



AD1 Holdings Limited

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AD1 Business Update & Appendix 4C

Melbourne, Australia, 27 October 2021: AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**) today released its business update and Appendix 4C for the quarter ended 30 September 2021 (**Q1FY22**).

Key highlights & business update:

- Cash receipts for Q1FY22 were \$1.95 million, representing an increase of 52% compared to the previous quarter and of 125% compared to Q1FY21.
- Strong start for new financial year with significant domestic contract wins within the HR tech market including the Australian Department of Defence, Royal Australian Air Force and Queensland Department of Premier & Cabinet.
- Milestone contract signed with HR.com, a US-based HR social network for 1.9 million HR professionals which has created a pathway for AD1 to explore international opportunities.
- 4 new international clients signed across USA, Japan and Africa reconfirming the AoM product value.
- Approximately one year after being acquired by AD1, the Art of Mentoring (**AoM**) business achieved record growth of 94% compared to the previous quarter and 230% compared to the same period last year.
- ApplyDirect pipeline and interest are building for the existing enterprise recruitment platform with existing customer renewals nearing completion.
- ApplyDirect “off the shelf” product has been piloted with the first customers about to sign. We will continue to test and invest in user interface (UI) and product development.
- During the quarter, meters under management for the Company’s utilities division grew by approximately 12,000 (an increase of 8% Quarter on Quarter). This also represents an increase of 60% compared to the same period last year.
- On 25 October 2021, AD1 successfully raised over \$2 million via a private placement to fund its plans for growth and expansion attracting new and existing institutional and sophisticated investors.

Commenting on the results for Q1FY22 and AD1’s plans for the upcoming quarters, the CEO of AD1, Mr Brendan Kavenagh said: “During the first quarter of the new financial year, we managed to achieve new customer wins, launched internal programs, built out future roadmaps and agreed upon key strategic priorities for each business. We onboarded new staff across each business and worked hard on our customer renewal targets while also building a stronger pipeline of potential opportunities for each business.”

“We are very pleased to have completed the successful capital raise in October. Completing the cash component of the acquisition was important so that we can move forward with plans to expand into the US with Art of Mentoring without distraction. We are now progressing with conversations with potential partners and industry leaders as to how we develop and execute our Go-To Market strategy in the US without disrupting the organic growth that we are currently experiencing locally.”

“This quarter we are focused on delivering Q2 initiatives. These initiatives are focused on implementing the key internal metrics required to deliver on our customer 1st strategy, staff engagement in conjunction with continuing to realise synergies and cross sell opportunities, customer growth, retention, product development and marketing refresh requirements.



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.

END

This release has been authorised by the Board of Directors of the Company.

Andrew Henderson

Chairman
AD1 Holdings Limited
03 8199 0455

Brendan Kavenagh

CEO
AD1 Holdings Limited
03 8199 0455

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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 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities	1,948	1,948
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(957)	(957)
(c) advertising and marketing	(68)	(68)
(d) leased assets	-	-
(e) staff costs	(1,397)	(1,397)
(f) administration and corporate costs	(423)	(423)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(31)	(31)
1.6 Income taxes paid	(73)	(73)
1.7 Government grants and tax incentives (less costs)	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,000)	(1,000)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (net of cash balance from subsidiary acquired)	-	-
(c) property, plant and equipment	(2)	(2)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) intellectual property (software development)	-	-
	(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	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	1,683	1,683
3.6	Repayment of borrowings	(260)	(260)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,423	1,423

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	523	523
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,000)	(1,000)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,423	1,423
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	945	945

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	945	523
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)	945	523

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**

119

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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)

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,000	1,000
7.2 Credit standby arrangements	500	432
7.3 Other (debtor finance facility)	1,000	98
7.4 Total financing facilities	2,500	1,530

7.5 **Unused financing facilities available at quarter end** 970

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)	(1,000)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	945
8.3 Unused finance facilities available at quarter end (Item 7.5)	970
8.4 Total available funding (Item 8.2 + Item 8.3)	1,915
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.9

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: The Company expects to continue investing in its products and growth opportunities and the future net operating cash flows will therefore reflect such activities

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: The Company recently completed a \$2m placement announced on 25 October 2021

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: Yes, based on the business plan in place, along with the additional capital recently secured, the Company expects to be able to continue its operations and to meet its business objectives

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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: 27 October 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.