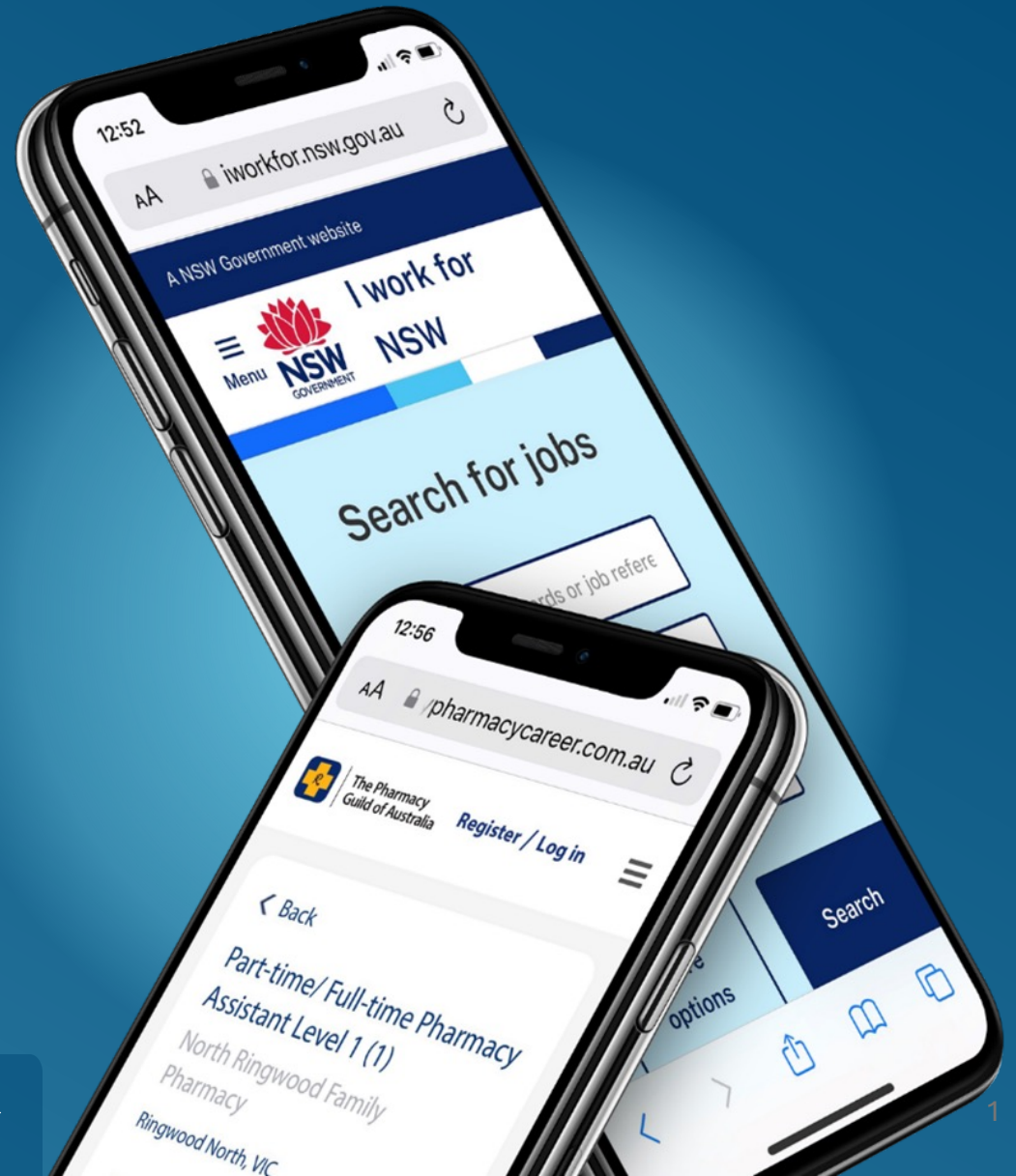




AD1 Oliver Grace Acquisition & Business Update

JULY 2024

People. Software. Solutions.





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Introduction



AD1 Holdings is an ASX-listed technology company focused on creating and investing in market-leading software businesses.

Our ambition is to deliver strong shareholder returns via a diversified global portfolio of SaaS platform brands aligned to target customer segments.

COMPANY OVERVIEW

Market capitalisation	\$5.4M
Share price (22/7/24)	0.6¢
Shares on issue	898.6M
Revenue (FY24)*	\$5.7M
ARR (FY24)	\$4.4M
ARR growth on pcip	35%

* continuing operations (ex USS)

SIGNIFICANT SHAREHOLDERS

Michael Norster	209.4M	(23%)
Nicholas Smedley	156.0M	(17%)
Pure Asset Mgt	44.7M	(5%)
Top 20 holders	600.9M	(67%)

AD1 supports client needs in HR recruitment & employee development through its interactive digital SaaS platforms. Following a year of operational & cost rationalisation, AD1 is now profitable and has a strong foundation to support growth in FY25, including acquisitions.



TECHNOLOGY ENABLED PLATFORMS



ART of MENTORING

platform designed to improve employee development & empower organisations



ApplyDirect

a recruitment platform to connect talent to businesses directly



FOUNDATION FOR FUTURE GROWTH ESTABLISHED

- Strategic review undertaken in 1H FY24
- Strategic exit of USS & jobtale business units
- Cost reduction initiatives have led to \$1.7m in savings in FY24
- **Annualised cost savings of \$3.5m in FY25**
- **FY24 EBITDA positive and expected to increase in FY25**
- Acquisition opportunities identified
- **Sale agreement signed with complementary digital agency business**
- **Planned private placement to raise \$1.5M to fund acquisition and growth capital**

Investment Highlights



Following implementation of key initiatives identified in the recent strategic review, AD1 operations are now streamlined and profitable. The company is expected to deliver ~\$1M in EBITDA in FY24. This is expected to increase significantly in FY25 driven by growth in the Company’s existing platforms and pursuing complementary acquisitions.



PLATFORM

Industry leading platform products



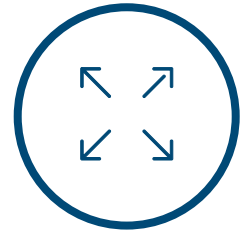
CLIENTS

Worldclass Client portfolio



PROFITABILITY

EBITDA & cash flow positive



PREDICTABILITY

~80% ARR in FY24



SCALABLE

Predicable & sustainable growth

\$5.7M¹
FY24E
Revenue

\$4.4M
FY24
ARR

\$1.0M²
FY24E
EBITDA

\$1.7M
Cost savings for
FY24

\$3.5M
Annualised cost
savings for FY25

Notes:
(1) includes R&D incentive income and excludes revenue from discontinued USS and jobtale operations
(2) excludes costs incurred in FY24, that will no longer be incurred as a result of cost base reduction

Art of Mentoring (AoM)



AoM is a leading staff retention and productivity platform and is AD1’s largest business unit, with a growing presence in the North American market.

- Online technology-enabled mentoring software and content platform
- Highly effective in improving staff retention, driving productivity and reducing hiring costs
- Expert content library, intuitive matching algorithms and unique solution
- Market leader with over 100 proven programs servicing 26 countries
- Highly engaged customer base with existing customers referring >50% of new clients
- Sticky customer base across healthcare, government bodies, large enterprises and association

US\$537m¹
Total Addressable Market

~80%+
of total revenue is recurring

~80%
Customer retention rate

¹ <https://www.360iresearch.com/library/research-report/global-mentoring-software-market>

Key select customers











Year-on-year growth in revenue and customers continues to be realised with US operations representing an increasing proportion of total revenue. This is driven by larger average deal size in the US market compared to Australia.

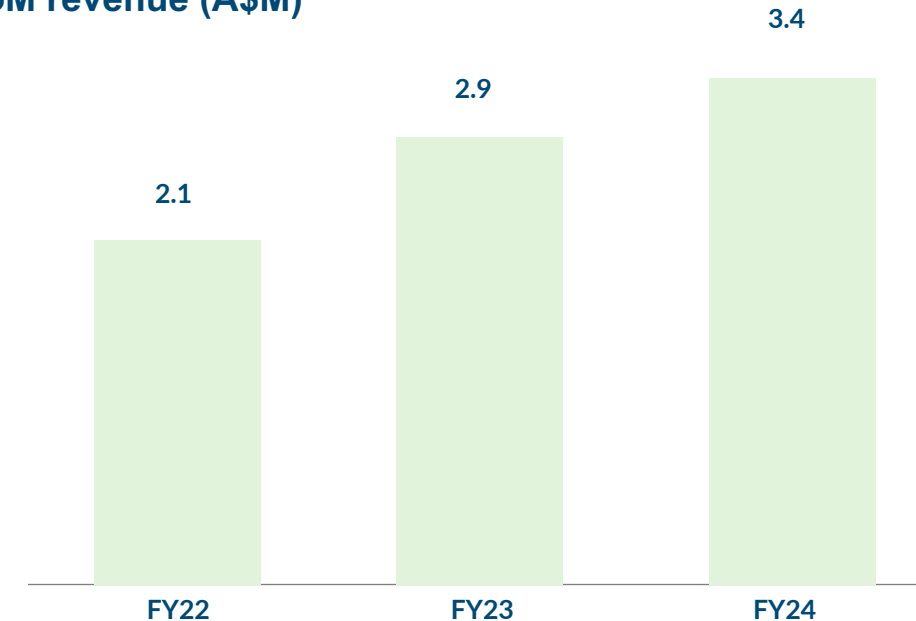
Australian division

- ▶ Record revenues approaching \$3M in FY24
- ▶ >\$2.2m in contract renewals secured during FY24
- ▶ \$350k+ in new business – the majority from new customer wins
- ▶ Focus remains on improving digital infrastructure, on-boarding efficiencies and expediting deal closures
- ▶ Design workshops effective in gaining commitment before formal deal closure takes place

US division

- ▶ Strong momentum building in US market, exceeding ARR of A\$1M
- ▶ \$375k in new contracted revenues in US division
- ▶ Successfully renewed all existing customers
- ▶ Contract renewals characterised by scope expansion and signing multi-year contracts, including a five-year major government contract
- ▶ Average deal size is 1.5x-2x larger than Australian operations

AoM revenue (A\$M)




Apply Direct's Refreshed Job Board




Apply Direct is rolling out its Gen 3 platform which provides additional features whilst lower the cost to serve. Positive customer feedback has been received and revenues continue to increase.




Since Jan 2018



594k jobs



513 million platform views



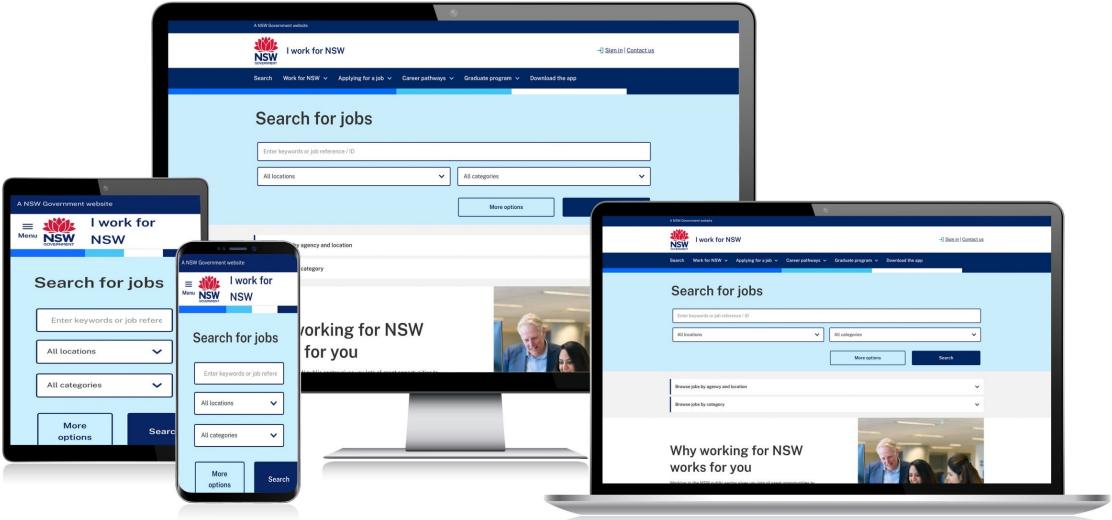
5.7 million applications

Apply Direct is an Australian-centric job board / recruitment platform that connects the right talent with the right employer. Enable businesses to promote their employee brand, attract and engage suitable candidates faster

Primary customers include the NSW and VIC state governments

Scalable, multi-branded high-volume, secure and API ready platform

New platform (Gen3) is in production and provides a lower cost to serve and new features, generating upsell opportunities







FY24



130k+ jobs



52 million platform views



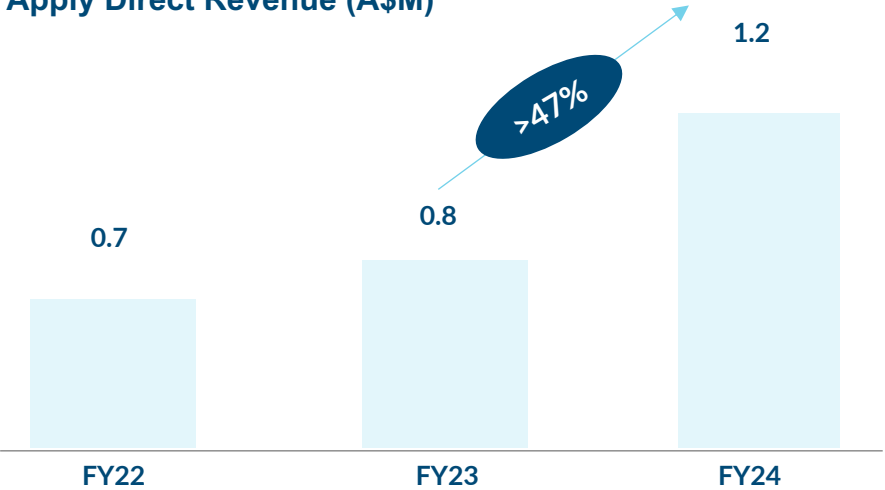
1.2m+ applications

Apply Direct Divisional Update

Strong growth in revenue realised in FY24, driven by new customer wins and improved customer penetration attributable to new Gen 3 platform roll-out and migration

- ▶ The business moved away from a consulting model to a SaaS model through FY22. Whilst revenues dipped in that year, ARR and annual revenue are now increasing
- ▶ >60% revenue growth to \$1.2M validating the company's growth strategy
- ▶ Implemented a more streamlined growth strategy, including cost reduction
- ▶ Continued migration to Gen3 platform

Apply Direct Revenue (A\$M)



Key customers include Australia's largest employers



I work for NSW



Strategic Priorities



During 1HFY24, the Board undertook a detailed strategic review of all AD1 operations, highlighting a need to focus on core HR software activities, centralising in-house technology teams and reducing costs. These actions have returned AD1 to profitability.

FOCUS ON CORE BUSINESS

- Platform efficiencies –automation;
- Focused account management;
- Streamlining business systems;
- Strategic exit of USS & jobtale**



RETENTION OF CUSTOMERS

- Develop account management team;
- Cultivate deeper relationships; and
- Drive higher retention.



STABILITY & PEOPLE FOCUS

- Organizational design review;
- Right people / right seat / right cost



SIGNIFICANTLY REDUCE OPEX

Removal of \$3.5M annualised costs from the business which will be delivered in full during FY25 & beyond. \$1.7M removed for FY24



PLATFORM EFFICIENCY & SCALE

AD1 group centralised the technology team and unlocked platform efficiencies, driving cost savings and streamlined operations.



NEW BUSINESS & USA FOCUS

Solidifying our North American presence, we achieved customer growth through strategic retention and expansion.



Strategic realignment



Our focus is on achieving free cash flow surpluses and profitability in FY25 and beyond



AWARENESS THROUGH EXPERIENCE, ADVOCACY THROUGH RESULTS

Customer success fuels our growth, and we're turning satisfied clients into our strongest advocates. Dedicated advocacy teams amplify these stories, putting customer value at the heart of our proposition.



SYNERGY & EXPANSION: PARTNERING FOR VALUE, DIVERSIFYING FOR SUCCESS

Exploring genuine partnerships that bring tangible benefits to both parties, focusing on achieving commercial success. Providing expertise and content through AoM, while expanding the AD division through strong job board partnerships.



COMMERCIAL SUSTAINABILITY & ADDING VALUE TO ALL STAKEHOLDERS

After extensive strategic review throughout H1 FY24, we have now established a robust foundation for growth & profitability in FY25. All costs have been thoroughly reviewed, addressed and aligned with third-party partnerships to ensure efficiency and effectiveness.



DIGITAL FOUNDATIONS FOR SCALABLE GROWTH

Centralising the technology team post-H1 FY24 streamlines delivery, optimises platform efficiency, and reduces cost-to-serve as we scale. Enables new verticals to be investigated to solve existing business & economic issues



HIGHLY SKILLED & ENGAGED WORKFORCE; CULTURE OF INNOVATION AND THOUGHT LEADERS

Through a rigorous review process, AD1 has assembled a well-balanced leadership team with expertise in technology, business development, finance, investor relations, and customer experience.

Key Pillars to Underpin Profitable Growth



AD1's pillar framework have demonstrated execution capability, maintaining financial governance, Identifying the key drivers for the group, delivering technical efficiencies and a Pathway to profitability and fcf surplus

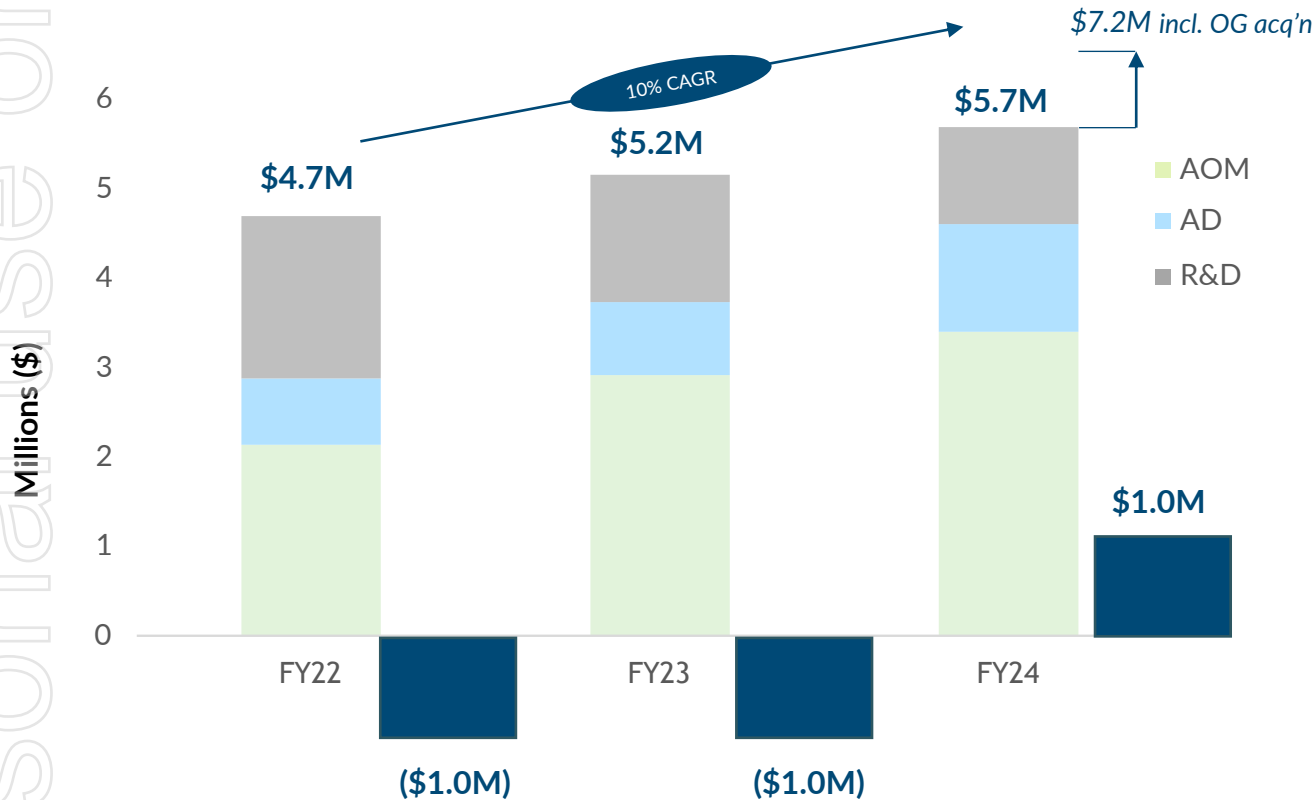


AD1 Group financial reporting



Profitability restored post implementation of strategic initiatives identified during the recent strategic review. This has driven an increase in profitability from continuing operations of circa \$2M between FY23 and FY24. Overall, circa \$5M in annual overheads have been removed from the business during FY24, a significant portion of these related to the USS business.

AD1 FINANCIALS (PRO-FORMA) – FY22 TO FY24



Total Revenue

Average 10% growth in revenue, year on year from continuing operations, driven by new customer wins.



Total Operating Costs

Significant cost reductions evident, with total cost base reduced from over \$10m (incl. USS costs) in FY23 to circa \$5m on an annualized basis.



Proforma EBITDA

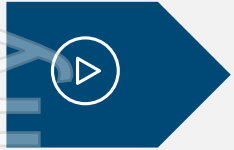
Significant turn-around and now profitable. Excellent platform for growth into FY25

*excludes USS operational results, which were loss making and not continuing

AD1 acquisition roadmap



Hitting of key milestones with cost reductions and integrations has satisfied our key metrics for new acquisitions.



KEY METRICS FOR NEW ACQUISITIONS TO ENABLE FURTHER M&A

- Right sized business opportunities with EPS accretive growth for both parties, whilst synergies with the enlarged merged business are attractive
- Aligned culture and values to ensure that the merged businesses operate cohesively with aligned visions of growth
- Revenues of <\$2m are ideal target size



KEY QUALITIES OF POTENTIAL SAAS ACQUISITIONS USED IN OUR PROSPECTIVE SEARCHES

- The potential of a broadening set of skills within the wider AD1 team
- Achievement of growth through enabling the group with cross-sell & up-sell opportunities within the existing customer base
- Target acquisition is considered to have immediate impacts for the group and brings strong historical financial trading positions



GLOBAL GROWTH CONSIDERATIONS IN ACQUISITIONS / PARTNERSHIPS

- Key markets of interest – North America, SE Asia, Europe & NZ
- Potential to open up new opportunities by being a component of the wider solution
- Partners whereby they require our platforms & solutions to fit into their wider solution OR whereby AD1 group already services and the partnership can bring greater value to existing customer

Transaction overview

Overview of Oliver Grace (OG)



Founded by Bonnie Borland and Nicholas Lehrain in 2019, OG is a multi-award winning, marketing agency specialising in digital product design and development, brand strategy and content creation.

CREATIVE THINKING.
CREATIVE DOING.

SERVICES

BRAND STRATEGY

EXPERIENCE DESIGN

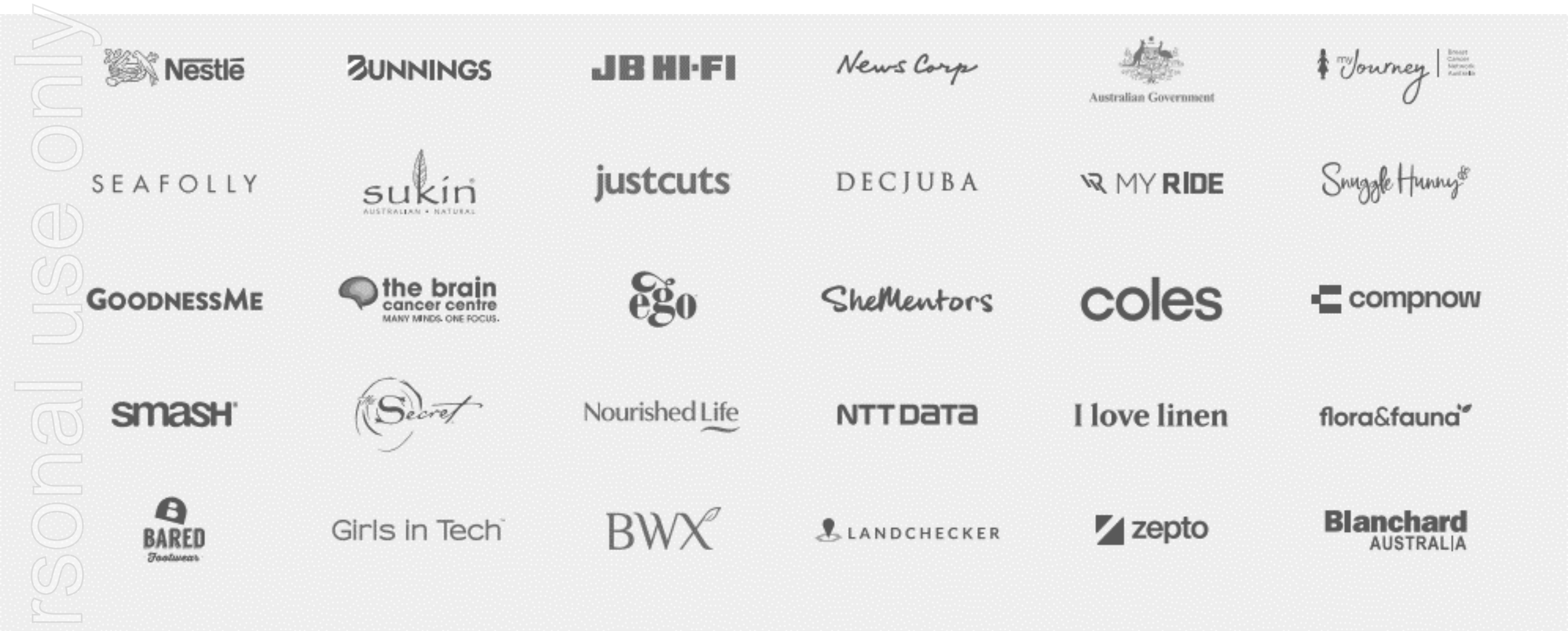
CONTENT CREATION

KEY STATISTICS





OG has an impressive and diverse client base which provides cross-selling opportunities to AD1



Proven track record in adding value to clients



Frank Green

Rebranding and launching frank green across AU, US, UK and EU.

Upon completion, frank green saw an 800% increase in sales in AU and successfully launched across US, UK and EU.

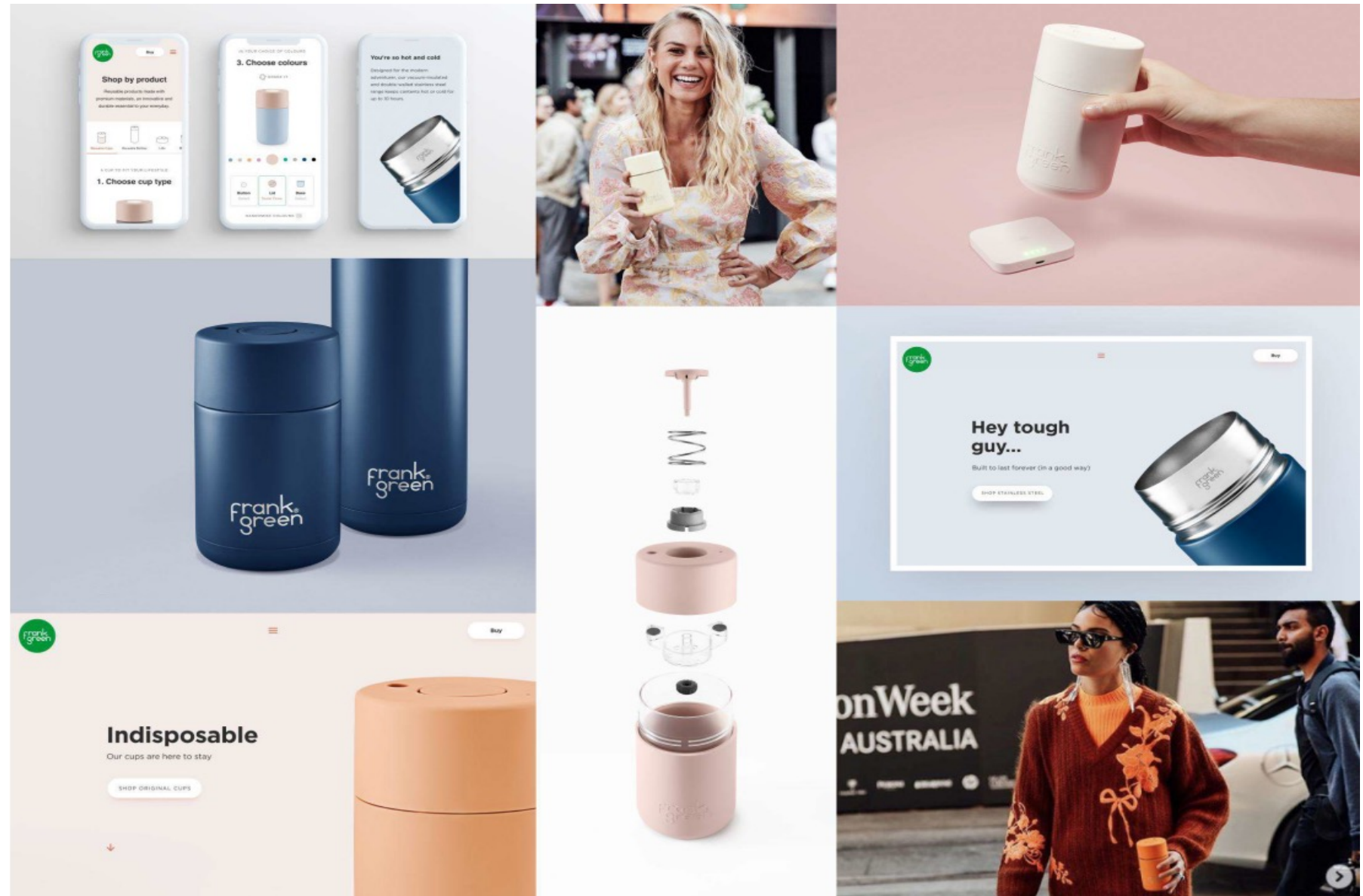
WORK COMPLETED

Marketing strategy and execution

Creation & implementation of transformational marketing strategy to build the frank green brand in market, ultimately leading to scale and growth across AU, UK and US.

Digital design & build

Full digital brand refresh, including fully re-imagined digital experience.



A highly experienced and collaborative management team



The combination of existing AD1 senior board and senior executives with OG management creates a strong team that is well placed to pursue and capture significant growth opportunities for the AD1 Group

AD1 BOARD



NICHOLAS SMEDLEY
Chairman



MICHAEL NORSTER
Non-Executive Director



ANGUS WASHINGTON
Non-Executive Director

AD1 EXECUTIVE LEADERSHIP TEAM



TODD PERKINSON
CEO & Coy Sec
(Appointed September 2023)



BONNIE BORLAND
Founder Oliver Grace



NICK LEHRAIN
Founder Oliver Grace

Appointed Nov-19 & Cornerstone investor from July 19

Nicholas is a former Investment Banker with 14 years of experience across UBS and KPMG. He is also Chairman of Findi LTD (FND:ASX) and Respire Limited (RSH:ASX).

Appointed in May 2018 and seed investor

Michael is a highly successful entrepreneur from start-ups to exits. He has previously founded ASX-listed Powerdirect (sold to Ergon Energy), is the founder and Chairman of Blue NRG Group, and founder of USS.

Angus has over 20 years of experience in leading technology and HR businesses. In 2020 Angus joined a SEEK-invested business to drive scale and growth. Previously, Angus founded two recruitment firms in Hong Kong: Inspire Search & Selection, acquired by Chandler Macleod Group (ASX) in 2011.

Todd has extensive experience in executive roles in industries requiring a consistent focus on customer experiences through effective service models. Previous ASX CFO & Company Secretary experience through Vault Intelligence (ASX:VLT).

Bonnie is the Co-Founder and MD of OG. Bonnie is also an active advisor, speaker, and mentor in the fields of mental health, social impact, and entrepreneurship. She is a member of the AICD and holds a Brand Specialist certification from LEVEL C.

Nick is the Co-Founder & Creative Director of OG. Nick holds a brand specialist certification from LEVEL C and regularly mentors design talent through RMIT mentorship programme. Since moving to Australia in 2014 Nick has delivered projects for Nike, Toyota, Australia post, RACV & Aus Gov.

Prolonged engagement between OG and AD1 highlighted a strong cultural and strategic fit between the two organisations

BACKGROUND

- AD1 engaged OG in 2023 to re-position the group & subsidiary brands**, creating aligned messaging, whilst driving additional benefits across the group.
- High quality of OG’s advice & output prompted discussions in exploring collaboration opportunities.** It was evident the two organisations were a strong cultural fit & combined service offerings were highly complementary.
- Due diligence investigations were undertaken and a **deal structured in a way to align the medium to long-term interests of both parties.**
- OG has \$1.5M in annual revenue (FY24), is profitable and cash-flow positive.** OG have a highly synergistic existing customer base and are aligned with the positioning and strategic direction of AD1.
- OG will also fulfil a key role in group sales and marketing initiatives** to drive further growth and realisation of cost synergies.
- OG enter the AD1 group with **an experienced and award-winning team who has successfully grown the business & profile over the last four years.**
- AD1 enjoys the **additional benefits of combining the teams together** with experienced senior executives who will assist drive the strategic direction and the delivery teams who have complementary skills to drive further synergies.
- AD1 + OG will subsequently rebrand during 1H FY25**, highlighting the future direction and purpose of the new enlarged group.

KEY DEAL TERMS

Total purchase price up to \$2M to acquire 100% of the shares in OG, comprising:	
▪ upfront cash consideration	\$0.400M
▪ upfront AD1 share issue ⁽¹⁾	\$0.400M
▪ deferred consideration (1 yr post completion)	
(i) Cash	\$0.275M
(ii) AD1 shares ⁽¹⁾	\$0.250M
NON-CONTINGENT AMOUNT	\$1.325M
▪ earn-out payment (subject to meeting targets) ⁽²⁾	
(i) Cash	\$0.325M
(ii) AD1 shares ⁽¹⁾	\$0.350M
MAXIMUM AMOUNT	\$2.000M

Notes:

(1) Each tranche of AD1 shares issued as consideration will be subject to voluntary escrow restrictions (and holding locks) until the second anniversary of the Completion Date. Issue price equal to the lesser of: 5-day VWAP of AD1 shares for the five prior trading days and the price offered to investors under AD1’s most recent private placement post (if any).

(2) Earn Out Payment only made if OG revenue exceeds \$2.5M and 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.

(3) Each of the key executives in Oliver Grace continuing in the business (being Bonnie Borland and Nicholas Lehrain) entering into new employment agreements.

Acquisition rationale

As a multi-award winning business, OG has strong capability and market credibility which is expected to drive further growth as well as generate opportunities with AD1’s own business



Award winning creative agency, with a strong pipeline of existing and new business, expectations are significant growth over the next 24-months



Strong recurring revenue business and identified AoM upsell packages at the completion of established programs. Minimal marketing currently undertaken

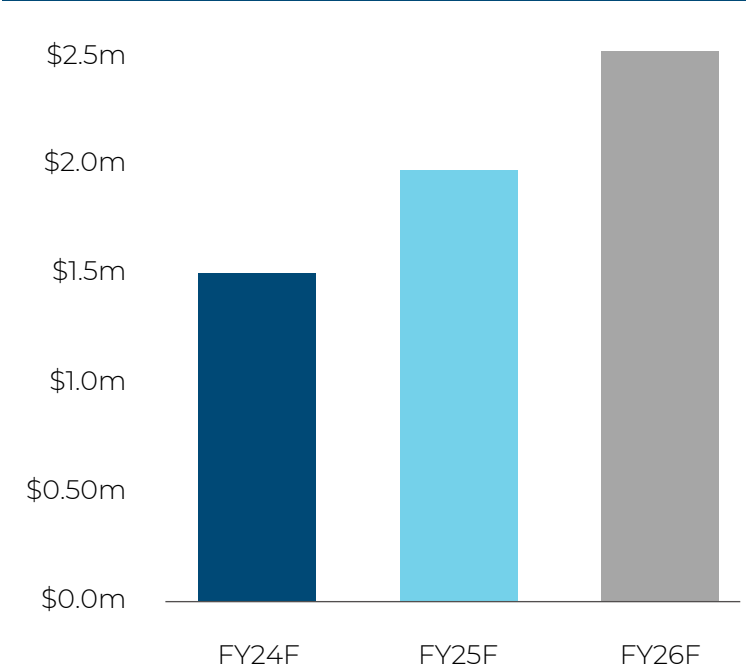


Ability to re-position AD1 + Subsidiaries into new segments / verticals, previously untapped due to misaligned messaging



With 150+ customers and OG executive’s reputation, the group is well positioned to attract and accelerate into new areas

GROWING REVENUE PROFILE



Source: OG internal, standalone financial information



OG is a complementary acquisition will assist elevating AD1's profile through a proposed brand refresh, identifying and implementing client acquisition strategies as well as driving sales and marketing opportunities across the AD1 Group.

KEY OPPORTUNITIES

- Expansion of commercial opportunities with lower customer acquisition costs via an enhanced pipeline of accessible new business leads & initiatives
- Ability to design and offer AoM client's creative opportunities to celebrate program achievements and encourage the next intake of participants
- Cross-sell and upsell between customer bases through strategic re-positioning

PROFITABLE, MULTI-AWARD WINNING ORGANISATION

- OG has revenues of \$1.5M-\$1.75M of total revenues
- OG will maintain its own portfolio of clients and manage its own commercial pipeline until commercial objectives are met
- EPS accretive business for the AD1 group from date of acquisition

UNLOCK SUBSTANTIAL SYNERGIES

- AD1 can remove \$350k+ of branding and marketing costs and optimise client acquisition strategies
- OG capabilities to re-brand and re-position the AD1 group with specific focus on AoM to ensure alignment with experiences and education to accelerate growth within this division
- Utilisation the AD1 corporate services team, allowing to focus on growth

Investment opportunity

AD1 is proposing to initially raise A\$1.5M via a private placement at \$0.005 to fund the upfront cash component of the proposed acquisition of OG with the balance of funds to be used to fund integration costs, creditor payments and working capital requirements.



Item	Commentary	
Offer size and structure	\$1.5M private placement of ordinary AD1 Shares (Shares) to existing and new institutional investors.	
Offer Price	\$0.005 per share a discount of 16.7% to the closing share price on 22 July 2024 and a 18.9% discount to the 15-day VWAP.	
Capital structure	Current shares	898,648,377
	New shares	<u>300,000,000</u>
	TOTAL POST OFFER	<u>1,198,648,377</u>
Ranking	Ordinary Shares issued under the Offer will rank equally with existing Shares on issue.	
Use of Funds	Upfront cash component of OG acquisition	\$0.4M
	Working capital, offer costs & North America expansion	\$1.1M
	TOTAL FUNDS	\$1.5M
Lead Managers	Red Leaf Securities	



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