



AD1 Holdings Limited

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AD1 Business Update & Appendix 4C

Melbourne, Australia, 30 July 2021: AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**) today released its business update and Appendix 4C for the June 2021 quarter.

Key highlights & business update:

- Cash receipts for FY21 were \$5,066,000, a significant increase of 39% compared to the prior year. The Company also had a receivables balance of approximately \$661,000 as at 30 June 2021, which represents YoY growth including deferred receipts of approximately 52.5%.
- Net operating outflows for FY21 were \$649,000, a reduction of \$1,533,000 (70%) compared to the prior year.
- ApplyDirect signed a project with the NSW Government in May 2021 to enhance its iworkforNSW careers platform and the accompanying mobile applications. The product "refresh" will further enhance the candidate experience and support NSW Government as an employer of choice. The development is well progressed and expected to be made available to the NSW Government in August 2021.
- The development of the ApplyDirect off-the-shelf product is also well progressed with an expected launch in the September 2021 quarter. This new initiative opens up the mid-market which is quickly emerging as a fast mover into employer brand and direct sourcing.
- Art of Mentoring (AoM) met its growth outlook for FY20 achieving 35% revenue growth compared to the prior year. AoM continued its strong performance in the June 2021 quarter adding a further 6 clients to its portfolio (24 new customers added since the start of the financial year). AoM have a strong pipeline and momentum moving into 1st QTR FY22 and we look forward to some positive announcements soon.
- Notable additions during the quarter included Equiti Group, Australian Dental Industry Association, Murdoch's Children Research Institute, Infrastructure NSW and ABC Connect.
- During the quarter, meters under management for the Company's utilities division grew by approximately 5,000 (an increase of 10% QoQ). This also represents an increase of 60% compared to 30 June 2020.
- The Company has debt facilities of \$2,000,000 in place to support its working capital needs. These were not drawn down as at 30 June 2021.

The Company made significant progress in FY21 driving an increase in cash receipts of \$1,418,000 compared to the prior year (an increase of \$1,914,000 normalised for deferred receipts for the June 2021 quarter). The Company also maintained its outflows to deliver a 70% reduction in its net operating outflows.

The Company achieved 100% customer retention across the ApplyDirect and Utilities Software Services customer base whilst AoM had 83% customer retention. Low customer churn across the divisions is a validation of the Company's products and solutions. Customer experience and partnering continues to be a major focus to ensure repeat business and realising the benefits of new projects within our existing customer base.



The project and new business pipeline across the divisions continues to remain strong and is converting. In addition, the Company is also investing in enhancing its sales capability as it targets aggressive revenue growth in FY22 and beyond.

A key focus of the Company in the near term is the launch of its off-the-shelf career platform for the ApplyDirect division. We are very excited with this niche piece of innovation and we believe it will provide significant value to a much broader market. The aim of this product is to enable the SME employers access the same benefits as enjoyed by its large customers including the NSW and Victorian Governments. This is a highly contestable market, and the Company is excited about the prospects of this product. Development of this product is well progressed and expected to be launched in the 2nd QTR.

The newly appointed CEO Brendan Kavenagh is working closely with outgoing CEO Prashant Chandra to ensure strategy is being executed as endorsed by the Board.

M&A is another focus area for the Company, and it continues to screen suitable opportunities to further expand its portfolio of technology businesses in FY22.

Disclosure under LR4.7C.3

Payments to related parties of the entity and their associates disclosed in item 6.1 of the Appendix 4C include director fees, remuneration and superannuation.

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This release has been authorised by the Chairman and CEO of the Company.

Andrew Henderson

Chairman
AD1 Holdings Limited
03 8199 0455

Brendan Kavenagh

CEO
AD1 Holdings Limited
03 8199 0455

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AD1 Holdings Ltd

ABN

29 123 129 162

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities	1,281	5,066
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(296)	(1,208)
(c) advertising and marketing	(45)	(127)
(d) leased assets	-	-
(e) staff costs	(811)	(3,422)
(f) administration and corporate costs	(318)	(1,344)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(15)	(19)
1.6 Income taxes paid	(71)	(95)
1.7 Government grants and tax incentives (less costs)	-	500
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(275)	(649)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (net of cash balance from subsidiary acquired)	-	(895)
(c) property, plant and equipment	-	(32)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property (software development)	(507)	(712)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(507)	(1,639)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(131)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(17)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	2,352
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,305	460
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(275)	(649)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(507)	(1,639)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,352
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	523	523

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	523	1,305
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	523	1,305

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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The amount at 6.1 includes payment of directors' fees, consulting services and payments to a director related entity (excluding GST and reimbursement for administrative expenses and travel expenses)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (debtor finance facility)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
500	-
500	-
1,000	-
2,000	-

7.5 Unused financing facilities available at quarter end**2,000**

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(275)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	523
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,000
8.4 Total available funding (Item 8.2 + Item 8.3)	2,523
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	9.2

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: refer to the accompanying business update on further commentary on the company's outlook and future operating results.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2021

Authorised by: **the Board of Directors**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.