

AD1 Holdings Business Update and Appendix 4C

Melbourne, Australia, 29 April 2022: AD1 Holdings Limited ('AD1', the 'Company' or the 'Group') (ASX: AD1), a technology company with a growing portfolio of market-leading software businesses, today releases its business update and Appendix 4C for the quarter ended 31 March 2022 (Q3FY22).

Key highlights

- The Group added 17 new customers across all divisions
- 400% revenue growth in Art of Mentoring (AoM) division compared to the prior corresponding period (pcp) of Q3FY21, and an increase of 38% compared to Q2FY22
- Signed new US channel partners, supporting growth in offshore expansion
- Cash receipts of \$1.56 million, an increase of 3% on pcp and consistent with Q2FY22 on a normalised basis
- Steady organic growth in Utility Software Services (USS) division with revenue growth of 18% on pcp
- 13.7% ARR growth across ApplyDirect's existing customer base
- Still in MVP development our Jobtale product is gaining interest with 50 pilot customers already signed

AD1 Holdings Chief Executive Officer, Brendan Kavenagh said: "We are pleased to have delivered another solid quarter for growth. The team continues to be focused on growing each of our key divisions and our expansion into offshore markets has proven fruitful with additional opportunity channel partner signings and pipeline growth specifically for AoM."

"A recent US discovery trip has shown significant interest across the US in AoM by mid-market enterprises. As a result, we are currently planning to relocate our co-founder to capitalise on this exciting opportunity and facilitate stronger future growth."

Business update

The Group continued to see solid growth during the quarter with the addition of 17 new customers across all divisions, reflecting the quality of its product offerings.

Jobtale, better known as the Company's "off the shelf" recruitment product is being recognised by the SME market to drive efficiencies in candidate attraction, storytelling whilst facilitating a better and faster recruitment experience. The product has signed over 50 pilot customers to date and is on track to have 100 customers under pilot by the end of June.

We continue to witness solid support for our products across all divisions and in response have added leadership and product development capability to our domestic teams. The additions will allow us to provide improved experiences and increase our response rates to our growing customer requirements, ultimately securing existing customers and growing revenue opportunities through our existing customer base by identifying upsell opportunities.

Financial Performance

The Company received cash receipts totalling \$1.56 million in the quarter, representing an increase of 3% compared to Q3FY21 and was consistent with cash receipts from Q2FY22 on a normalised basis.

All business divisions reported growth during the quarter with the AoM business showing an increase in revenue of 38% compared to Q2FY22 and a 400% increase compared to pcp. The business continued to witness steady organic growth in the Utilities division with an 18% increase in revenue compared to pcp.

ApplyDirect continued renewal conversations with key customers continued while upsells across the existing customer base delivered an increase of 13.7% ARR growth.

Cash balance at 31 March 2022 of \$3.04 million.

Outlook

As FY22 draws to an end the Company remains focused on adding new customers across each of our divisions, a large driver of new customer growth will be aided by our offshore expansion. We anticipate that in Q4FY22 AD1 will finalise US expansion plans and continue to look at channel partner opportunities that will support further growth within the business.

Delivering shareholder growth is key to AD1, as such M&A remains a key driver of our outlook. We continue to explore acquisition opportunities across the HR Tech industry to further complement and broaden our existing offering.

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.

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About AD1 Holdings

AD1 Holdings is a technology company with a growing portfolio of market-leading software businesses. We build, manage, and acquire best of breed, high potential software businesses that develop specialised software solutions to address the specific needs of the global workforce. The Company currently operates in two main verticals being 'HR Services' and 'Niche Services'. Under HR services the company provides SaaS solutions in talent recruitment, employer value proposition in the form of ApplyDirect and Jobtale and mentoring products and services under the Art of Mentoring (AoM) banner. The company also operates Utility Software Solutions (USS) which specialises in SaaS hosted customer interface solutions (CIS) and Business Process Outsourcing (BPO) services for energy providers.

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 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities	1,568	5,354
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(303)	(1,945)
(c) advertising and marketing	(43)	(208)
(d) leased assets	-	-
(e) staff costs	(1,677)	(4,685)
(f) administration and corporate costs	(610)	(1,659)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(182)	(258)
1.6 Income taxes paid	(73)	(218)
1.7 Government grants and tax incentives (less costs)	-	448
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,320)	(3,171)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (net of cash balance from subsidiary acquired)	-	(1,062)
(c) property, plant and equipment	(5.7)	(7.7)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(5.7)	(1,070)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	260	1,982
3.2 Proceeds from issue of convertible debt securities	-	5,000
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(9.7)	(223)
3.5 Proceeds from borrowings	-	1,743
3.6 Repayment of borrowings	(500)	(1,743)
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	(250)	6,759

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,617	523
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,320)	(3,171)

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)	(5.7)	(1,070)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(250)	6,759
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,041	3,041

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	3,041	4,617
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)	3,041	4,617

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
156
-

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)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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	5,000	5,000
7.2 Credit standby arrangements	-	-
7.3 Other (debtor finance facility)	-	-
7.4 Total financing facilities	5,000	5,000

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)	(1,320)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,041
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	3,041
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.3

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 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.