

ASX Announcement

9th July 2025

\$1.5m of Cost Synergies completed ahead of schedule and achievement of material Conditions Precedent to the Acquisition

AdNeo Limited (ASX: AD1) ('**AD1**' or the '**Company**') is pleased to announce that it has already delivered \$1.5 million of cost synergies from the acquisition of Learnt Group (**Learnt**), ahead of the effective completion date. The Learnt Board and Management have also achieved material **Conditions Precedent** as part of the Share Sale Agreement ("**SPA**"), including the Learnt capital raise of \$500,000 from their own shareholders.

Highlights:

- Savings of \$1.5 million delivered from Learnt by the 30th of June 2025, achieving full bottom line impact from 1st July 2025, one and a half months ahead of schedule.
- Learnt raised and collected \$500,000 in fresh capital from its existing Shareholders, completing a material condition precedent to the Acquisition, and delivering a fully funded business.
- Learnt balance sheet improvement of an additional \$290,000 through the reduction of employee liabilities, as part of the cost restructure.
- AdNeo and Learnt sales teams have now commenced a plan to deliver on sales synergies and cross selling opportunities, participating in shared customer tenders and campaigns.

As part of the Acquisition of Learnt and Capital Raising Announcement of 12th June 2025, AdNeo's CEO communicated that it was seeking to achieve cost synergies of \$2m from the acquisition of Learnt in financial year 2026. The company is pleased to announce that 75% of those costs savings have already been executed, ahead of schedule and delivering their full value to the bottom line from the 1st of July 2025. These activities have been completed 1.5 months ahead of plan and of the formal acquisition date and will have a very positive impact on AdNeo's future results. One-off redundancy and exit costs have been absorbed by the Learnt P&L and cash flow for FY25,

The cost saving initiatives included the following activities:

- Identification of redundant roles, as part of a cash flow growth strategy
- Consolidation of Businesses from 3 to 2, Learnt for B2B LMS and Catapult for Content and VET Solutions
- Redundancy of duplicate positions (Chairman, Group CEO and GM positions)
- A cumulative reduction in staff and wages costs of about 30%
- Reduction in office locations and space
- Realignment of 50% of roles towards sales and customer facing activities
- Simplification of reporting lines and organisation structure
- Implementation of High-Performance culture, strategic goals and clear KPIs.

As per prior ASX announcements, AdNeo contributed a \$500k loan to achieve the cost synergies.

AdNeo will update the shareholders when new material increments in cost synergies and sales synergies have been delivered to the bottom line.

Learnt Founder, Gerard Manion, commented: *"We are thrilled with the acquisition and the merger of our teams, products and go to market motions. The delivery ahead of schedule of the cost cuts and improvement to the balance sheet provided the baseline to deliver profitable growth for Learnt businesses. We had some initiatives planned for a long time, and AdNeo provided the confidence and direction to execute rapidly. We are now fully focused on growth and sales initiatives. We particularly thank Tony Pearson for his leadership and contribution as Group CEO of Learnt Group over the last 12 months of significant changes. We wish him the best going forwards in his next endeavours."*

AdNeo's Group CEO, Angus Washington, commented: *"I have been impressed by the speed of execution of our PMI team and learnt Leadership. It has been our strategic commitment to shareholders to acquire high potential, synergistic and value accretive businesses, applying our business turnaround playbook, and leaning on our large network of enterprise and government clients. I am proud that we have been able to execute on a large amount of synergies quickly and ahead of schedule. I commend the Learnt leadership team, the Learnt shareholders and all Learnt employees for their commitment to the success of this Acquisition and the growth of AdNeo."*

AdNeo's Chairman, Nicholas Smedley, commented: *"These are material updates, that the shareholders of AdNeo and Learnt should be very proud of, as the value of all those initiatives has been fully realised in record time, ahead of completion date, delivering on the stated commitments, and running 1.5 months ahead of the PMI execution plan. I look forwards to provide our current and new shareholders further updates on the group synergies."*

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This ASX announcement has been authorised for release by the Board of Directors of AdNeo Ltd.

APPENDIX

Key Conditions Precedent of the Learnt Acquisition have been met and signed off

- i. Learnt Global undertaking a capital raise of at least \$500,000 prior to completion of the SPA. COMPLETED
- ii. each Seller entering into a voluntary escrow deed with the Company in respect of their respective Consideration Shares; COMPLETED
- iii. certain key employees of Learnt Global entering into employment agreements with the Company; COMPLETED
- iv. the Company conducting a capital raise to raise at least \$2 million (Capital Raise Condition); COMPLETED
- v. no material adverse change in respect of the Company or Learnt Global having occurred prior to Completion; On Track
- vi. the Company and Learnt Global obtaining all regulatory approvals required in order to complete under the SPA; On Track
- vii. the reduction of \$1.5 million debt owed to Pure Asset Management Pty Ltd (ACN 616 178 771) (**PAM**); On Track
- viii. AdNeo obtaining Shareholder approval for the issue of the Consideration Shares, of which it is proposed that that an extraordinary general meeting will be held in June 2025 to pass such resolution; On Track

Expanding on point iii, the Founder of Learnt, Gerard Manion, has now signed a direct contract with AdNeo, and will be focused on the growth strategy for the Learning Management System business, seeking to deliver high value contract and tenders. Gerard is fully committed to the future success of Learnt, where he committed to KPIs to grow top line by 50% in 24 months and achieving \$1.1m in EBIT.

Next Milestones

The company will shortly communicate the date of the EGM, which is expected to occur in early August 2025. Upon the approval of shareholders, the Acquisition will be successfully completed.

The Company will complete in parallel a capital raise of approximately \$5.5m, debt reduction of \$1.5m and debt conversion of \$1.5m.

The company will provide further updates upon reaching new financial milestones of the Post Merger Integration program.

Background on Learnt Global:

Learnt Global Group is a leading technology and education services provider supplying both the education and enterprise markets. For over 20 years in Australia, Learnt has been an industry pioneer revolutionising the way people learn new skills, how companies train and engage their employees, and how Registered Training Organisations (RTOs) run their businesses. Across their comprehensive product suite, Learnt provides course content and micro-credentials to more than **450 RTOs** and **1,000,000+ students** per year, while their enterprise learning software is used by more than **30 Enterprises** and engages **50,000+ employees** per year.

Background to the Learnt acquisition:

- The **all script acquisition of Learnt (\$5.8m) and the Pure debt conversion (\$1.5m)** have a combined value of \$7.3m, valuing AD1 equity at **\$7.0c per share**, representing a 49% premium to the prior 30-day VWAP, demonstrating high confidence in AdNeo's underlying technology assets, management and business fundamentals.

- The Acquisition of Learnt for **1.0x FY25 revenues in an all scrip deal** is highly value accretive for AdNeo's shareholders, with an ambitious **Earn Out target of +50% revenues in 48 months**.
- The combined group will **double AdNeo's annual revenue** base to ~\$11m, providing the platform for further expansion through sales synergies, enhanced product offering and growth capital.
- The **Equity Raise has been priced at \$0.045 (4.5 cents) per share**, which is a modest 3.3% discount to prior 30 days VWAP, and has been cornerstoned for a total of \$3.0m by Salter Brothers and Director's participation. Salter Brothers will support AD1 Board with advisory services to continue to build out the investor network in AD1.
- The company has attracted to its Board **two new talented Independent Board members**, Kevin Lynch and Ian Bassar, with significant prior experience in rapidly growing technology companies and M&A.
- All new shareholders from the Learnt acquisition are supporting the long-term strategy of the combined business and have entered **Voluntary Escrow agreements for the entirety of their holdings** for up to 24 months.
- Post capital raise and debt conversion, the business will have a **total debt position of \$2.5m** with Pure Asset Management (-57%), which will be extended by 24 months.

AdNeo Ltd (ASX: AD1)

AdNeo (ASX:AD1) actively acquires, owns, and manages high-growth companies in the SaaS and innovative services sectors. AdNeo drives shareholder value by strategically acquiring synergistic companies with significant growth potential. Our experienced management team enhances operational efficiency and stimulates innovation, opening new market opportunities. This focused strategy maximises profitability and ensures exceptional returns for our shareholders.

Forward-looking statements

You are cautioned not to place undue reliance on any forward-looking statements regarding our belief, intent or expectations with respect to AdNeo's businesses, market conditions and/or results of operations (particularly in light of the current economic uncertainties and volatility).

Not advice

Information in this announcement, including forecast financial information, should not be considered as investment, legal, tax or other advice. You should make your own assessment and seek independent professional advice in connection with any investment decisions.