

# LiveWire Mobile Announces Financial Results for the Quarter Ended December 31, 2009

## Highest Quarterly Profit as Stand-Alone Entity

LITTLETON, Mass., March 8, 2010 – LiveWire Mobile, Inc. (Pinksheets: LVWR), a world leader in ringback, mobile music and managed personalization services, today announced preliminary financial results for the fourth quarter ended December 31, 2009:

- Company delivers highest level as a stand-alone entity of adjusted EBITDA and GAAP profitability for the quarter ended December 31, 2009:
  - Adjusted EBITDA of \$0.8 million
  - Income from continuing operations of \$1.5 million, including certain non-recurring items noted below
- Revenues of \$4.4 million representing an increase of 24% from the fourth quarter of 2008
- Gross profit improves to 68% from 22% in the fourth quarter of 2008
- Cash of \$7.8 million as of December 31, 2009

Total revenues for the fourth quarter of 2009 were \$4.4 million, an increase of 24% compared to \$3.6 million for the corresponding quarter in 2008, and a decrease of 9% from \$4.9 million for the third quarter of 2009. When excluding \$0.5 million of non-recurring managed services revenue in the third quarter of 2009 resulting from commercial changes related to a contract extension with one customer, revenues for the fourth quarter of 2009 increased 2% over the third quarter of 2009. Revenues in the fourth quarter of 2009 include approximately \$0.9 million attributable to the recognition of a cap-ex ringback tone customer deployment in Europe completed during the quarter.

Gross profit for the fourth quarter of 2009 was \$3.0 million, or 68%, an increase of nearly four times compared to \$0.8 million, or 22%, for the fourth quarter of 2008, and a slight decrease as compared to \$3.2 million, or 66%, for the third quarter of 2009. The improvement in fourth quarter gross profit year-over-year is primarily attributable to increases in managed services revenues, which have a higher gross profit than cap-ex product and service revenues, as well as cost reductions related to restructuring actions.

The slight increase in gross profit percentage from the third quarter of 2009 was primarily attributable to a decrease in deployment costs during the quarter. Also, as the Company has stated previously, gross profit can be impacted by the mix and proportion of cap-ex product and service revenues relative to total revenues.

Adjusted EBITDA from continuing operations (a non-GAAP financial measure) was \$0.8 million, or \$0.17 per diluted share, for the fourth quarter of 2009 compared to \$(2.6) million, or \$(0.57) per diluted share in the fourth quarter of 2008, and \$0.7 million, or \$0.16 per diluted share, for the third quarter of 2009. A complete reconciliation between adjusted EBITDA from continuing operations and operating income (loss) on a GAAP basis is provided in the financial tables at the end of this press release.

Income from continuing operations for the fourth quarter of 2009 was \$1.5 million, or \$0.31 per diluted share, compared to a loss from continuing operations of \$(33.1) million, or \$(7.20) per diluted share for the fourth quarter of 2008, and compared to \$0.5 million, or \$0.10 per diluted share, for the third quarter of 2009. Results for the fourth quarter of 2009 include several non-recurring items including a benefit of \$1.1 million related to lease termination agreements finalized in the quarter, and benefits of \$0.2 million related to certain changes in subsidiary tax positions; partially offset by \$0.5 million of restructuring expenses incurred as part of a reduction in force during the quarter. Net income for the fourth quarter of 2009 was \$1.5 million, or \$0.33 per diluted share compared to a net loss of \$(16.6) million, or \$(3.60) per diluted share, for the fourth quarter of 2008, and compared to net income of \$0.2 million, or \$0.05 per diluted share for the third quarter of 2009. Cash totaled \$7.8 million on December 31, 2009, compared to \$6.5 million on September 30, 2009 and \$19.3 million on December 31, 2008. During the fourth quarter of 2009, the Company received the full amount of escrow of \$2.8 million from the sale of its Communications Platforms business to Dialogic Corporation. The decrease in cash from December 31, 2008 was primarily due to payment of liabilities associated with the sale of the Communications Platforms business, payments made under restructuring actions, including the restructuring actions undertaken as a result of the sale of the Communications Platforms business, payments under the lease termination agreements entered into in December 2008 and October 2009, and other exited facilities, and repayment of the Company's line of credit. The Company has no bank debt. On February 10, 2010, the Company's Board of Directors declared an annual dividend of \$0.20 per share of common stock for 2010. The current dividend is payable on March 26, 2010 to shareholders of record as of the close of business on March 12, 2010, and is expected to be in the range of \$0.9 million to \$1.0 million. The Company expects to publish on its website and at [www.pinksheets.com](http://www.pinksheets.com) its annual audited financial statements as of and for the year ended December 31, 2009 on or before March 31, 2010.

## **Business Perspective**

Matthew Stecker, CEO of LiveWire Mobile, said, "The Company has completed a very successful 2009. Strategically, we delivered on our mission of growing our managed services business across our three product lines: ringback tones, mobile full-track music and videos, and our integrated storefront. The Company also delivered and sustained profitability for the first time in its stand-alone history during the second half of 2009. Operationally, we completed the large-scale restructurings that were necessary to simplify our business after the sale of the Company's Communications Platforms business to Dialogic in December 2008. In so doing, we enter 2010 with a simpler and leaner operating structure and a well-funded balance sheet to drive our 2010 initiatives. We believe these initiatives, which we will communicate more about in the coming months, will position us for long-term growth; they include: aggressively expanding our international footprint for all of our products and services, expanding our worldwide partner alliances, and bringing new applications and services to market that leverage our leadership position and reach that today covers more than 40 existing carrier customers."

## **Use of Non-GAAP Financial Measures**

In addition to reporting its financial results in accordance with generally accepted accounting principles, or GAAP, the Company has also provided in this release adjusted EBITDA from continuing operations which is a non-GAAP financial measure adjusted to exclude certain non-cash and other specified expenses. The Company believes the use of non-GAAP measures in addition to GAAP measures is an additional useful method of evaluating its results of operations. Management uses these non-GAAP financial measures when evaluating the Company's financial results, as well as for internal planning and forecasting purposes. Specifically, the Company has excluded stock-based compensation, amortization of intangible assets, depreciation, restructuring charges, interest income and expense, other income/expense, goodwill impairment and adjustments, and taxes from its non-GAAP financial measures. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the expected results calculated in accordance with GAAP and reconciliations to those expected results should be carefully evaluated. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The Company may consider whether other significant non-recurring items that arise in the future should also be excluded in calculating the non-GAAP financial measures it uses. Reconciliations between the non-GAAP financial measures on a GAAP basis and a non-GAAP basis are provided herein, as applicable.

## **About LiveWire Mobile, Inc.**

LiveWire Mobile (Pinksheets:LVWR) is a world leader in managed personalization services. LiveWire Mobile's integrated suite of mobile personalization services includes ringback tones, ringtones, mobile full-track music and video downloads, a fully integrated storefront, and other applications, as well as dedicated content and service marketing, integrated storefront management and marketing. LiveWire Mobile makes mobile personalization services easier to use and helps drive service usage and adoption. For more information, please visit [www.livewiremobile.com](http://www.livewiremobile.com).

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Statements other than historical facts included or referred to in this Press Release are "forward-looking statements", including forward-looking statements about our well-funded balance sheet, our position for long term growth and driving our 2010 initiatives, including aggressively expanding our international footprint for our products and services, expanding our worldwide partner alliances and bringing new applications and services to market, and the amount and timing of the payment of our 2010 cash dividend. These statements are based on management's expectations as of the date of this document and are subject to uncertainties and changes in circumstances. Actual results may differ materially from these expectations due to risks and uncertainties including, but not limited to uncertainties with respect to our ability to maintain operating expense reductions and cost efficiencies, adjusted EBITDA profitability, profitability and positive cash flow, the impact of restructuring and other charges and one-time items on our business and operations, the implementation and market acceptance of our products and services, uncertainties with respect to our 2010 initiatives, including aggressively expanding our international footprint for all of our products and services, expanding our worldwide partner alliances and bringing new applications and services to market, our ability to grow our managed services business, uncertainties related to the amount and timing of payment of our 2010 cash dividend, our ability to achieve long term growth, fluctuations and declines in our cap-ex business, the size of our target market, our ability to expand our relationships with existing customers and partners and attract new customers and partners, customer concentration (including with Sprint Nextel Corporation and Ericsson AB), our ability to timely launch our products and services to customers, our ability to execute on our development initiatives, our ability to effectively manage cash, revenue fluctuations, uncertainties regarding the impact of management changes, competition, and other risks. We encourage you to read our Annual Report for the year ended December 31, 2008 and other public disclosures for certain additional risk factors. In addition, while management may elect to update forward-looking statements at some point in the future, management

specifically disclaims any obligation to do so, even if its estimates change. Any reference to our website in this press release is not intended to incorporate the contents thereof into this press release or any other public announcement.

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