
Acquisition of SaaS platform Art of Mentoring

Highlights:

- *AD1 Holdings Limited (AD1 or the Company) has announced today the signing of the transaction documents for the acquisition of SaaS business Art of Mentoring (AoM) (Acquisition). AoM is Australia's leading mentoring program provider that delivers best-in-class programs through an intuitive SaaS platform.*
- *The Acquisition is expected to provide significant benefits to the Company, including the addition of a diversified recurring revenue stream of approximately \$1 million with excellent growth outlook and significant sales synergies with the Company's career- platform offering.*
- *The share sale and purchase agreement provides for the Company's 100% acquisition of AoM (on a cash free, debt free basis) to be funded by an initial upfront cash payment of approximately \$1 million and scrip component of approximately \$500,000 of new AD1 shares. The agreement provides for further cash and scrip based earnouts over two tranches, which will be subject to the achievement of revenue growth targets.*

Melbourne, Australia, 30 September 2020: AD1 Holdings Limited (ASX: AD1) (AD1 or the Company) announces that it has executed transaction documents to acquire 100% of the issued share capital of AoM Holdings Pty Ltd and full beneficial ownership of its subsidiary Art of Mentoring Pty Ltd.

AoM operates a SaaS business focused on designing, implementing and providing mentoring services to organisations using a range of evidenced-based programs, expert consultants and software.

Strategic rationale and benefits of Acquisition

- **Best-in-class mentoring programs delivered through cutting-edge SaaS solutions:** AoM provides formal mentoring programs through seamless SaaS solutions, that facilitate an enjoyable and productive experience for both mentors and mentees;
- **Large global addressable market:** The employee experience software market is estimated to be worth \$18.2 billion, with AoM's solution uniquely suited to address the growing need for structured mentoring programs;
- **Blue-chip clients and strong synergies with AD1's career-platform customer base:** AoM's solutions are embedded within and trusted by government agencies, professional associations and large corporates;
- **Strong sales synergies across the combined group:** AoM's acquisition provides AD1 with a complementary product to its career-platform SaaS solution, which is expected to provide strong sales synergies and further accelerate revenue growth; and
- **High quality recurring earnings:** SaaS recurring revenue model supports ongoing financial growth and underscores earnings consistent with AD1's growth strategy;

Key commercial terms and conditions

- Initial consideration: Upon completion of the Acquisition (currently scheduled for 30 October 2020), AD1 will pay to the vendors approximately \$1 million in cash (being approximately 1x annual revenue for FY20) (subject to standard and usual net working capital and net debt adjustments) and issue the vendors approximately \$500,000 worth of new AD1 shares. The issue price of each AD1 share will be based on the 30-day VWAP leading up to the completion date. These AD1 shares will be subject to voluntary escrow until the second anniversary of the completion date.
- Potential earn out: If AoM achieves certain revenue targets within the 24 months following the completion date, there will be further cash and scrip based consideration payable to the vendors of AoM across up to two additional tranches. Any additional AD1 shares will be issued at a price that is the highest of the 30-day VWAP to the date of issue, the issue price of AD1's then most recent capital raise and the issue price of AD1 shares as part of the initial consideration. These AD1 shares will also be escrowed until the second anniversary of the completion date.

AoM Leadership

The AoM division will be led by Melissa Richardson, Founder and current Managing Director of the business. Melissa is a pioneer and one of Australia's leading experts in mentoring, with over 20 years' experience with professional organisations, industry associations, corporates, government departments and universities. Melissa has helped build some of Australia's largest mentoring programs across a wide range of industries.

Commenting on the Acquisition, AD1 CEO, Prashant Chandra, said: "Increasing shareholder value through EPS accretive acquisitions is an important priority for AD1 and we believe the AoM acquisition delivers on that priority.

"AoM is a compelling strategic fit for the Company with a cutting-edge SaaS product, a diversified recurring revenue stream and strong growth prospects. Our complementary customer base will enable the Company to expand its footprint within both the government and professional association sectors.

"We are impressed with what AoM has accomplished so far and look forward to welcoming Melissa and her team to the AD1 group.

"This is an important milestone for the Company. We will continue to drive organic growth and pursue additional strategic acquisition opportunities as they present themselves."

AoM Managing Director, Melissa Richardson said: "We are excited to join the AD1 group, which will allow us to accelerate our growth and make high quality, effective mentoring available to more people. We are proud of what we have achieved so far and look forward to leveraging the synergies across the group. AD1 is a perfect strategic fit for us"

AD1 Chairman, Andrew Henderson said: “We are delighted to partner with AoM. We see great synergy with AD1 in both customer opportunities and aligned technology offerings in our portfolio. This is the first of many acquisitions we expect to undertake to fulfil our business vision. We welcome Melissa and team to the AD1 family and look forward to supporting further growth in the AoM business to the benefit of all AD1 shareholders.”

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This release has been authorised by the Board of Directors.

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