

## AD1 Business Update and Appendix 4C

**Melbourne, Australia, 31 January 2020:** AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**), the provider of customer branded recruitment technology platforms, utilities software billing services and management platforms and related services, today released its business update and the Appendix 4C for the December 2019 quarter.

### Key December 2019 Quarter Highlights & Business Update

- Cash receipts from customers for the December 2019 quarter were \$957,000 representing an increase of 51.6% compared to the previous quarter (approximately 27% normalised for delayed receipts from the previous quarter).
- Net cash outflows from operating activities for the December 2019 quarter were approximately \$996,000 representing a reduction of 25% compared to the previous quarter.
- The outflows for the quarter included approximately \$177,000 in one-off costs in relation to the cost rationalisation program, which was outlined at the Company's 2019 AGM, undertaken in the reported quarter. The March 2020 quarter will reflect the full benefit of the now optimised cost base with a significant reduction in outflows whilst still maintaining the required bandwidth to efficiently support our growing pipeline.
- Progress of contract wins previously announced:
  - Successfully launched the MyPharmacyCareer web and app solutions for the Pharmacy Guild of Australia (Guild) in October 2019. Accordingly, the revenue from this multi-year managed services agreement commenced in the December 2019 quarter and is now yielding further opportunities (refer New contract wins below).
  - Successfully integrated Victoria's Environment Protection Authority's (EPA) new human resource management system with the Careers.Vic jobs portal, which is powered by AD1's software. The fee for this engagement has been received in January 2020.
  - AD1's subsidiary, Utility Software Services, is now in the final stages of implementing its comprehensive managed services solution for iGeno Pty Ltd, an embedded networks operator. The revenue under this contract is expected to commence in the current quarter.
- New contract wins:
  - The Company has signed five separate agreements since late December 2019 representing distinct opportunities across both Government and the private sector all of which are expected to generate revenue in the current quarter with further opportunities expected to convert imminently.
  - Across the Government sector these include:
    - New integrations from NSW Government departments into our existing iworkfor.NSW platform being Health and Family & Community Services (FACS) with a third signing imminent.
    - Functionality enhancements to our mobile app for the iworkfor.NSW platform.
  - Following the successful release of the MyPharmacyCareer solution for the Guild, AD1 has signed an agreement to provide further functionality enhancements to the mobile app offered under the solution.

- Cash outlook & breakeven:
  - As at 31 December 2019, the Company had:
    - a closing cash balance of \$350,000;
    - an R&D refund balance of approximately \$460,000 – which has been received in full in January 2020; and
    - debtors balance of \$230,000 – approximately half of which has already been collected, with the remainder expected to and will likely be collected in the current quarter
  - Given the cash balance and current receivables as per above, optimised cost base and expected cash receipts for the current quarter from existing and new contract wins as outlined above, the Board expects that the Company has sufficient operating cashflow available and continues to work towards achieving an operating breakeven before the end of the current financial year.
  - The Board does not anticipate further capital raise to support the Company's working capital. As a matter of prudential risk management, the Board will consider available non-dilutive funding alternatives should there be a requirement to manage any short-term timing impacts to the cashflow.

**END**

**Andrew Henderson**

Chairman  
AD1 Holdings Limited  
03 8199 0455

**Prashant Chandra**

CEO  
AD1 Holdings Limited  
03 8199 0455

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

AD1 Holdings Ltd

**ABN**

29 123 129 162

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	957	1,588
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(466)	(1,045)
(c) advertising and marketing	(37)	(103)
(d) leased assets	-	-
(e) staff costs	(1,190)	(2,172)
(f) administration and corporate costs	(258)	(589)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(996)</b>	<b>(2,322)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,833
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>1,833</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,346	2185
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(996)	(2,322)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,833
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>350</b>	<b>1,696</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	350	1,346
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>350</b>	<b>1,346</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	100
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The amount at 6.1 includes payment of directors' fees and payments to a director related entity excluding superannuation and reimbursement for administrative expenses and travel expenses.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	270
9.3 Advertising and marketing	30
9.4 Leased assets	-
9.5 Staff costs	821
9.6 Administration and corporate costs	270
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,391</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets (\$A'000)	-	-
10.5	Nature of business	-	-

### 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.



Sign here: .....  
Company Secretary

Date: 31 January 2020

Print name: Harvey Bui

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.