



AD1 Holdings Limited

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Transition of Managing Director & CEO

Melbourne, Australia, 7 July 2021: AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**) announces that following almost five years with AD1 Holdings, two years as Managing Director and Chief Executive Officer, Mr Prashant Chandra has tendered his resignation effective today. Mr Chandra has also submitted his resignation as joint Company Secretary effective today.

The Board has appointed Mr Brendan Kavenagh as the successor to the role of Managing Director and Chief Executive Officer of AD1 Holdings effective immediately. Mr Chandra will remain with the business during his six-month notice period to facilitate a seamless transition to Mr Kavenagh. Brendan has been working with the business for in excess of three months and was brought in to enhance focus on sales, marketing and customer retention. His superseded contract was flexibly extendable by written agreement. The Board is delighted that Mr Kavenagh has decided to formalise this extension as CEO.

Mr Kavenagh has over 20 years in executive leadership roles within the Technology Recruitment and Professional Services industry with a successful background in building and executing sales strategies and leading teams to achieve highly successful growth results.

Prior to AD1, Mr Kavenagh was CEO of Davidson Technology and Monitor Consulting between 2016 to 2020. During his tenure, Mr Kavenagh implemented new operating models, sales strategies and lead the company through a significant transitional period resulting in high growth, high staff engagement and record company profits.

Before that, as General Manager (Victoria) for Ambit Technology, Mr Kavenagh was a key contributor and executive leader to what became unprecedented YoY growth, ultimately resulting in the sale of Ambit Technology to Peoplebank for approximately \$100 million in 2008. Mr Kavenagh remained a key member of the executive leadership team until the acquisition by Peoplebank which had become the largest IT specialist recruitment in Australia backed by Japanese listed human resources company, Recruit Holdings.

Throughout each of Mr Kavenagh's appointments, he has been required to develop and execute sales strategy through inspiring leadership and customer focus. Adapting business models to consistently changing economic conditions and changing customer requirements has been a challenge that he has responded well to. Always learning, open to challenges, accountability and creating empowered teams to achieve great results motivates Brendan to deliver great outcomes.

AD1 Chairman Andrew Henderson said: "Prashant became CEO at an important time for AD1 as we commenced the journey to significantly realign our strategy. He has guided the Company through this significant transformation, reset its cost and operating model, integrated two acquisitions and put the business on a pathway for a stronger future. On behalf of the Board, I would like to thank Prashant for his dedication and contribution to the business over the last five years. We wish him well for the future."

"I am very pleased with the appointment of Brendan Kavenagh to the role of CEO for AD1. Brendan's extensive experience in building and implementing sales strategies that have delivered highly successful results makes him the ideal person to lead the Company as we target aggressive revenue growth through the next phase of our strategy. Most relevantly, Brendan has worked closely with the Company over the past few months to help develop the Company's sales framework and as such, he comes with a deep understanding of the business, its value proposition and growth aspirations."



CEO Remuneration

The key terms of Mr Kavenagh's employment are as follows:

Fixed Remuneration

Mr Kavenagh will receive an annual total fixed remuneration of \$300,000 (plus his statutory entitlement to superannuation)

Incentive Plan

Short Term Incentive

A two-part Annual Short-Term Incentive (ASTI) each financial year.

1. Annual Achievement Bonus: a payment of up to \$150,000 per annum based on the achievement of the Company's core strategic priorities in relation to revenue growth, exceeding the Company's internal forecasted EBITDA, retention of customers, achievement of strategic acquisition priorities and effective promotion of the AD1 brand through investor relations.
2. Annual Overachievement Bonus: a payment of \$100,000 based on the achievement of the "Annual Achievement Bonus" ASTI criteria referred to above and revenue growth and EBITDA targets.

Long Term Incentive

The 15,000,000 managing director share options as approved at the 2020 annual general meeting will be transferred to Mr Kavenagh. The conditions attached to these options are listed below:

Exercise Price – The options are to be granted at a nil issue price with each new option having an exercise price as follows:

- For 6,000,000 Options (Tranche 1): \$0.10 per Option
- For 4,000,000 Options (Tranche 2): \$0.20 per Option
- For 2,500,000 Options (Tranche 3): \$0.30 per Option
- For 2,500,000 Options (Tranche 4): \$0.40 per Option

If the business and assets or undertaking of the Company is sold to a third party (unrelated to the Directors) for \$250 million or more then the exercise price for each Option as referred to above is reduced by 75%.

Vesting Conditions – The following vesting conditions attach to the Options. Each Option will be unvested unless and until the vesting condition attached to the Option is satisfied:

- For 6,000,000 Options (Tranche 1): The achievement of audited consolidated revenue of \$6 million or more or audited consolidated EBITDA of \$1 million or more;
- For 4,000,000 Options (Tranche 2): The achievement of audited consolidated revenue of \$10 million or more or audited consolidated EBITDA of \$5 million or more;
- For 2,500,000 Options (Tranche 3): The achievement of audited consolidated revenue of \$20 million or more or audited consolidated EBITDA of \$10 million or more;
- For 2,500,000 Options (Tranche 4): The achievement of audited consolidated revenue of \$30 million or more or audited consolidated EBITDA of \$15 million or more;

Separate to the above vesting conditions, any unvested Options will automatically vest if:



- a third party (unrelated to the Directors) acquires a relevant interest in more than 50% of the Company's voting shares; or
- the market capitalisation of the Company on ASX is \$250 million or more for a continuous period of 6 months.

Expiry date of options

- Any Options which remain unvested on the date that is 5 years from the date of their issue will lapse on that date.
- Any Options that do vest within the 5 years after the date of issue will lapse on the date that is 5 years after the date on which those Options vest.
- For the avoidance of doubt, the Tranche 1 Options which are issued as vested Options will lapse on the date that is 5 years after their date of issue.

Termination

Either party may terminate Mr Kavenagh's employment at any time on six (6) months' notice (or AD1 may make payment to Mr Kavenagh in lieu of notice).

Restraint / Non-compete

Mr Kavenagh will be subject to a post-employment restraint for six (6) months preventing him from being employed by a competitor during that time.

END

This release has been authorised by the directors of the Company.

Andrew Henderson

Chairman
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