

ASX Announcement

30 April 2025

Appendix 4C for Q3 Financial Year 2025

Key highlights:

- AdNeo's Net Cash from Operating Activities (4C Point 1.9) has been \$0.1m positive for the quarter, in line with the Company strategy announced at the last AGM in Nov'24.
- Receipts from customers were \$1.3m for the quarter, up 60% on the prior corresponding period (Q3 FY24). Year to date cash receipts have been \$3.75m, up 16% year on year (excluding the discontinued business USS), due to the improved contributions of AoM USA and Oliver Grace. These businesses continue to develop their prospect pipelines to profitably expand the Company's revenue base.
- As reported in last 4C, in Jan'25 the Company received a grant of \$780k from the ATO's R&D Tax Incentive Program, which has been deployed to reduce liabilities and fund working capital.
- The CEO executed a total of \$2.5m in cost cutting initiatives through redundancies and IT cost efficiencies during the quarter, which delivered a net cost reduction of \$0.25m during Q3 and is expected to deliver its full run-rate impact in Q4 FY25. The total cost savings executed have exceeded by \$1m the previously announced cost cutting target of \$1.5m.

AdNeo (ASX:AD1) ('the Company') actively acquires, owns, and manages high-growth companies in the SaaS and innovative workforce sectors. AdNeo drives shareholder value by strategically acquiring synergistic companies with significant growth potential. AdNeo currently operates three market leading businesses: **ApplyDirect (AD)**, **Art of Mentoring (AoM)** and **Oliver Grace (OG)**.

CEO and Managing Director **Angus Washington** commented on the quarter results:

"I am pleased to report that AdNeo has demonstrated robust financial performance in Q3 of the financial year 2025, delivering a positive operating cash flow of \$95k. This is an important milestone for the business as we communicated in our new business strategy at the AGM.

"During the quarter we executed \$2.5m in annualised cost cuts, which have been critical to set the business up for the future, in what has been a complex business environment in Australia and the US.

"Our quarterly cash receipts from customers were \$1.3m for the quarter, which was an increase of 60% compared to the same quarter in FY24. This significant

growth reflects our ongoing efforts to enhance our digital presence and improve customer engagement.

“Additionally, Art of Mentoring has secured new SaaS contracts with several prestigious organisations, including the Royal Australian Navy and Uniting Community Services. These contracts not only contribute to our overall growth but also enhance our business impact in workforce transformation and development.

“As we move forward, we remain committed to identifying potential, maximising value, and driving shareholder value through strategic acquisitions and operational excellence. I am confident that our focused strategy will deliver exceptional returns for our shareholders.”

Commercial Update

AoM's **weighted sales pipeline** is healthy with over 35 targets valued at over \$2m across the U.S. and Australia with \$700k pipeline post demonstration. The average sales cycle is 5-8 months, with recent improvements in cycle acceleration due to refinements in our go-to-market approach. While the sales environment remains challenging, due to business volatility and high interest rates, mentoring and coaching continue to be a highly effective workforce transformation solution.

According to research, mentoring is one of the most successful initiatives for improving workforce performance. The U.S. market for mentoring and coaching is valued at \$50b, with \$5b in Australia.

Renewals

AoM achieved renewals during the quarter of \$918k, up from \$702k the prior quarter, together with a strong focus on extending contract terms from 1 to 3 years, increasing pricing, and selling add-ons to enhance customer value. Upsells to existing customers have been over \$46k in Q3.

Oliver Grace

Oliver Grace won a number of new strategic clients such as Melrose Health, Anchor Homes and Blue NRG and was notified as being a finalist for the Australian Web Awards in 2025.

ApplyDirect

ApplyDirect, Australia's leading provider of job board technology continued to make significant progress with the rollout of its Gen 4 platform, going live with the last major government account during the quarter. The go live was very successful, and the old platform has now been depreciated, resulting in significant cost savings and the completion of a 2-year re-platforming effort. The new platform has delivered substantial increases in performance, organic traffic, and reliability exceeding expectations, managing over 94 million page views and uptime of 98%+ over the last 12 months.

Financial Results

AdNeo received \$1.26m in cash receipts from customers in Q3 FY25, an increase on the corresponding quarter in FY24 by 60%.

During the period, the Company received \$780k from its FY2024 R&D tax incentive, which was used to reduce liabilities and fund working capital. The application of R&D funds to reduce liabilities resulted in additional Q3 cash outflows from operations, above normal operating levels.

In addition, the Company instituted several strategic cost saving initiatives worth \$2.5m annualised, which yielded net operational cost savings of approximately \$250k in Q3 already. The full impact of the cost savings initiatives will hit the bottom line in Q4 FY25 and ongoing.

M&A Pipeline

The Group has a very active pipeline of M&A targets, and our executives are currently pursuing a select number of opportunities which best align with AdNeo's strategy and core competencies, with the aim of creating significant shareholder value. This M&A strategy has been outlined clearly at the AGM in Nov'25.

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 payment of directors' fees, consulting services and payments to a director related entity (excluding GST and reimbursement for administrative expenses and travel expenses).

END

Authorised for release by AD1's CEO, Angus Washington.

For further information, please contact: ir@adneo.com.au

AdNeo Ltd (ASX: AD1)AdNeo (ASX:AD1) actively acquires, owns, and manages high-growth companies in the SaaS and innovative services sectors. AdNeo drives shareholder value by strategically acquiring synergistic companies with significant growth potential. Our experienced management team enhances operational efficiency and stimulates innovation, opening new market opportunities. This focused strategy maximises profitability and ensures exceptional returns for our shareholders. Forward-looking statements

You are cautioned not to place undue reliance on any forward-looking statements regarding our belief, intent or expectations with respect to AD1's businesses, market conditions and/or results of operations (particularly in light of the current economic uncertainties and volatility).

Not advice

Information in this announcement, including forecast financial information, should not be considered as investment, legal, tax or other advice. You should make your own assessment and seek independent professional advice in connection with any investment decisions.

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Appendix 4C

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

Name of entity

AdNeo Limited

ABN

29 123 129 162

Quarter ended ("current quarter")

31 March 2025

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | 1,262 | 3,747 |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (112) | (286) |
| (c) advertising and marketing | (11) | (42) |
| (d) leased assets | - | - |
| (e) staff costs | (922) | (2,684) |
| (f) administration and corporate costs | (899) | (2,390) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | (4) | (167) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives (less costs) | 780 | 780 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | 95 | (1,040) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses (net of cash balance from subsidiary acquired) | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | (400) |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| (e) intellectual property (software development) | (132) | (426) |
| (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 | (132) | (826) |

| | | |
|---|-----------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | 1,737 |
| 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 | - | (86) |
| 3.5 Proceeds from borrowings | 23 | 48 |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | (7) | (14) |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 16 | 1,685 |

| | | |
|---|-----|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 101 | 268 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 95 | (1,040) |

| 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) | (132) | (826) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 16 | 1,685 |
| 4.5 | Effect of movement in exchange rates on cash held | (2) | (9) |
| 4.6 | Cash and cash equivalents at end of period | 78 | 78 |

| 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 | 78 | 101 |
| 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) | 78 | 101 |

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 |
|------------------------------------|
| 130 |
| - |

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 | 5,434 | 5,434 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (debtor finance facility) | - | - |
| 7.4 Total financing facilities | 5,434 | 5,434 |

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.

The facility is fully utilised and provided by Pure Asset Management. The loan is secured against the business at 10% interest per annum and expires December 2025.

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | 95 |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 78 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | 0 |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 78 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | N/A |

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?

Yes – however N/A as positive net cash from operations for the quarter.

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?

N/A – positive net cash from operations for the quarter

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A – positive net cash from operations for the quarter

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: 30 April 2025

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.