

December 20, 2023

# Live Ventures Reports Fiscal Year 2023 Financial Results

LAS VEGAS, Dec. 20, 2023 (GLOBE NEWSWIRE) -- Live Ventures Incorporated (Nasdaq: LIVE) ("Live Ventures" or the "Company"), a diversified holding company, today announced financial results for its fiscal year ended September 30, 2023.

## Fiscal Year 2023 Key Highlights:

- Acquired Flooring Liquidators, Inc. ("Flooring Liquidators"), Precision Metal Works, Inc. ("PMW"), certain assets from Cal Coast Carpet Warehouse, Inc., and the Harris Flooring Group® brands, transactions valued at approximately \$117 million
- Revenues were \$355.2 million, as compared with \$286.9 million in the prior year, an increase of 23.8% over the prior year period
- Net loss was (\$0.1) million and diluted loss per share was (\$0.03), as compared with prior year net income of \$24.7 million and diluted earnings per share ("EPS") of \$7.84
- Adjusted EBITDA<sup>1</sup> was \$31.5 million, as compared with \$38.4 million in the prior year
- Repurchased 39,092 shares of the Company's common stock at an average price of \$25.35
- Total assets of \$421.8 million and stockholders' equity of \$100.1 million as of year end
- Approximately \$37.1 million of cash and availability under the Company's credit facilities as of year end

"During fiscal year 2023, revenues increased 23.8%, largely driven by the strategic acquisitions of Flooring Liquidators and PMW acquired during fiscal year 2023 and The Kinetic Co., Inc. ("Kinetic") acquired in late fiscal year 2022, together contributed in excess of \$115 million in revenue and approximately \$8.5 million in Adjusted EBITDA. We remain focused on our expansion and innovation, steering our course toward sustained success," commented David Verret, Chief Financial Officer of Live Ventures.

"In the fiscal year 2023, we bolstered our portfolio through several strategic transactions, aligning with our long-term 'buy-build-hold' strategy. Achieving a historic milestone, we executed four transactions, totaling an investment of approximately \$117 million," stated Jon Isaac, President and Chief Executive Officer of Live Ventures. "We are enthusiastic about the prospects these acquisitions unlock, solidifying our steadfast dedication to creating enduring value for our stockholders."

<sup>1</sup> Adjusted EBITDA is a non-GAAP measure. A reconciliation of the non-GAAP measures is included below.

## FY 2023 Financial Summary (in thousands except per share amounts)

|          | During the year ended September 30, |            |          |
|----------|-------------------------------------|------------|----------|
|          | 2023                                | 2022       | % Change |
| Revenues | \$ 355,171                          | \$ 286,913 | 23.8%    |

|                                   |    |        |    |        |        |
|-----------------------------------|----|--------|----|--------|--------|
| Operating Income                  | \$ | 15,449 | \$ | 25,927 | -40.4% |
| Net income                        | \$ | (102)  | \$ | 24,741 | 100.0% |
| Diluted earnings (loss) per share | \$ | (0.03) | \$ | 7.84   | 100.0% |
| Adjusted EBITDA                   | \$ | 31,538 | \$ | 38,384 | -17.8% |

Revenues increased approximately \$68.3 million, or 23.8%, to \$355.2 million for the year ended September 30, 2023, as compared to the prior year revenues of approximately \$286.9 million. The increase is primarily attributable to the Flooring Liquidators and PMW acquisitions acquired in fiscal year 2023 and Kinetic acquired in late fiscal year 2022, which contributed incremental revenue of approximately \$115 million, partially offset by decreased revenues in Retail Entertainment, Flooring Manufacturing, and Corporate and Other segments.

Operating income decreased approximately \$10.5 million to \$15.4 million for the year ended September 30, 2023. The decrease in operating income is primarily attributable to lower gross profit margins as a result of inflationary cost increases and lower operating margins primarily due to higher general and administrative expenses related to the acquisitions of Flooring Liquidators, Kinetic, and PMW.

For the year ended September 30, 2023, net loss was approximately (\$0.1) million and diluted loss per share was (\$0.03), as compared with net income of \$24.7 million and diluted EPS of \$7.84 in the prior year. The decrease in net income is attributable to lower profit margins as a result of inflationary cost increases. In addition, the prior year's net income included a benefit of approximately \$11.4 million or \$3.56 per diluted share for a gain on the bankruptcy settlement and a charge of approximately \$4.9 million or \$1.56 per diluted share for an impairment of goodwill and intangibles.

Adjusted EBITDA for the year ended September 30, 2023 was approximately \$31.5 million, a decrease of approximately \$6.8 million, or 17.8%, as compared to the prior year. The decrease is primarily due to an overall decrease in operating income.

As of September 30, 2023, the Company had total cash availability of \$37.1 million, consisting of cash on hand of \$4.3 million and cash availability under its various lines of credit of \$32.8 million.

### FY 2023 Segment Results (in thousands)

|                                | During the year ended September 30, |                   |              |
|--------------------------------|-------------------------------------|-------------------|--------------|
|                                | 2023                                | 2022              | % Change     |
| <b>Revenues</b>                |                                     |                   |              |
| Retail - Entertainment         | \$ 78,124                           | \$ 86,156         | -9.3%        |
| Retail - Flooring              | 75,872                              | -                 | N/A          |
| Flooring Manufacturing         | 109,770                             | 130,850           | -16.1%       |
| Steel Manufacturing            | 88,912                              | 60,617            | 46.7%        |
| Corporate & other              | 2,493                               | 9,290             | -73.2%       |
|                                | <u>\$ 355,171</u>                   | <u>\$ 286,913</u> | <u>23.8%</u> |
|                                |                                     |                   |              |
|                                | During the year ended September 30, |                   |              |
|                                | 2023                                | 2022              | % Change     |
| <b>Operating Income (loss)</b> |                                     |                   |              |
| Retail - Entertainment         | \$ 9,265                            | \$ 12,628         | -26.6%       |
| Retail - Flooring              | (292)                               | -                 | N/A          |
| Flooring Manufacturing         | 6,061                               | 14,154            | -57.2%       |

|                     |                  |                  |        |
|---------------------|------------------|------------------|--------|
| Steel Manufacturing | 7,978            | 8,866            | -10.0% |
| Corporate & other   | (7,563)          | (9,721)          | 22.2%  |
|                     | <u>\$ 15,449</u> | <u>\$ 25,927</u> | -40.4% |

| During the year ended September 30, |                  |                  |          |
|-------------------------------------|------------------|------------------|----------|
|                                     | 2023             | 2022             | % Change |
| <b>Adjusted EBITDA</b>              |                  |                  |          |
| Retail - Entertainment              | \$ 10,581        | \$ 14,054        | -24.7%   |
| Retail - Flooring                   | 3,321            | -                | N/A      |
| Flooring Manufacturing              | 10,100           | 17,043           | -40.7%   |
| Steel Manufacturing                 | 12,210           | 10,230           | 19.4%    |
| Corporate & other                   | (4,674)          | (2,943)          | -58.8%   |
| Total Adjusted EBITDA               | <u>\$ 31,538</u> | <u>\$ 38,384</u> | -17.8%   |

#### Adjusted EBITDA as a percentage of revenue

|                                                         |             |              |
|---------------------------------------------------------|-------------|--------------|
| Retail - Entertainment                                  | 13.5%       | 16.3%        |
| Retail - Flooring                                       | 4.4%        | -            |
| Flooring Manufacturing                                  | 9.2%        | 13.0%        |
| Steel Manufacturing                                     | 13.7%       | 16.9%        |
| Corporate & other                                       | N/A         | N/A          |
| Consolidated adjusted EBITDA as a percentage of revenue | <u>8.9%</u> | <u>13.4%</u> |

## Retail - Entertainment

Retail - Entertainment segment revenues for the year ended September 30, 2023, were approximately \$78.1 million, a decrease of approximately \$8.0 million, or 9.3%, as compared to the prior year revenues of approximately \$86.2 million. Revenues decreased due to reduced demand as a result of a deterioration in general economic conditions and a shift in sales mix toward used products which generally have lower ticket sales with higher margins. The shift in sales mix also contributed to the increase in gross margin to 54.7% for the year ended September 30, 2023, as compared to 52.9% for the prior year. Operating income for the year ended September 30, 2023 was approximately \$9.3 million, as compared to operating income of approximately \$12.6 million for the prior year.

## Retail - Flooring

The Retail - Flooring segment includes Flooring Liquidators, which was acquired in January 2023. Revenues for the year ended September 30, 2023, were approximately \$75.9 million and gross margin was 36.6%. Operating loss for the year ended September 30, 2023 was approximately (\$0.3) million.

## Flooring Manufacturing

Revenues for the year ended September 30, 2023, were approximately \$109.8 million, a decrease of approximately \$21.1 million, or 16.1%, as compared to the prior year revenues of approximately \$130.8 million, primarily due to reduced customer demand as a result of general economic conditions. Gross margin was 21.8% for the year ended September 30, 2023, as compared to 24.4% for the prior year. The decrease in gross margin is primarily due to increases in raw material costs, as compared to the prior year. Operating income for the year ended September 30, 2023 was approximately \$6.1 million, as compared to operating income of approximately \$14.2 million for the prior year.

## **Steel Manufacturing**

Revenues for the year ended September 30, 2023, were approximately \$88.9 million, an increase of approximately \$28.3 million or 46.7%, as compared to the prior year revenues of approximately \$60.6 million. The increase is primarily due to the acquisitions of Kinetic in June 2022 and PMW in July 2023, partially offset by a decrease of \$6.4 million by Precision Marshall. The decrease by Precision Marshall was due to reduced customer demand as a result of general economic conditions. Gross margin was 22.5% for the year ended September 30, 2023, as compared to 27.8% for the prior year. The decrease in gross margin is primarily due to the acquisition of PMW, which has historically generated lower margins. General and administrative expenses increased by approximately \$4.0 million, or 54.4%, primarily due to the acquisitions of Kinetic and PMW, partially offset by reduced compensation expense at Precision Marshall. Operating income for the year ended September 30, 2023 was approximately \$8.0 million, as compared to operating income of approximately \$8.9 in the prior year.

## **Corporate and Other**

Revenues for the year ended September 30, 2023, were approximately \$2.5 million, a decrease of approximately \$6.8 million, or 73.2%, as compared to the prior year revenues of approximately \$9.3 million. The decrease was primarily due to the closure of SW Financial in May 2023. Operating loss for the year ended September 30, 2023 was approximately \$7.6 million, as compared to a loss of approximately \$9.7 million in the prior year. In connection with the closure, the Company entered into a settlement agreement with the SW Financial sellers and recognized a gain of approximately \$2.75 million and a loss on deconsolidation of SW Financial's assets and liabilities of approximately \$1.7 million.

## **Non-GAAP Financial Information**

### **Adjusted EBITDA**

We evaluate the performance of our operations based on financial measures, such as “Adjusted EBITDA,” which is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization, stock-based compensation, and other non-cash or nonrecurring charges. We believe that Adjusted EBITDA is an important indicator of the operational strength and performance of the business, including the business’s ability to fund acquisitions and other capital expenditures and to service its debt. Additionally, this measure is used by management to evaluate operating results and perform analytical comparisons and identify strategies to improve performance. Adjusted EBITDA is also a measure that is customarily used by financial analysts to evaluate a company’s financial performance, subject to certain adjustments. Adjusted EBITDA does not represent cash flows from operations, as defined by generally accepted accounting principles (“GAAP”), should not be construed as an alternative to net income or loss, and is indicative neither of our results of operations, nor of cash flow available to fund our cash needs. It is, however, a measurement that the Company believes is useful to investors in analyzing its operating performance. Accordingly, Adjusted EBITDA should be considered in addition to, but not as a substitute for, net income, cash flow provided by operating activities, and other measures of financial performance prepared in accordance with GAAP. As companies often define non-GAAP financial measures differently, Adjusted EBITDA, as calculated by Live Ventures Incorporated, should not be

compared to any similarly titled measures reported by other companies.

## **Forward-Looking and Cautionary Statements**

The use of the word "Company" refers to Live Ventures and its wholly owned subsidiaries. Certain statements in this press release contain or may suggest "forward-looking" information within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, each as amended, that are intended to be covered by the "safe harbor" created by those sections. Words such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar statements are intended to identify forward-looking statements. Live Ventures may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission on Forms 10-K and 10-Q, Current Reports on Form 8-K, in its annual report to stockholders, in press releases and other written materials, and in oral statements made by its officers, directors or employees to third parties. There can be no assurance that such statements will prove to be accurate and there are a number of important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by the Company, including, but not limited to, plans and objectives of management for future operations or products, the market acceptance or future success of our products, and our future financial performance. The Company cautions that these forward-looking statements are further qualified by other factors including, but not limited to, those set forth in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (when filed). Additionally, new risk factors emerge from time to time and it is not possible for us to predict all such risk factors, or to assess the impact such risk factors might have on our business. Live Ventures undertakes no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

## **About Live Ventures Incorporated**

Live Ventures is a diversified holding company with a strategic focus on value-oriented acquisitions of domestic middle-market companies. Live Ventures' acquisition strategy is sector-agnostic and focuses on well-run, closely-held businesses with a demonstrated track record of earnings growth and cash flow generation. The Company looks for opportunities to partner with management teams of its acquired businesses to build increased stockholder value through a disciplined buy-build-hold long-term focused strategy. Live Ventures was founded in 1968. In late 2011 Jon Isaac, Chief Executive Officer and strategic investor, joined the Board of Directors of the Company and later refocused it into a diversified holding company. The Company's current portfolio of diversified operating subsidiaries includes companies in the textile, flooring, tools, steel, and entertainment industries.

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Source: Live Ventures Incorporated

**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(dollars in thousands, except per share amounts)

|                                                                                                                                                                                                                    | September 30,<br>2023 | September 30,<br>2022 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                                                                                                                                                                                                      |                       |                       |
| Cash and cash equivalents                                                                                                                                                                                          | \$ 4,309              | \$ 4,600              |
| Trade receivables, net                                                                                                                                                                                             | 41,194                | 25,665                |
| Inventories, net                                                                                                                                                                                                   | 131,314               | 97,659                |
| Income taxes receivable                                                                                                                                                                                            | 1,116                 | 4,403                 |
| Prepaid expenses and other current assets                                                                                                                                                                          | 4,919                 | 2,477                 |
| Total current assets                                                                                                                                                                                               | 182,852               | 134,804               |
| Property and equipment, net                                                                                                                                                                                        | 80,703                | 64,590                |
| Right of use asset - operating leases                                                                                                                                                                              | 54,544                | 33,659                |
| Deposits and other assets                                                                                                                                                                                          | 1,282                 | 647                   |
| Intangible assets, net                                                                                                                                                                                             | 26,568                | 3,844                 |
| Goodwill                                                                                                                                                                                                           | 75,866                | 41,093                |
| Total assets                                                                                                                                                                                                       | \$ 421,815            | \$ 278,637            |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                                                                                        |                       |                       |
| <b>Liabilities:</b>                                                                                                                                                                                                |                       |                       |
| Accounts payable                                                                                                                                                                                                   | \$ 27,190             | \$ 10,899             |
| Accrued liabilities                                                                                                                                                                                                | 31,826                | 16,486                |
| Current portion of long-term debt                                                                                                                                                                                  | 23,077                | 18,935                |
| Current portion of notes payable related parties                                                                                                                                                                   | 4,000                 | 2,000                 |
| Current portion of lease obligations - operating leases                                                                                                                                                            | 11,369                | 7,851                 |
| Current portion of lease obligations - finance leases                                                                                                                                                              | 359                   | 217                   |
| Total current liabilities                                                                                                                                                                                          | 97,821                | 56,388                |
| Long-term debt, net of current portion                                                                                                                                                                             | 78,710                | 59,704                |
| Lease obligation long term - operating leases                                                                                                                                                                      | 48,156                | 30,382                |
| Lease obligation long term - finance leases                                                                                                                                                                        | 32,942                | 19,568                |
| Notes payable related parties, net of current portion                                                                                                                                                              | 6,914                 | 2,000                 |
| Seller notes - related parties                                                                                                                                                                                     | 38,998                | 3,000                 |
| Deferred tax liability                                                                                                                                                                                             | 14,035                | 8,818                 |
| Other non-current obligations                                                                                                                                                                                      | 4,104                 | 1,615                 |
| Total liabilities                                                                                                                                                                                                  | 321,680               | 181,475               |
| <b>Commitments and contingencies</b>                                                                                                                                                                               |                       |                       |
| <b>Stockholders' equity:</b>                                                                                                                                                                                       |                       |                       |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 issued and outstanding at September 30, 2023 and 2022 , respectively, with a liquidation preference of \$0.30 per share | —                     | —                     |
| Common stock, \$0.001 par value, 10,000,000 shares authorized, 3,164,330 shares issued and outstanding at September 30, 2023; 3,074,833 issued and outstanding at September 30, 2022                               | 2                     | 2                     |
| Paid-in capital                                                                                                                                                                                                    | 69,387                | 65,321                |
| Treasury stock common 660,063 shares as of September 30, 2023 and 620,971 shares as of September 30, 2022                                                                                                          | (8,206)               | (7,215)               |
| Treasury stock Series E preferred 50,000 shares as of September 30, 2023 and 2022                                                                                                                                  | (7)                   | (7)                   |
| Accumulated earnings                                                                                                                                                                                               | 38,959                | 39,509                |
| Equity attributable to Live stockholders                                                                                                                                                                           | 100,135               | 97,610                |
| Non-controlling interest                                                                                                                                                                                           | —                     | (448)                 |
| Total stockholders' equity                                                                                                                                                                                         | 100,135               | 97,162                |
| Total liabilities and stockholders' equity                                                                                                                                                                         | \$ 421,815            | \$ 278,637            |

**LIVE VENTURES, INCORPORATED**  
**CONSOLIDATED STATEMENTS OF INCOME(UNAUDITED)**  
(dollars in thousands, except per share)

|                                             | <b>Years Ended September 30,</b> |             |
|---------------------------------------------|----------------------------------|-------------|
|                                             | <b>2023</b>                      | <b>2022</b> |
| Revenues                                    | \$ 355,171                       | \$ 286,913  |
| Cost of revenues                            | 239,605                          | 189,086     |
| Gross profit                                | 115,566                          | 97,827      |
| Operating expenses:                         |                                  |             |
| General and administrative expenses         | 86,670                           | 54,531      |
| Sales and marketing expenses                | 13,447                           | 12,459      |
| Impairment expense                          | —                                | 4,910       |
| Total operating expenses                    | 100,117                          | 71,900      |
| Operating income                            | 15,449                           | 25,927      |
| Other income (expense):                     |                                  |             |
| Interest expense, net                       | (12,741)                         | (4,209)     |
| Loss on disposition of SW Financial         | (1,696)                          | —           |
| SW Financial settlement gain                | 2,750                            | —           |
| Gain on bankruptcy settlement               | —                                | 11,352      |
| Other expense, net                          | (2,293)                          | (1,454)     |
| Total other (expense) income, net           | (13,980)                         | 5,689       |
| Income before income taxes                  | 1,469                            | 31,616      |
| Provision for income taxes                  | 1,571                            | 6,875       |
| Net (loss) income                           | (102)                            | 24,741      |
| (Loss) income per share:                    |                                  |             |
| Basic                                       | \$ (0.03)                        | \$ 7.94     |
| Diluted                                     | \$ (0.03)                        | \$ 7.84     |
| Weighted average common shares outstanding: |                                  |             |
| Basic                                       | 3,133,554                        | 3,116,214   |
| Diluted                                     | 3,153,033                        | 3,155,535   |

**LIVE VENTURES INCORPORATED**  
**NON-GAAP MEASURES RECONCILIATION**

**Adjusted EBITDA**

The following table provides a reconciliation of Net income (loss) to total Adjusted EBITDA for the periods indicated (dollars in thousands):

|                                         | <b>For the Year Ended September 30,</b> |             |
|-----------------------------------------|-----------------------------------------|-------------|
|                                         | <b>2023</b>                             | <b>2022</b> |
| Net (loss) income                       | \$ (102)                                | \$ 24,741   |
| Depreciation and amortization           | 14,257                                  | 7,168       |
| Stock-based compensation                | 446                                     | 37          |
| Interest expense, net                   | 12,741                                  | 4,209       |
| Income tax expense                      | 1,571                                   | 6,875       |
|                                         | —                                       | (11,352)    |
| Gain on bankruptcy settlement           | —                                       | 84          |
| Loss on extinguishment of debt          | —                                       | —           |
| SW Financial settlement gain            | (2,750)                                 | —           |
| Loss on disposition of SW Financial     | 1,697                                   | —           |
| Acquisition costs                       | 3,554                                   | 1,470       |
| Write-off of fixed assets               | —                                       | 438         |
| Impairment of goodwill and intangibles  | —                                       | 4,910       |
| Other non-recurring company initiatives | 124                                     | (196)       |
| Adjusted EBITDA                         | \$ 31,538                               | \$ 38,384   |



Source: Live Ventures Incorporated