



AD1 Holdings Limited

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AD1 Business Update & Appendix 4C

Melbourne, Australia, 31 January 2022: AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**) today released its business update and Appendix 4C for the quarter ended 31 December 2021 (**Q2FY22**).

Key highlights & business update:

- During the quarter, AD1 added 21 new customers across all divisions, progressed US channel partner discussions and continued to focus on building a bigger pipeline of new customers, while securing its growth strategy with a new funding facility
- Cash receipts for Q2FY22 were \$1.84 million, representing an increase of 32% compared to Q2FY21 and consistent with cash receipts from Q1FY22 on a normalised basis
- Another record quarter for growth from the Art of Mentoring (**AOM**) business with an increase in revenue of 18.6% compared to Q1FY22 and of 42.5% compared to Q2FY21
- ApplyDirect observed an increase of 14.7% in quarterly revenue compared to Q1FY22, derived from project work with existing and new customers. The SaaS product is continuing to iterate and develop with a pipeline of customers building
- Utilities division continued to observe steady organic growth, representing a 27% increase compared to Q2FY21. New opportunities in the pipeline are progressing through later stages
- In December 2022, the Group secured \$5 million in funding from PURE Asset Management (**PURE**) to execute its immediate and expanding growth strategy

Commenting on the results for Q2FY22 and AD1's plans for the upcoming quarters, the CEO of AD1, Mr Brendan Kavenagh said: "I am pleased to welcome our new partnership with PURE. We secured the necessary capital to fuel our growth appetite while minimising shareholder dilution. This new facility, on top of the placement supported in October 2021 further strengthened our cash reserve as we continued to pursue our growth strategy. We are excited with the expansion of AOM and into the US market. We continue to progress our discussion with several US channel partners, which will strengthen our base and further secure our strategy to lead with AoM into the US market"

"As set out and communicated to the market in the previous quarterly update, Q2 has observed our team implementing the key priorities and initiatives including developing and executing our customer 1st strategy, staff engagement and retention program and accelerating product development. At the same time, each business unit continued to develop pipelines with new wins and opportunities further progressed during the quarter"

"For the next quarter of Q3FY22, we will continue to work on refining and enhancing our existing service offerings across all businesses. The priorities of this quarter will be securing the capabilities required to accelerate our growth through both customer retention and building up a stronger pipeline both domestic and international."

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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,838	3,786
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(686)	(1,643)
(c) advertising and marketing	(97)	(164)
(d) leased assets	-	-
(e) staff costs	(1,611)	(3,008)
(f) administration and corporate costs	(626)	(1,049)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(45)	(76)
1.6 Income taxes paid	(72)	(146)
1.7 Government grants and tax incentives (less costs)	448	448
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(851)	(1,852)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (net of cash balance from subsidiary acquired)	(1,062)	(1,062)
(c) property, plant and equipment	-	-
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(1,062)	(1,064)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,722	1,722
3.2	Proceeds from issue of convertible debt securities	5,000	5,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(213)	(213)
3.5	Proceeds from borrowings	60	1,743
3.6	Repayment of borrowings	(983)	(1,243)
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	5,586	7,009

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	945	523
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(851)	(1,852)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,062)	(1,064)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,586	7,009
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,617	4,617

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	4,617	945
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)	4,617	945

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
-

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	5,500	5,500
7.2 Credit standby arrangements	-	-
7.3 Other (debtor finance facility)	-	-
7.4 Total financing facilities	5,500	5,500

7.5 **Unused financing facilities available at quarter end** 0

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)	(851)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,617
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	4,617
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.4

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

- 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

- 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

- 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: 31 January 2022

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.