

Acquisition of Oliver Grace, successful \$1.6m placement, supported by board of \$500k

Melbourne, Australia, 29 July 2024: AD1 Holdings Limited (ASX:AD1) ('AD1' or the 'Company'), a technology company with a growing portfolio of market-leading software businesses, is pleased to announce that it has entered into a conditional binding Share Purchase Agreement ('SPA') to acquire 100% of the issued shares in Oliver Grace Pty Ltd ACN 638 080 476 ('Oliver Grace') ('Acquisition'), and has successfully completed a placement of 320,000,000 fully paid ordinary shares in AD1 ('Placement Shares') to raise \$1,600,000 from investors ('Placement').

Acquisition overview and strategic rationale

Oliver Grace is a leading marketing agency based in Melbourne, Victoria, specialising in digital product design and development, brand strategy, and content creation.

Founded by Bonnie Borland and Nicholas Lehrain, the business has provided services to major corporations and household names like Bunnings, Girls in Tech, JB-HiFi and Nestle. Each of Bonnie and Nicholas have agreed to remain in the business post-Acquisition for at least two years to further grow and develop its potential.

Oliver Grace was engaged by the AD1 business to review and provide guidance on the AD1 group brand and positioning strategy over the last 6-months. During this time both organisations gained deep insights into services and strategic direction of the other. By combining businesses, the AD1 directors believe both companies will benefit from an enlarged team with an aligned and focused vision for growth which will deliver our strategic objectives and intrinsic value for all shareholders.

AD1 believe that there are significant synergistic cost savings and conversely revenue growth opportunities by bringing both businesses together. AD1 has delivered, over the FY24 year, significant cost savings within the business whilst maintaining revenue growth. The directors believe this transaction signifies the strength of AD1's brand to attract an award winning, well aligned and EPS accretive business into the group.

The benefits that will accrue from the transaction are multi-faceted, namely:

1. new organic revenue opportunities with both products of the existing AD1 platforms;
2. the re-positioning and rebranding all external assets with refreshed messaging and educational materials for new and existing customers;
3. reduced yearly group external advisor costs by bringing such functions in-house; and
4. with the Oliver Grace team being a group of highly experienced staff who have all assisted in creating an award-winning agency, delivering for over 150+ customers over the last 4-years, the team will bring new and fresh ideas and only builds greater depth in the AD1 talent pool.

Todd Perkinson, Chief Executive Officer, said: "This is a significant period for the AD1 group and we are excited to consolidate such a successful creative agency into the AD1 group.

The acquisition will create economies of scale within the AD1 corporate services team as Oliver Grace hand over their corporate services roles, allowing them to focus on core business objectives and growth of the business. It will also generate cost savings for AD1 as the Oliver Grace team bring a complementary level of skills that the AD1 group were otherwise obtaining from third parties.

I am excited to have Nick, Bonnie and the wider Oliver Grace joining the AD1 team. I look forward to their imminent delivery of the first phase of our rebranding and repositioning for the group as well as future group objectives."

Further details on Oliver Grace can be found at its website olivergrace.com.au.

Under the terms of the SPA, the Company will acquire 100% of the issued shares in Oliver Grace from its existing shareholders ('Sellers') for the total consideration of up to \$2,000,000 payable over three tranches, comprising both cash and the issue of fully paid ordinary shares in AD1 ('Shares').

Further details of the key terms of the SPA are set out in the Schedule to this announcement.

Completion of the Acquisition is subject to the satisfaction of customary conditions precedent and is anticipated to occur on 6 August 2024.

Placement

AD1 received strong interest in the Placement from existing and new institutional investors.

The issue price for the Placement Shares was \$0.005 per share, which represents a discount of 16.6% to the closing price of \$0.006 on 22 July 2024, to raise \$1,600,000.

The Placement is comprised of two tranches:

- Tranche 1, undertaken today, raised approximately \$650,000 via the issue of 45,000,000 Shares utilising the Company's existing placement capacity under ASX Listing Rule 7.1 and 85,000,000 Shares utilising the Company's existing placement capacity under ASX Listing Rule 7.1A (**Tranche 1**); and
- Tranche 2 will raise approximately \$950,000 via the issue of 190,000,000 Shares subject to shareholder approval being sought at an extraordinary general meeting expected to be held in September (**Tranche 2**).

Both Tranche 1 and Tranche 2 of the Placement will result in approximately 320,000,000 Shares being issued, representing approximately 35.60% of AD1's existing issued capital. The Placement Shares will rank equally with the existing ordinary shares in AD1.

Settlement of the Placement Shares under Tranche 1 is expected to occur today, Monday 29 July 2024. Placement Shares under Tranche 1 are expected to be issued on Wednesday 31 July 2024 and commence trading on the ASX on a normal settlement basis on the same day.

Under Tranche 2, 100,000,000 Placement Shares are proposed to be issued to AD1's non-executive directors Nicholas Smedley, Michael Norster and Angus Washington subject to AD1 obtaining shareholder approval under ASX listing rule 10.11. Further details of the proposed extraordinary general meeting will be provided at a later date. If shareholder approval is not obtained, AD1 will not issue the Placement Shares to the directors and it will not receive the proceeds of the Tranche 2 Placement Shares (being approximately \$500,000).

\$400,000 of the funds raised under the Tranche 1 Placement are to be applied towards the upfront cash consideration payable under the Acquisition. The remaining funds (including any funds raised under Tranche 2) will be applied towards working capital requirements, transaction costs and the Company's expansion to North America.

Additional details of the Acquisition and Placement are included in the Investor Presentation released on the ASX today.

Indicative Timetable

An indicative timetable for the Placement is provided below:

Re-commencing of trading of shares on ASX	Monday, 29 July 2024
Unconditional settlement of Tranche 1 Placement Shares	Tuesday, 30 July 2024
Allotment and commencing of trading of Tranche 1 Placement Shares	Wednesday, 31 July 2024
Company EGM to be held for Tranche 2 Placement approval	September 2024 (TBC)
Conditional Settlement of Tranche 2 Placement Shares	September 2024
Allotment and commencing of trading of Tranche 2 Placement Shares	September 2024

The above timetable is indicative only. AD1 reserves the right, and subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary any or all of the dates and times of the Placement without prior notice.

Schedule – Key terms of share purchase agreement

AD1 Holdings Limited (ASX:AD1) ('AD1' or the 'Company'), has entered into a conditional binding Share Purchase Agreement ('SPA') to acquire 100% of the issued shares in Oliver Grace Pty Ltd ACN 638 080 476 ('Oliver Grace') ('Acquisition').

The consideration under the SPA will comprise:

- (a) upfront cash consideration of \$400,000;
- (b) within 5 business days of AD1 obtaining shareholder approval under Chapter 7 of the ASX listing rules, an issue of the number of fully paid ordinary shares in AD1 (**Shares**) equal to a value of \$400,000 based on a share price equal to the greater of the:
 - (i) 5-day VWAP of Shares for the five trading days up to the date of completion of the Acquisition (**Completion Date**); and
 - (ii) the price offered to investors under AD1's most recent private placement (if any);
- (c) deferred cash consideration of \$275,000, to paid on the first anniversary of the Completion Date;
- (d) the deferred issue of Shares on the first anniversary of the Completion Date equal to a value of \$250,000 based on a share price equal to the greater of the:
 - (i) 5-day VWAP of Shares for the five trading days up to first anniversary of the Completion Date; and
 - (ii) the price offered to investors under AD1's most recent private placement (if any); and
- (e) subject to achieving certain targets, an earnout payment ('**Earnout Payment**') of up to \$325,000 in cash and the issue of Shares equal to a value of \$350,000 based on a share price equal to the greater of:
 - (i) 5-day VWAP of Shares for the five trading days up to the final date covered by the applicable earn out accounts; and
 - (ii) the price offered to investors under AD1's most recent private placement (if any).

The Sellers will only receive the Earn Out Payment if Oliver Grace's revenue exceeds \$2,500,000 and its EBITDA is at least 20% of revenue over a rolling 12-month period between the Completion Date and the fourth anniversary of the Completion Date.

Each tranche of Shares issued to the Sellers as consideration under the SPA will be subject to voluntary escrow restrictions (and holding locks) until the second anniversary of the Completion Date.

Completion of the Acquisition is subject to the following conditions precedent:

- (a) there being no breach of warranties under the SPA prior to completion;
- (b) the Vendors entering into voluntary escrow deeds under which their AD1 shares will be held in escrow from the date of issue until the second anniversary of the Completion Date; and
- (c) each of the key executives in Oliver Grace continuing in the business (being Bonnie Borland and Nicholas Lehrain) entering into new employment agreements.

Subject to the satisfaction of the conditions precedent, completion of the Acquisition is anticipated to occur on 6 August 2024.

END

This release has been authorised by the Board of Directors of the Company.

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About AD1 Holdings

AD1 Holdings is a technology company with a growing portfolio of market-leading software businesses. We build, manage, and acquire best of breed, high potential software businesses that develop specialised software solutions to address the specific needs of the global workforce. The Company currently operates in two main verticals being 'HR Services' and 'Niche Services'. Under HR services the company provides talent recruitment solutions in the form of ApplyDirect and Jobtale and mentoring products under the Art of Mentoring banner. The Company also operates Utility Software Solutions which specialises in SaaS hosted customer interface solutions (CIS) and Business Process Outsourcing (BPO) services for energy providers.

For more information



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Forward Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on AD1's current expectations, estimates and projections about the industry in which AD1 operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the endeavour of building a business around such products and services. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of AD1, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. AD1 cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of AD1 only as of the date of this release. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. AD1 will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.