

AD1 Holdings Limited

Appendix 4D - Half year report

For the half year ended 31 December 2023

Name of entity: AD1 Holdings Limited
ABN or equivalent company reference: ACN 123 129 162
Current reporting period: the half year ended 31 December 2023
Previous corresponding period: the half year ended 31 December 2022

Results for announcement to the market

Revenue for ordinary activities	Down	38%	to	\$2,175,958
Net loss after tax for the period attributable to members (from ordinary activities)	Down	61%	to	\$2,558,000
Net loss for the period attributable to members	Down	61%	to	\$2,558,000

Net tangible asset per share

	31 December 2023	30 June 2023
Net tangible asset per share (cents)	(0.81)	(0.81)

Dividends

	Amount per security	Franked amount per security
Interim dividend (per share)	-	-
Final dividend (per share)	-	-
Franking	-	-
Record date for determining entitlements to the dividend - not applicable	-	-

Other information required by Listing Rule 4.2A

- Distribution Reinvestment Plan – n/a
- Changes in controlled entities – n/a
- Details of associates and joint venture entities - n/a
- Foreign entities - n/a
- Details of individual and total dividends or distributions and dividend or distribution payments - n/a

Interim review

The interim financial report has been reviewed by AD1 Holdings Limited's independent auditor and the review report is attached as part of the interim report.

AD1 Holdings Limited

ACN 123 129 162

Consolidated Financial Statements

For the Half Year Ended 31 December 2023

AD1 Holdings Limited

ACN 123 129 162

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For the Half Year Ended 31 December 2023

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AD1 Holdings Limited

ACN 123 129 162

Directors' Report

31 December 2023

Your directors present the consolidated financial report of AD1 Holdings Limited ("the Company") and the entities it controlled (together, the "Group", or "AD1") for the half year ended 31 December 2023.

Directors

The following persons held office as directors of the Company during the half year and up to the date of this report, unless otherwise stated:

Nicholas Smedley	Interim Chairman (acting as Non-Executive Chairman from 20 January 2023)
Michael Norster	Non-Executive Director
Brendan Kavenagh	Managing Director & CEO (Resigned 26 February 2024)
Angus Washington	(Appointed 26 February 2024)

Principal activities and significant changes in nature of activities

During the reporting period, the Group's principal activities are providing and delivering software services and technology platforms to its customers, and other related supporting and consulting services.

There were no significant changes in the nature of the Group's principal activities during the financial half year.

Review of operations

Art of Mentoring (AoM)

AoM secured contracted revenues from new business for the half year of \$375k attributable to its USA division. The US division successfully renewed all existing customers with many significantly expanding their scope or signing longer dated typically 24-month contracts.

Total contracted revenues for the AoM's US business are \$725k+ with a major government customer on the second year of a five-year contract.

The Australian division of AoM also delivered strong growth and from increased demand with strong renewals across the customer base. Over \$1.3m in customer renewals has been completed throughout the period. New business for half year for the AU division attracted over \$350k+ in new business. Of this, 60% is from new customer wins and the remaining 40% from existing customer growth.

Overall, AD1's AoM division has observed steady growth throughout the period and the Company's focus has remained on improving digital infrastructure, on-boarding efficiencies, and implementing new strategies to expedite deal closures. Specifically, the introduction of design workshops has proven to be a strong method to gain commitment before formal deal closure takes place.

Total pipeline across the AoM group is \$3m in total contract value, a significant portion targeted to be closed within Q3 FY24.

ApplyDirect

Following the implementation of a more streamlined growth strategy ApplyDirect has experienced substantial growth achieving 47% revenue growth to \$270k for the quarter. This is an encouraging achievement and validates the Company's revised growth strategy.

AD1 Holdings Limited

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Directors' Report

31 December 2023

Review of operations

As part of this revised strategy, the business has continued to implement cost reduction, the full benefit of which is expected to be realised in the second half of FY24.

ApplyDirect has continued its momentum with migration to the Gen3 platform with the migration of one major customer well underway and expected to go live in the coming weeks. The strategy remains to sequentially undertake the migration of customers onto Gen3 platform, with the Victorian Government scheduled to go live by the end of the financial year.

USS

The transition of the sub-licensing arrangements was successfully completed during the quarter, with all costs being accounted for during the half year.

Corporate and Financial Update

AD1 continued to progress in line with its new strategic direction prioritising cost efficiencies without impacting the ability to deliver revenue growth to deliver a strong and sustainable business model.

Events after the reporting date

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or in subsequent financial periods.

AD1 Holdings Limited

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Directors' Report

31 December 2023

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2023 has been received and can be found on page 4 of the consolidated financial report.

The Director's report has been issued following a resolution of the Directors pursuant to section 306(3) of the *Corporations Act 2001*.

For and on behalf of the Board,



Mr Nicholas Smedley
Interim Chairman

Melbourne

Dated this 27th day of February 2024



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AD1 HOLDINGS LIMITED

In relation to our review of the financial report of AD1 Holdings Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of AD1 Holdings Limited and the entities it controlled during the financial period.

A stylized handwritten signature of the letters 'PKF' in black ink.

PKF
Melbourne, 27 February 2024

A handwritten signature in black ink that appears to read 'K. Weldin'.

Kenneth Weldin
Partner

AD1 Holdings Limited

ACN 123 129 162

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2023

		31 December 2023	31 December 2022
	Note	\$	\$
Operating revenue	3	2,175,958	3,513,437
Other income		883,202	349,596
Interest income		1,506	329
Total revenue		3,060,666	3,863,362
Expenses			
Employee benefits expense	4	(2,800,991)	(3,536,716)
Software development and other IT expense		(408,700)	(644,545)
Consulting and professional service expense		(689,890)	(1,371,714)
Advertising and marketing expense		(132,118)	(322,307)
Occupancy, utilities and office expense		(104,247)	(68,225)
Depreciation and amortisation expense		(954,239)	(861,593)
Asset impairment	6	-	(2,658,029)
Interest expense		(345,708)	(309,190)
Other expense		(182,773)	(577,348)
Total expenses		(5,618,666)	(10,349,667)
Loss before income tax		(2,558,000)	(6,486,305)
Income tax expense		-	-
Loss for the period		(2,558,000)	(6,486,305)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities		(24,776)	10,095
Other comprehensive income for the period, net of tax		(24,776)	10,095
Total comprehensive loss for the period		(2,582,776)	(6,476,210)
Loss per share			
Basic loss per share (cents)		(0.31)	(0.95)
Diluted loss per share (cents)		(0.31)	(0.95)

The accompanying notes form part of these financial statements.

AD1 Holdings Limited

ACN 123 129 162

Consolidated Statement of Financial Position**As At 31 December 2023**

		31 December 2023	30 June 2023
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		791,896	1,210,930
Trade and other receivables		1,374,354	2,362,179
TOTAL CURRENT ASSETS		2,166,250	3,573,109
NON-CURRENT ASSETS			
Property, plant and equipment		35,544	41,699
Other assets		-	85,002
Intangible assets	6	6,172,779	7,124,265
TOTAL NON-CURRENT ASSETS		6,208,323	7,250,966
TOTAL ASSETS		8,374,573	10,824,075
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,061,929	2,407,522
Employee benefit obligations		182,129	299,334
Current tax liabilities		1,298,174	1,503,126
Contract liabilities		2,222,168	1,970,964
Other provisions		104,000	104,000
TOTAL CURRENT LIABILITIES		5,868,400	6,284,946
NON-CURRENT LIABILITIES			
Borrowings	7	3,586,175	3,586,175
Employee benefit obligations		44,607	58,561
TOTAL NON-CURRENT LIABILITIES		3,630,782	3,644,736
TOTAL LIABILITIES		9,499,182	9,929,682
NET ASSETS		(1,124,609)	894,393
EQUITY			
Issued capital	8	34,092,386	33,663,769
Option reserve	9	4,087,400	4,867,011
Foreign currency translation reserve		(56,718)	(31,942)
Retained earnings		(39,247,677)	(37,604,445)
TOTAL EQUITY		(1,124,609)	894,393
		(1,124,609)	894,393

The accompanying notes form part of these financial statements.

AD1 Holdings Limited

ACN 123 129 162

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2023

Balance at 1 July 2023

Loss for the period

Other comprehensive income for the year, net of tax

Transactions with owners in their capacity as owners

Issue of shares

Share-based payment expense

Options expired/forfeited

Balance at 31 December 2023

Balance at 1 July 2022

Loss for the period

Other comprehensive income for the year, net of tax

Transactions with owners in their capacity as owners

Issue of shares

Share-based payment expense

Options expired/forfeited

Balance at 31 December 2022

Share capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
\$	\$	\$	\$	\$
33,663,769	4,867,011	(31,942)	(37,604,445)	894,393
-	-	-	(2,558,000)	(2,558,000)
-	-	(24,776)	-	(24,776)
428,617	-	-	-	428,617
-	135,157	-	-	135,157
-	(914,768)	-	914,768	-
34,092,386	4,087,400	(56,718)	(39,247,677)	(1,124,609)
Share capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
\$	\$	\$	\$	\$
31,604,804	3,901,118	-	(29,678,732)	5,827,190
-	-	-	(6,486,305)	(6,486,305)
-	-	(10,095)	-	(10,095)
1,500,000	-	-	-	1,500,000
-	342,273	-	-	342,273
-	(90,000)	-	-	(90,000)
33,104,804	4,153,391	(10,095)	(36,165,037)	1,083,063

The accompanying notes form part of these financial statements.

AD1 Holdings Limited

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Consolidated Statement of Cash Flows For the Half Year Ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,309,559	2,963,519
Payments to suppliers and employees	(4,632,949)	(4,645,847)
Government grants and R&D claims	999,670	1,778,096
Income taxes paid	(7,836)	(175,072)
Interest income	1,506	328
Interest and other costs of finance paid	(90,488)	(564,592)
Net cash (outflow) from operating activities	(420,538)	(643,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(2,349)	(3,161)
Payments for software development	3,853	(485,375)
Net cash (outflow) from investing activities	1,504	(488,536)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments for lease liabilities	-	(46,880)
Net cash (outflow) from financing activities	-	(46,880)
Net increase/(decrease) in cash and cash equivalents held	(419,034)	(1,178,984)
Cash and cash equivalents at beginning of year	1,210,930	1,962,966
Cash and cash equivalents at end of the period	791,896	783,982

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

1 Basis of preparation

The consolidated interim financial statements of AD1 Holdings Ltd ("AD1" or the "Group") for the six (6) months ended 31 December 2023 are presented in Australian Dollars(\$), which is the functional currency of the Group. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Group for the year ended 30 June 2023 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on
27 February 2024.

(a) Going concern

During the period the Group incurred a loss of \$2,558,000 and had net cash out flows from operating activities of \$420,538. The financial position of the Group at 31 December 2023 shows an excess of current liabilities over current assets of \$3,702,150. These conditions indicate a material uncertainty that may cast doubt about the Group's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- Recent contract wins, and in revenue streams along with strong pipeline of the Group, specifically Art of Mentoring Pty Ltd in the US market. Strong revenue growth is continued within the Australian market as a leading mentoring platform with strong returns being articulated by clients. Renewals continue to be strong and recently clients are expanding programs within their respective businesses due to the successful rollouts of programs. The half year has seen strong growth in facilitated workshops which are strong presales enablers and also seen as valuable contributors as upsell opportunities. The management team are actively pursuing these opportunities as they continue to strengthen customer relationships.
- Cost management continues across the group. We have seen considerable reduction in costs whereby we have over \$1m+ savings in overheads due to recent restructures and avoidance of waste within the business. We expect those to be fully realised in H2 FY24 and only grow inline with scalable growth. In instances the recently appointed management team are actively pursuing scalable processes, using digital technologies to assist and enhance the customer experiences in using our products. These cost savings are exclusive of the group's avoidance of USS costs due to the newly arranged sublicensing agreement during FY23.
- The Directors believe that there are reasonable grounds to expect that the Group has the capacity to raise capital. The Group has a strong track record of accessing capital when it is required to advance its portfolio through the ongoing support of key shareholders and lenders evidenced by the renegotiation of the senior lender (Pure Asset Management) and the recent rights issue through May 2023. The Group would be dependent on successful R&D tax refunds as well as raising capital to enable historical debts to be extinguished.

In the event that the capital raising or R&D refund be unsuccessful or Pure Asset Management withdraw their support, there would be a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

1 Basis of preparation

The Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

(b) Basis for preparation

These interim financial statements include the assets and liabilities of AD1 Holdings and its controlled entities as a whole as at the end of the period and the consolidated results and cash flows for the period.

The interim financial statements of the controlled entities are prepared for the same reporting period as AD1 Holdings, using consistent accounting policies.

2 Segment information

The Group operates in one segment, being the provision and delivery of software services and technology platforms to its customers, and other related supporting and consulting services. The segment details are therefore fully reflected in the body of the interim financial report.

3 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	31 December 2023	31 December 2022
	\$	\$
SaaS and Managed Services	1,972,356	2,583,243
IT Development and Consulting	203,602	465,825
	2,175,958	3,049,068
Services at a point in time	1,178,242	1,761,863
Services transferred over time	997,716	1,751,574
	2,175,958	3,513,437

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

3 Revenue from contracts with customers

(b) Information of major customers

The Group had the following major customers with revenues amounting to 10 percent or more of the total group revenues:

	31 December 2023	31 December 2022
	\$	\$
Customer A	40%	36%

4 Expenses

	31 December 2023	31 December 2022
	\$	\$
<i>Employee benefit expense</i>		
Share-based payment	135,157	252,273
Salaries and wages	2,260,477	2,737,877
Superannuation	206,676	273,128
Other employee related expenses	198,681	273,438
Total	2,800,991	3,536,716

5 Loss per share

(a) Basic & diluted loss per share

	31 December 2023	31 December 2022
	\$	\$
Basic loss per share	(0.31)	(0.95)
Diluted loss per share	(0.31)	(0.95)

(b) Reconciliation of loss used in calculating loss per share

	31 December 2023	31 December 2022
	\$	\$
Loss attributable to the ordinary equity holders of the Group used in calculating basic & diluted loss per share	(2,558,000)	(6,486,305)

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

5 Loss per share

(c) Weighted average number of shares used as denominator

	31 December 2023	31 December 2022
	\$	\$
Weighted average number of ordinary shares used as the denominator in calculating basic & diluted loss per share	829,812,422	680,914,217

As the Group is still loss making, options over ordinary shares outstanding at 31 December 2023 and 31 December 2022 are considered anti-dilutive and were excluded from the diluted weighted average number of ordinary shares calculation.

6 Intangible Assets

	31 December 2023	30 June 2023
	\$	\$
Goodwill	2,258,052	2,258,052
Software & licences	3,665,957	4,573,072
Customer contracts	248,770	293,141
Total	6,172,779	7,124,265

	Goodwill \$	Software and licenses \$	Customer contracts \$	Total \$
As at 30 June 2023				
Cost	3,953,191	7,519,646	548,588	12,021,425
Accumulated amortisation/impairment	(1,695,139)	(2,946,574)	(255,447)	(4,897,160)
Net book value	2,258,052	4,573,072	293,141	7,124,265
Movements:				
Opening net book value	2,258,052	4,573,072	293,141	7,124,265
Adjustment	-	(3,853)	-	(3,853)
Additions	-	-	-	-
Amortisation	-	(903,262)	(44,371)	(947,633)
Impairment	-	-	-	-
Closing net book value	2,258,052	3,665,957	248,770	6,172,779

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

7 Borrowings

	31 December 2023	30 June 2023
	\$	\$
NON-CURRENT		
Convertible notes	3,586,175	3,586,175
Total non-current borrowings	3,586,175	3,586,175

8 Share capital

(a) Ordinary shares

	31 December 2023	31 December 2023	30 June 2023	30 June 2023
	Shares	\$	Shares	\$
Ordinary shares - fully paid	898,648,377	34,092,386	812,925,053	33,663,769
	898,648,377	34,092,386	812,925,053	33,663,769

(b) Movements in ordinary share capital

	No. of shares	\$
31 December 2023		
Opening balance	812,925,053	33,663,769
Issue of new ordinary shares - 29 Dec placement	39,723,324	198,617
Issue of new ordinary shares - 30 Nov placement	6,000,000	30,000
Issue of new ordinary shares - 30 Nov placement	40,000,000	200,000
Capital raising costs	-	-
Closing balance	898,648,377	34,092,386
30 June 2023		
Opening balance	675,814,348	31,604,804
Results of entitlement offer	112,193,762	558,965
Art of Mentoring Tranche 3 Completion Payment	24,916,943	1,500,000
Closing balance	812,925,053	33,663,769

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

8 Share capital

(c) Details of movements in ordinary shares

		Issue price		Amount
		No. of shares	\$	\$
31 December 2023				
29-Dec-23	Issue of new ordinary shares	39,723,324	0.005	198,617
30-Nov-23	Issue of new ordinary shares	6,000,000	0.005	30,000
30-Nov-23	Issue of new ordinary shares	40,000,000	0.005	200,000
		85,723,324		428,617
30 June 2023				
12-May-23	Results of Entitlement Offer	112,193,763	0.005	558,965
		112,193,763		558,965

9 Reserve

(a) Options reserve

	31 December 2023	31 December 2023	30 June 2023	30 June 2023
	Options	\$	Options	\$
Options over ordinary shares	234,633,333	4,087,400	299,633,333	4,867,011
	234,633,333	4,087,400	299,633,333	4,867,011

The reserve is used to recognise:

- The fair value of options issued to employees but not exercised; and
- The fair value of options issued for goods and services received but not exercised.

(b) Movements in options reserve

	No. of options	\$
31 December 2023		
Opening balance	299,633,333	4,867,011
Issue of new options over ordinary shares	-	-
Share based payments expense	-	135,157
Options forfeited/expired	(65,000,000)	(914,768)
Closing balance	234,633,333	4,087,400
30 June 2023		
Opening balance	305,589,492	3,901,118
Share based payments expense	-	1,055,893
Options forfeited/expired	(5,956,159)	(90,000)
Closing balance	299,633,333	4,867,011

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

9 Reserve

(c) Details of movements in options reserve

	Details	No. of options	Amount \$
31 December 2023			
31-Dec-23	Options forfeited	(65,000,000)	(914,768)
31-Dec-23	Share-based payment expense	-	135,157
		<u>(65,000,000)</u>	<u>(779,611)</u>
30 June 2023			
30-Jun-23	Options forfeited	(5,956,159)	(90,000)
30-Jun-23	Share-based payment expense	-	1,055,893
		<u>(5,956,159)</u>	<u>965,893</u>

10 Share based payments

The Company's Employee and Executive Incentive Plan ("EEIP") is designed to provide long-term incentives for eligible employees to deliver long-term shareholder returns. Under the EEIP, participants are granted options over ordinary shares. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits

(a) Options granted during the period

	31 December 2023	31 December 2023	30 June 2023	30 June 2023
	No. of options	Average exercise price	No. of options	Average exercise price
	\$	\$	\$	\$
Opening balance	299,633,333	0.16	305,589,492	0.16
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Forfeited/expired during the period	(65,000,000)	0.16	(5,956,159)	0.16
Closing balance	<u>234,633,333</u>	<u>0.16</u>	<u>299,633,333</u>	<u>0.16</u>

Notes to the Financial Statements

For the Half Year Ended 31 December 2023

10 Share based payments

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	31 December 2023	30 June 2023
	\$	\$
Expense from options granted in current period	-	-
Expense from options granted in prior period	135,157	1,055,893
Reversal of expense from options forfeited in current period	(914,768)	(90,000)
	<u>(779,611)</u>	<u>965,893</u>

11 Investment in controlled entities

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership held by the group		Ownership interest held by non-controlling interest	
		2023 %	2022 %	2023 %	2022 %
<i>Ultimate parent entity</i>					
AD1 Holdings Limited	Australia				
<i>Controlled entities</i>					
Utility Software Services Pty Ltd	Australia	100	100	-	-
Art of Mentoring Holdings Pty Ltd	Australia	100	100	-	-
Art of Mentoring Pty Ltd	Australia	100	100	-	-
Art of Mentoring Inc	United States	100	-	-	-

12 Related Party Transactions

The Group has the following transactions with Blue NRG and Capital Heights. Blue NRG's director is Michael Norster, while Capital Heights' director is Nicholas Smedley.

	31 December 2023	31 December 2022
	\$	\$
Revenue from contract with customer	871,002	1,091,300
Payment for electricity supplied	967	2,642
Other services	59,156	23,059
Payment for M&A and corporate advisory services	66,000	63,621
Total	<u>997,125</u>	<u>1,180,622</u>

All transactions were made on nominal commercial terms and conditions and at market rates.

AD1 Holdings Limited

ACN 123 129 162

Notes to the Financial Statements **For the Half Year Ended 31 December 2023**

13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2023 (30 June 2023: None).

14 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

AD1 Holdings Limited

ACN 123 129 162

Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 4 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Nicholas Smedley
Interim Chairman

Dated this 27th day of February 2024



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AD1 HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AD1 Holdings Limited (the Company) and its subsidiaries (collectively, 'the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AD1 Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the half-year financial report, which comments on conditions, including the current financial loss and net current liability position, along with other matters and assumptions set forth therein indicating that a material uncertainty exists that may cast doubt on the consolidated entity's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half year financial report. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of the PKF firm, consisting of the letters 'PKF' in a bold, cursive script.

PKF
Melbourne, 27 February 2024

A handwritten signature of Kenneth Weldin, appearing to read 'K. Weldin' in a cursive script.

Kenneth Weldin
Partner