



AD1 Holdings Limited
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AD1 Business Update and Appendix 4C

Melbourne, Australia, 29 April 2021: AD1 Holdings Limited (ASX: AD1) (**AD1** or the **Company**), the provider of customer branded recruitment technology platforms, mentoring software solutions, utilities software billing services and management platforms and related services, today released its business update and the Appendix 4C for the March 2021 quarter.

Key March 2021 Quarter Highlights & Business Update

- Cash receipts from customers for the March 2021 quarter were \$1.53 million representing an increase of 80% compared to prior year.
- Net operating outflows for the quarter was \$0.40 million primarily due the investments to deliver major projects and new customer implementations.
- AD1's utilities division, signed a landmark five-year \$10 million deal with energy retailer Locality Planning Energy (LPE). Implementation of the expanded solution is expected to be completed by September 2021.
- The utilities division has also commenced a six-month projects roadmap with BlueNRG. The roadmap is aimed at enhancing the platforms commissioned for BlueNRG to support their strategic objectives.
- During the quarter, the meters under management for the utilities software division grew by approximately 4,500 (an increase of 10% QoQ). Over 50,000 in aggregate as at end of March 2021, this represents approximately 28% growth compared to the March 2020 quarter.
- AD1's newest acquisition Art of Mentoring (AoM) continues to perform well and added a further 6 new clients during the March 2021 quarter (21 new clients added since the start of the financial year).
- Notable additions for AoM include Anglo American Metallurgical Coal Pty Ltd, AusIMM, NSW Public Service Commission and St John of God Health Care.
- The development of the ApplyDirect off-the-shelf product has commenced with an expected launch in the September 2021 quarter.
- On 29 April 2021, AD1 has executed a binding offer to enter into a Debtor Finance Facility, Trade Finance Facility and Term Loan Facility with Moneytech Finance Pty Ltd ABN 75 112 110 906 (Moneytech) (collectively, the Facilities). The purpose of the Facilities totalling \$2 million, is to fund the delivery of the sizable projects and new customers wins from the March 2021 quarter. The details of the Facilities are provided below.

AD1 CEO, Prashant Chandra, said: "The Company enjoyed a strong and productive March 2021 quarter with significant new customer and project wins. Most notable of the wins is the multi-year \$10 million deal in the utilities division, which will increase the Company's recurring SaaS and Managed Services revenue by approximately 50% compared to FY2020. It is also a great validation of the value our utilities technology solutions deliver for our customers. This positions the Company well to exit FY2021 with an ARR in excess of \$6 million, a significant increase from prior year."

"Our highly configurable utilities platforms are an excellent choice for the energy retailers, as they can continue to enhance their commissioned platforms to meet their evolving strategic requirements. Our six-month innovation roadmap with BlueNRG, that has recently commenced is a good example of this journey. We expect to deliver the roadmap projects by September/October 2021."



“In the HR Technology space, AoM provides the Company with a good balance of shorter sales cycle opportunities. AoM added six new platform customers during the reported quarter extending the total new customer sign ups for FY2021 to 21.”

“Our strategy for ApplyDirect is to launch an off-the-shelf product to enable the SME employers access the same great benefits as are available, through our career platform solutions, to large employers such as the NSW and Victorian governments. Design and development of this product is currently in progress and we expect the product launch to occur in the July-September 2021 quarter. We are excited about the prospects of this product in what we believe is a highly contestable market.”

“The sales pipeline across the Company is stronger than ever and progressing well.”

“A key focus area for the Company over the next six months will be to ensure the successful execution of the exciting delivery pipeline it has built over the March 2021 quarter. AD1 will make prudential operational investments over this period to create the necessary bandwidth to ensure seamless solutions delivery for our customers. Accordingly, the Company has executed a binding finance agreement with Moneytech to create a \$2 million facility to fund this phase.”

“Finally, the Company will host an investor webinar and Q&A for all shareholders and interested parties as a follow up to the release of its quarterly results. The details of the webinar will be released to the market as a separate announcement.”

Key commercial terms of the Facilities

Debtor Finance Facility

- Facility limit of \$1,000,000 to assist with cash flow through the purchase of all current and future debts of AD1's business.

Trade Finance Facility

- Facility limit of \$500,000 to make payments to approved suppliers of AD1, both local and overseas.

Term Loan Facility

- Facility limit of \$500,000 split across two tranches, the first being at settlement of the facilities, where \$250,000 will be provided and the second tranche to occur on 15 June 2021, where the additional \$250,000 will be provided.
- The Term Loan Facility is to assist with general business financing and/or refinancing existing debt of AD1.

General Conditions of the Facilities

- Term: The Facilities are approved for an initial period of 48 months, after which they will remain in place until either party elects to terminate all or any of the Facilities. Termination of a Facility requires 3 months' notice by either AD1 or Moneytech.
- Security documentation: To reflect the Facility arrangements and financing arrangements there will be several security documents put in place with AD1, Utility Software Services Pty Ltd ACN 126 959 304 and Art of Mentoring Pty Ltd ACN 620 225 372, including a Debtor Finance Agreement, General Security Agreement and a Cross Guarantee & Indemnity.
- Pre-settlement conditions: Moneytech requires some pre-settlement conditions to be satisfied, including a working capital finance field audit to be conducted at the premises of AD1, with the findings satisfactory to Moneytech.



END

This release has been authorised by the directors of the Company.

Andrew Henderson

Chairman
AD1 Holdings Limited
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Prashant Chandra

Managing Director & CEO
AD1 Holdings Limited
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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 March 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---------------------------------------------------------------|------------------------------------|------------------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,529 | 3,785 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (350) | (912) |
| (c) advertising and marketing | (31) | (82) |
| (d) leased assets | - | - |
| (e) staff costs | (1,101) | (2,611) |
| (f) administration and corporate costs | (418) | (1,026) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (1) | (4) |
| 1.6 Income taxes paid | (25) | (24) |
| 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 | (397) | (374) |
| 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 | (28) | (32) |
| (d) investments | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|-------------------------------------------------------|----------------------------|---------------------------------------|
| | (e) intellectual property (software development) | (171) | (205) |
| | (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 | (199) | (1,132) |

| | | | |
|-----------|-----------------------------------------------------------------------------------------|-------------|--------------|
| 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) | (17) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | (17) | 2,352 |

| | | | |
|-----------|------------------------------------------------------------------------------|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,918 | 460 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (397) | (374) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---------------------------------------------------------------------|----------------------------|---------------------------------------|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (199) | (1,132) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (17) | 2,352 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,305 | 1,305 |

| 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 | 1,305 | 1,918 |
| 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) | 1,305 | 1,918 |

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 |
|----------------------------|
| 113 |
| - |

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 | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | | - |

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

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) | (397) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 1,315 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 1,315 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 3.3 |

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: 29 April 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.