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ASX Announcement

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HRL Acquires OCTFOLIO

HRL Holdings Limited (ASX: HRL) (**HRL** or the **Company**) is pleased to announce that it has now completed the purchase of Integrated Holdings Group Pty Ltd (IHG) to acquire 100% of the issued capital in IHG. IHG is the holding entity of OCTFOLIO Pty Ltd (OCTFOLIO) and has no other operations or assets.

About OCTFOLIO

OCTFOLIO is an Australian-based specialised software vendor focused on the development and implementation of:

- Information management software solutions for asbestos and hazardous materials;
- Innovative field management software solutions; and
- Customised compliance solutions and applications relating to workplace health and safety.

OCTFOLIO provides the following services:

- Hosting of HAZMAT compliance data and registers;
- Quality management systems;
- Laboratory management systems;
- Field surveying tools;
- On demand programming services;
- Data migrations; and
- Training.

Acquisition Details

In consideration for 100% of the share capital in IHG, HRL will pay a maximum purchase price of \$3,500,000 to the vendors of IHG.

The purchase price is broken down as follows:

- \$2,750,000 cash on completion of the IHG acquisition - which has now been paid; and
- Up to \$750,000 cash earn-out consideration, based on financial performance of OCTFOLIO.



The earn-out consideration is based on the OCTFOLIO business achieving a target EBIT for the 24 months after settlement, according to the schedule tabled below:

Tranche 1

12 Months Post-Acquisition EBIT	Earn Out Consideration
Less than \$300,000	Nil
More than \$300,000	\$375,000

Tranche 2

13 Months to 24 Months Post-Acquisition EBIT	Earn Out Consideration
Less than \$450,000	Nil
More than \$450,000	\$375,000

Strategic Expansion

OCTFOLIO brings a number of strategic benefits to HRL:

1. Complementary and Enhanced Service Offerings to HRL's Existing Businesses.

The OCTFOLIO business allows HRL to protect the third pillar of its strategic point of difference, allowing HRL to secure large facility operator contracts.



2. Exposure to Other HAZMAT Revenue Streams.

OCTFOLIO has secured long-term contracts to host client's HAZMAT registers and data that are not related to HRL. Examples of which include, but are not limited to:

- Adelaide City Council
- Centacare
- Mackay Regional Council
- Northern Territory Christian Schools
- Northern Territory Department of Health
- Tasmania Department of Education
- Tasmania Department of Health



HRL will directly market its other field services to these organisations.

HRL may also potentially licence the OCTFOLIO software to other HAZMAT service providers in geographic territories where it is not cost effective for the HRL Group to provide field services.

3. *Expand OCTFOLIO to Different Markets.*

The OCTFOLIO product is primarily used for HAZMAT registers and data collection and may be adapted to cover a much wider range of asset tracking and auditing. HRL is investigating the marketing, through a reseller network, of OCTFOLIO to a much wider range of asset managers and owners.

Identified new market opportunities include:

- Fire and sprinkler systems;
- Ladders;
- Health and safety compliance;
- Security and disability access;
- Building condition and warrant of fitness;
- Electrical test and tag.

Most of the service providers operating in these industries collect and control the data directly. OCTFOLIO is marketed to the asset owner/operator and allows them to take back ownership of their data. This gives analytical power to the asset owner and permits smarter decisions around procurement and risk management across their portfolio.

CEO comments

HRL CEO Steven Dabelstein commented that “We are very excited to welcome the OCTFOLIO team into the HRL Group. OCTFOLIO is a versatile and adaptive application that provides asset owners the control and insight to their portfolio which is currently lacking from traditional paper based systems.”

“The OCTFOLIO suite enables HRL businesses to position themselves as offering industry best practice solutions to our clients with larger asset portfolios – the key target market segment for our compliance activities.”

“Having a technology product that is cashflow positive, profitable and scalable fits within our strategy to invest in niche market segments of environmental technical services. Future HRL services or laboratory based acquisitions benefit from access to both the OCTFOLIO platform and the customer base”.

For further information contact:

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