

ASX Announcement

18 October 2022

LiveTiles accelerates growth plans with acquisition of My Net Zero**Highlights**

- LiveTiles signs agreement to obtain the right to acquire the remaining 80.03% of shares, in tranches, in leading carbon and climate change platform, My Net Zero
- The initial tranche will bring LiveTiles ownership of My Net Zero to circa 55% of all issued shares for \$4,268,399.36 payable by the issue of LiveTiles' shares.
- My Net Zero is a leading climate action business that enables tangible action of sustainability plans for employers and their stakeholders
- My Net Zero has a revenue target of \$25,000,000 over three years
- Customers of My Net Zero include Amazon and WPP
- Acquisition expands LiveTiles product offering and fully aligns with customer demands for addressing meaningful employee experience issues and driving accelerated growth for LiveTiles.

LiveTiles Limited (ASX:LVT) (LiveTiles or the Company), a global leader in employee experience software for employee collaboration and communications, is pleased to announce it has entered into a binding agreement to acquire the remaining 80.03% of leading climate change consultancy business, My Net Zero following its initial 19.97% strategic minority investment in December 2021.

My Net Zero overview

My Net Zero is a climate advisory, tech platform and marketplace enabling employers to involve and activate their people in positive climate action. With the climate crisis in the top three concerns of employees across all demographics, My Net Zero provides a framework of communication and support to respond to employee concerns and support their desired actions.

795 of the top 2,000 businesses¹ in the world have made organisational Net Zero initiatives. Those top 2,000 businesses employ 89,000,000 people, yet very few of these businesses have action plans that are focussed on the employee engagement angle to help support net zero plans. In the post covid workplace, most businesses are battling with employee engagement and the environment is the number one area of concern for employees.

My Net Zero offers employers both the behavioural-change advice and practical tech platform to translate, connect and implement tangible action on climate change not only from employees but also other stakeholders (consumers, students, members).

¹ <https://zerotracker.net/>

Overview of the terms

- Subject to revenue targets of \$25,000,000 being met over three years, aggregate consideration for My Net Zero is \$10,000,000 should all shares in My Net Zero be purchased.
- The acquisition will take place in tranches from existing My Net Zero shareholders, with the first tranche (bringing LiveTiles shareholding to approximately 55% of My Net Zero) to be paid via the issue of up to 68,310,127 ordinary class shares in LiveTiles, for an equivalent purchase price value of \$4,268,399.36. LiveTiles shares are being issued at a price of the greater of \$0.0625 per share, or the 30-day VWAP prior to the issue date. The ordinary shares issued for this transaction in relation to the first tranche will be from within LiveTiles' existing capacity under ASX listing rule 7.1.
- The remainder of the My Net Zero shares may be purchased by LiveTiles over the next 18 months, in one or more tranches, following completion of the initial tranche for an aggregate amount of \$5,731,600.64 (bringing the aggregate consideration to \$10,000,000 should all My Net Zero shares be purchased). LiveTiles may at its sole election issue shares in lieu of cash for each subsequent tranche (subject to placement capacity under Listing Rule 7.1). At the end of the 18-month period, or upon an earlier change of control event, the sellers may elect for LiveTiles to purchase the remaining My Net Zero shares at that time.
- The transaction is subject to conditions precedent including any required approvals from its lenders and the parties signing a formal Escrow and Vesting Deed to record vesting arrangements which have been agreed in principle. Subject to these conditions being met LiveTiles expects to complete the acquisition of the first tranche within 5 to 7 business days.
- The in principle vesting arrangements presently require all LiveTiles' shares as issued to be held in escrow and released from escrow in various stages subject to targets being met as follows: (a) 25% vested upfront but released from escrow 31 December 2025; and (b) the remaining 75% to vest and be released progressively from 31 December 2023 until 31 December 2025 subject to financial targets being met.
- To the extent that consideration is paid in cash then this will be funded from cash reserves at the relevant time.

Poised for accelerated strategic growth

The LiveTiles and My Net Zero partnership was formed in 2021 following research into the Employee Experience market which found that employees would prefer to work for companies that had a greater purpose, with climate action being very high on people's priorities. This is propelled by national and international pressure for companies to target net zero emissions with Australia committing to a 2050 net zero goal and approximately 70% of ASX200² companies having committed themselves to a sustainability strategy.

In September this year, LiveTiles and My Net Zero ran a major event in New York City during New York Climate Week called ScopeX, where executives from some of the largest US companies attended as part of their own sustainability plans to engage employees and other related parties in their Environmental, Social and Governance strategy.

The acquisition of My Net Zero and its combined product offering follows rapidly growing demand from existing LiveTiles customers and provides a unique opportunity to accelerate growth and perfectly align with the changing employee engagement needs of global leading enterprises.

² <https://www.pwc.com.au/assurance/environmental-social-and-governance-reporting.html>



The first product to launch between the collaboration of LiveTiles and My Net Zero was Reach Zero, as announced on 19 September 2022. Reach Zero leverages the underlying LiveTiles Reach technology along with enhancements to address the key needs of enterprise customers regarding climate action, sustainability and employee engagement.

LiveTiles and My Net Zero's newest joint product is Green Teams, an initiative that allows employees to offset their energy consumption at home using reputable renewable energy certificates and has received excellent feedback from users thus far. Green Teams is the first practical example of linking employee sentiment and desire for action with an employer supported marketplace of solutions.

LiveTiles Co-Founder and Chief Executive Officer Karl Redenbach said, "We have worked with My Net Zero for quite some time now with our relationship going from strength to strength. The acquisition of My Net Zero is timely and natural and allows us to expand our product offering in line with the demands of our customers to accelerate growth and attract larger highly profitable new customers."

My Net Zero Founder and Chief Executive Officer Tim Hodgson said, "My Net Zero couldn't be more pleased with the opportunity to join forces with LiveTiles to combine our respective strategic goals and provide customers and their employees a lot more value than we could each do independently. Customers' needs have been evolving very quickly through all the various challenges the world has thrown at them in the last two years, everything from the impacts of COVID, to employee engagement priorities. We are looking forward to contributing to the LiveTiles broader sustainability vision and making a significant global impact together."

This announcement has been authorised for release by the Board.

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About LiveTiles:

LiveTiles is a global leader in the employee experience software for employee collaboration and communications, creating and delivering solutions that drive digital transformation, productivity, and employee engagement in the modern workplace.

LiveTiles have operations spanning North America, Europe, Asia and Australia, and services over 1,000 customers. LiveTiles is a leading player in the Employee Experience Platform Industry and has been acknowledged as such by Forrester and Gartner.