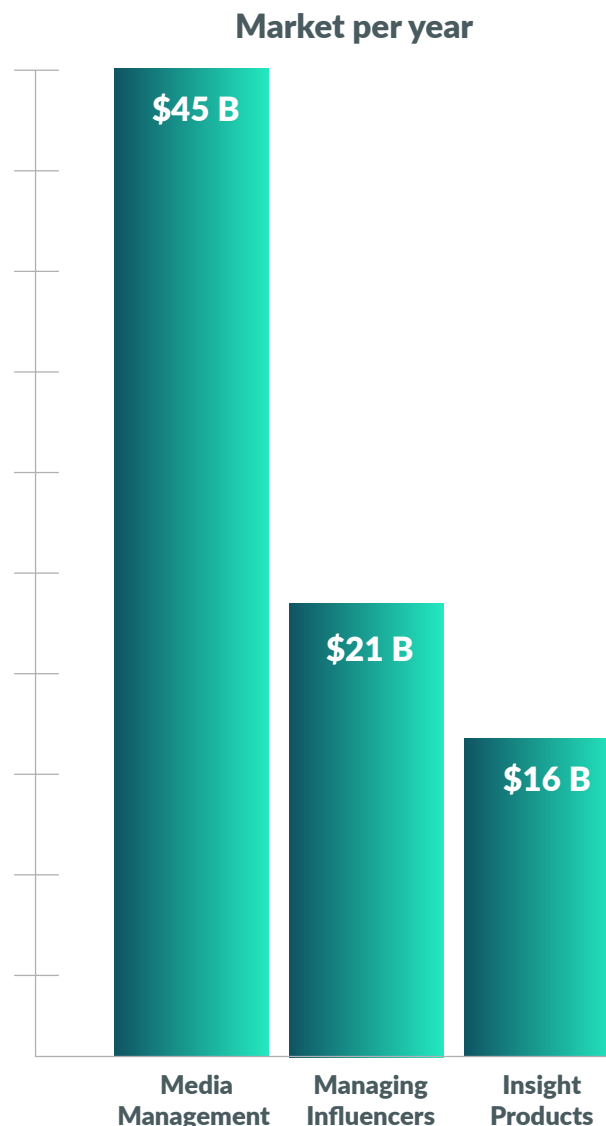


- b Adding media management to our product line:** In 2023 digital marketing agencies had almost \$45 billion in revenue managing \$300 billion in media placements such as advertising on Google and Facebook.

As a digital and social media marketing agency we create and manage advertising programs for our clients. To date, to deliver these advertisements, our clients have mostly been using media agencies, not LiveWorld, to strategize, plan, and manage the placement of the ads in assorted digital and social channels. We have now expanded our agency services to include media management lead by our newly hired Director of Media. **We have already signed multiple media management contracts for 2024, kicking off an entirely new revenue stream for LiveWorld.**

- c Expanding our influencer marketing products:** Since 2019, global influencer marketing value has more than doubled to \$21.1 billion in 2023, according to [Statista](#). The influencer marketing spending was around \$6 billion in the U.S. in 2023. In recent years, the center of gravity for influencer marketing has shifted to social media, in particular Instagram and TikTok. LiveWorld has significant experience in this space. In 2024, we are rolling out comprehensive influencer marketing programs to meet this growing opportunity. **Our first such program in pharma launched in Q1 2024 on TikTok, our second is signed and in development, with more to come.**

- d Insight:** The market for insight products in digital and social media is **\$16 billion USD per year**. LiveWorld has always provided our clients with various kinds of reporting, research, and listening products on an as-asked-for basis. In 2024, we are rolling out a more comprehensive insight product line



optimized for social media including business intelligence alerts, research products, healthcare journey and influencer mapping, focused social web listening, and a deeper form of conversational analysis in social media. **We have already signed new 2024 contracts for this product line.**



2

New revenue streams by adding new market segments

About \$10 million of our 2023 revenue was in healthcare, mostly from the prescription (RX) segment of pharmaceutical companies. We are now looking to expand into two related market segments, each of which is a growth opportunity that leverages our core strengths and successes. These two segments are OTC (over the counter) drug pharma companies and medical device companies.

Increase our market presence and with a standout story

In a noisy market, it is critical that LiveWorld stands out from others with a compelling value proposition that builds on our unique strengths to deliver more and different value.

Our solutions, especially as we have expanded them, hit the mark on substance by focusing on the power of social media. Not treating it as just another broadcast digital medium, but rather one that uses creative engagement and conversations to build deep relationships. We have developed a new brand positioning and marketing campaign to tell this story. It's called *Unlock Social*.

LiveWorld enables brands to Unlock Social, transforming customer relationships with an integrated set of solutions for Compliance, Engagement, and Insight.



Unlock Social With Integrated Solution Set



Proactive Compliance

Enable and accelerate digital & social media programs



Dynamic Engagement

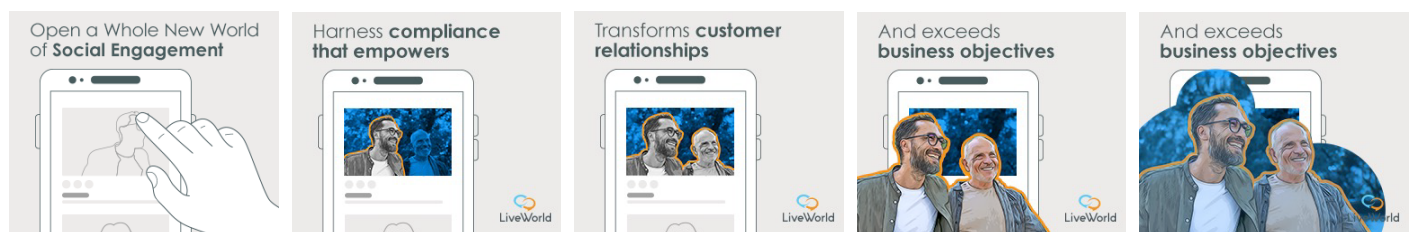
Build relationships and drive behavior through meaningful engagement



Strategic Insights

Drive business opportunities by researching audience emotions, conversational listening, and data analysis

In the last six months, we field tested this story with proposals to new prospects and it worked. **The story and approach were instrumental in winning our biggest new client.** To support our new story, we are increasing our marketing budget, including content marketing, thought leadership, advertising in digital media, events, a redesigned website, and of course, our own social media marketing program. We are rolling out bold new creative that presents us as a social-first digital agency that helps move clients from their past ways of marketing to new models that better address their opportunities.



Animated advertising illustrating social unlocked from black & white drawing to full-color video motion.



Helen Chang



Jennifer Sherak

3

Add two new board members from the pharma industry with strong marketing backgrounds and industry connections

We have expanded our Board of Directors in order to support both the development of our new products and the marketing and crafting of our story as well as to get more connections in our target healthcare markets. For the first time, our board now includes executives with years of experience in senior marketing positions at pharmaceutical companies: [Helen Chang and Jennifer Sherak](#).

These two new board members have decades of experience in the same jobs as our target customer decision-makers. In just their first few months on our board, both Jennifer and Helen have worked closely with our team to define our expanded product line and identify new prospect connections.

Longer Term

In the next few years, we will concentrate on organic growth. Once we get large enough, we will look to grow through a combination of organic growth and acquisitions. As we grow we will look at moving our stock from the Pink Sheets back to the OTC exchange.



Looking Forward

We've come a long way since we first started LiveWorld. We survived when few others did. In the last several years, we have built a solid foundation and a proven business model as a full-service, social-first digital agency in the healthcare segment.

We've done this with a focus on creating value, delivered together by an extraordinary, passionate, and committed team. Now it's time to invest in accelerating our growth through expanded solutions, additional market segments, and a compelling story with which we can stand out.



Peter H. Friedman

Peter Friedman, Founder, Chairman, & CEO



LiveWorld
Unlock Social

www.liveworld.com | hello@liveworld.com

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