

Appendix 4C for the Quarter Ended 30 June 2024

Key Highlights

- **Successful quarter for AoM.** That division has maintained its growth momentum whilst at the same time making improvements to the software platform
- **Art of Mentoring (“AoM”) North America has now successfully re-signed 100% of existing customers and achieved ARR growth of 100%+ year-on-year.** With more than 80% of customers now on multi-year contracts.
- **ApplyDirect’s migration to Gen3 platform for NSW government completed with the VIC government’s migration well advanced and on track for completion in Q1 FY25.**
- **Net operating cash flow positive from continuing operations, with an \$84k surplus for the quarter.**
- **Cash receipts from continuing operations improved 20% on the prior corresponding period (“PCP”).**
- **Cash payments from continuing operations reduced by 35% on PCP.**
- **Cash balance as at 30 June 2024 was c. \$0.2m**
- **Rebranding for the group is now well underway. AD1 Holdings will unveil new branding during Q1FY25. Art of Mentoring follow with updated branding in the second quarter of FY25**

Melbourne, Australia, 30 July 2024: AD1 Holdings Limited (‘AD1’, the ‘Company’ or the ‘Group’) (ASX: AD1), a SaaS technology company with a growing portfolio of market-leading software businesses, today releases its business update and Appendix 4C for the quarter ended 30 June 2024 (Q4 FY24).

AD1 Holdings Chief Executive Officer Todd Perkinson commented:

“We are pleased to have completed the FY24 year, which consisted of significant transformation within the group, establishing a solid foundation through creating scale within platforms and implementing cost reductions across the business.

We are extremely pleased with the turn-around of the EBITDA line, which reflects the tremendous work and drive to achieve cost savings across all divisions during the year.

Throughout the FY24 year, we have seen our North American business grow by over 100%, with the ARR reaching AUD \$1m+ with a strong sales pipeline. North American platform user numbers have now overtaken Australia a significant milestone for the business.

I am excited for what FY25 will bring for the company.”

Art of Mentoring

North America – New Business

The North American division of AoM secured five new client wins during Q4 FY24. These are all significant client wins which allow the AoM North American team to successfully deploy the initial programs and then have real potential to grow within the client base due to the size and scale of the clients. AoM also attended SHRM24 the worlds largest HR conference. AoM was the only mentoring platform exhibiting and has more than 700 leads for further business development. Below are the five new client wins.

Healthcare Financial Management Association (HFMA):

- The Association (HFMA) helps its members achieve optimal performance by providing the practical tools and solutions, education, industry analyses, and strategic guidance needed to address the many challenges that exist within the US healthcare system. HFMA has more than 122,000 members.

The Central Puget Sound Regional Transit Authority (“Sound Transit”):

- Sound Transit is a public transit agency serving the Seattle metropolitan area in Washington state. Sound Transit has more than 800 staff and revenues exceeding \$1B USD.

Independent Bankers Association of Texas (“IBAT”):

- Formed in 1974, IBAT represents Texas community banks. The Austin-based group is the largest state community banking organization in the nation, with membership comprised of more than 2,000 banks and branches in 700 Texas communities.

American College of Physician Advisors (“ACPA”):

- ACPA is focused on supporting physician advisors and hospital leaders across the country with more than 1,000 members and growing rapidly.

California Society of Association Executives (“CalSAE”):

- CalSAE is the second-largest association for association executives in the U.S. with more than 1,400 members.

Australia – Renewals

The AU division successfully renewed all clients up for renewal through the period whilst continuing to deliver efficiencies within the platform.

Clients renewed through this period were:

- Toyota Australia
- BAE Systems
- Origin Energy
- Department of Defense
- Australasian Railway Association

ApplyDirect

ApplyDirect saw continued growth during the quarter with revenue of \$168k of managed services work against pcp of \$130k, an improvement of 30%. The division has grown 40% YTD on its managed services, Overall, the division will achieve 20%+ growth for the year compared to PCP.

ApplyDirect has continued its momentum implementing the Gen3 platform migration. The NSW Government's migration was completed during the quarter and the Victorian government is due to complete during Q1 FY25.

A 24-month contract variation with the NSW Public Service Commission was successfully completed and signed during the quarter.

Angus Washington (newly appointed NED) is assisting to explore new opportunities within the job board market.

Corporate and Financial Update

AD1 continued to progress in line with its new strategic direction during the quarter, prioritising cost efficiencies without impacting the ability to deliver revenue growth. Over the course of the year the cost savings initiatives have been delivered against and the group is now ready to commence a revised focus on growth, investing in people and software development when new revenue and cashflow are obtained from client wins.

Q4 FY24 also saw an 20% improvement in Net Operating Cash against pcp to deliver an operating cash outflow of \$34k. The result includes \$50k in which AD1 paid to implement the USS Deed of Company Arrangement, which is a one-off non-recurring cost.

Cash at bank as at 30 June 2024 \$0.2k, which has been substantially increased post period form a successful capital raise of \$1.6 million.

Outlook

This financial year, AD1 has made substantial investments in restructuring the business' strategic direction and operating model to achieve sustainable growth and align operational costs with the business' scale. This initiative has resulted in consistent and successful annual cost reductions, coupled with revenue growth, with a clear focus within the North American marketplace.

Moving towards the closure of FY24, AD1 is shifting into a strong sales and partnership focus, all while ensuring deeper customer relationships and the right business model to deliver effective outcomes. The new business direction allows more streamlined operations and resource efficiencies, meaning that there will be greater opportunity for cross-selling and collaboration between divisions.

Financial results for the FY24 year are still preliminary, however the results are indicating that the group has had a significant financial turnaround with over \$5m improvement in the EBITDA line year-on-year.

The Company continues to undertake a strategic review of the entire business, the outcomes of which will be released to the market upon completion in the coming months.

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 talent recruitment solutions in the form of ApplyDirect and mentoring products under the Art of Mentoring banner.

For more information



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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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	996	5,078
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(95)	(540)
(c) advertising and marketing	(13)	(89)
(d) leased assets	-	-
(e) staff costs	(532)	(3,434)
(f) administration and corporate costs	(342)	(2,276)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(143)
1.6 Income taxes paid	(0)	(8)
1.7 Government grants and tax incentives (less costs)	25	1,024
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	32	(387)
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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(e) intellectual property (software development)	(130)	(636)
(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	(130)	(636)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	-	(84)
3.10 Net cash from / (used in) financing activities	-	(84)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	271	1,295
4.2 Net cash from / (used in) operating activities (item 1.9 above)	32	(387)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(130)	(636)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(84)
4.5	Effect of movement in exchange rates on cash held	(8)	(25)
4.6	Cash and cash equivalents at end of period	164	164

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	164	271
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)	164	271

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
37
-

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	5,253	5,253
7.2 Credit standby arrangements	-	-
7.3 Other (debtor finance facility)	-	-
7.4 Total financing facilities	5,253	5,253

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)	32
8.2 Cash and cash equivalents at quarter end (Item 4.6)	164
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	164
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?

Answer: Yes

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: Yes. As per ASX announcement on 22 July 2024 an acquisition and supporting capital raise was commenced. Details to be released to market on 29 July 2024.

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: Yes, as set out in section 8.6.2.

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 July 2024

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.