Appendix 4E – Preliminary final report

For the year ended 30 June 2024

Name of entity:	AD1 Holdings Limited
ABN or equivalent company reference:	ACN 123 129 162
Current reporting period:	the year ended 30 June 2024
Previous corresponding period:	the year ended 30 June 2023

Results for announcement to the market

				$
Revenue for ordinary activities	Down	33%	to	4,258,185
Net loss after tax for the period attributable to members (from ordinary activities)	Down	84%	to	1,312,523
Net loss for the period attributable to members	Down	84%	to	1,312,523

Dividends

There were no dividends paid, recommended, or declared during the current financial period.

Explanation of results

Revenue for the year has decreased by 33% to $4,258,185 while cash receipts from customers has also decreased by 33% to $4,859,357. This reduction is mainly driven from the USS business being discontinued. The results include an accrued research and development tax incentive for the current year of $806,919 reflecting the group's investment in technology and product.

Net loss for the period of $1,312,523 (2023: $8,014,529) includes non-cash share-based payment expense of $196,670.

Net tangible asset per share

	30 June 2024	***30 June 2023***
Net tangible asset per share (cents)	(0.73)	(0.77)

Other information required by Listing Rule 4.2A

- Distribution Reinvestment Plan – n/a
- Changes in controlled entities – n/a
- Details of associates and joint venture entities - n/a
- Details of individual and total dividends or distributions and dividend or distribution payments - n/a

Audit

This report is based on the financial report which has been audited.

AD1 Holdings Limited

ACN 123 129 162

Consolidated Financial Statements

For the Year Ended 30 June 2024

AD1 Holdings Limited

ACN 123 129 162

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For the Year Ended 30 June 2024

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Chairman and CEO Update

AD1 throughout the FY24 year was in transformation mode, whereby the board and management critically assessed the strategic direction under which a sustainable business model could be deployed and the right people within the business to cut costs whilst maintain existing business and drive new business, where possible.

We are extremely pleased with the outcomes that were achieved throughout the year, especially the EBITDA turnaround year-on-year (YoY) of $7.9m. The group posted an FY24 EBITDA of $800k for the year, with operating revenue down due to the USS business being discontinued, however most pleasing were the reduction of operating costs of 60% or $9m year-on-year.

Revenue from operating activities were down from $6.4m in FY23 to $4.3m in FY24. This reduction is mainly driven from the USS business being discontinued. The USS business contributed $2.7m in FY23. Operating costs during year saw YoY improvement across the board with 70% improvement on people costs, conscious decision to reduce rent overheads saw a 97% improvement and 50% improvement on 3rd party consultancy during the year. These were all conscious decisions made during FY24 Q1 and implemented and executed through the remaining quarters of FY24.

The NPAT result for the year was approximately $1.3m deficit against $8m deficit for FY23, representing a $6.7m turnaround. We are extremely proud to present these results which are in line with all announcements that have been delivered throughout the FY24 year.

Regarding AD1's balance sheet our Net Asset position has changed with approximately $177k of Net Assets. Our cash position at the end of FY23 included ApplyDirect migration to Gen3 by both government departments, $200k of NSW PSC paid in advance, $450k of USS sub-licence to Blue NRG and includes monies raised as part of the rights issued performed during May/June 2023.

Pleasing several Balance Sheet liability positions have decreased. Trade payables have reduced 38% YoY and due to the movement people within the business, our employee benefits have decreased in line with reduction of head count.

FY24 also had a number of cost savings that we were not realized during the year due to timing and run-off costs, therefore the FY24 was able to realize about $1.7m of the total $3.8m costs savings. The FY24 was essentially split between H1 FY24 and H2 FY24. The business whilst in transition phase was unprofitable and cash deficits through H1 FY24 and once the cost reductions had been made H2 FY24 was profitable and cash flow surplus on a normalized basis.

The Art of Mentoring (AoM) North American division performed extremely well during the year with contracted revenues exceeding $1m in AUD. Additionally, the existing customers had 100% retention rate and many customers are now on two-five year contracts. Many of these customers had a mix of volume of users and price increases associated with resigning contracts.

The AoM division overall spent a lot of time designing and building efficiencies within the platform by digitizing and accelerating on-boarding from 14-weeks to 2-weeks. The ability to now generate reports from the platform for customers is now <2hours from the previous 8+ hours to generate reports, which is critical to program hygiene and visibility. These are just some of the efficiencies which enable sustain growth with increasing customers without increasing the cost base.

ApplyDirect (AD) has seen significant growth in revenues for the FY24. This growth was down to our major government departments migrating throughout the year to our new, multi tenanted platform, which is called Gen3.

Overall, this financial performance has allowed the group to be in a position to grow sustainably and profitability from FY25 and beyond. We commenced the new financial year with a material transaction and subsequent event post balance date, which was supported by a capital raise that was oversubscribed and positions the business with new and existing investor confidence to the positioning of the business and its growth for FY25.

AD1 Holdings Limited

ACN 123 129 162

Directors' Report
30 June 2024

The Directors present their report on the consolidated entity consisting of AD1 Holdings Limited (the "Company") and the entities it controlled (together, the "Group" or "AD1") at the end of, or during the year ended 30 June 2024.

Directors

The following persons held office as Directors of the Company during the financial year and to the date of this report, unless otherwise stated:

Michael Norster	Non-Executive Director Chair of Audit Risk & Compliance Committee
Experience	Michael Norster has been and is the major driving force in forming a number of successful start-up, Australian businesses. Michael founded the Australian Energy group of companies in 1997 that traded under the name Powerdirect. He was the major shareholder in that group from ASX listing in 2001 until its completed sale to Ergon Energy in early 2006. He is the founder and Executive Chairman of the Green Generation group of private companies, which commenced in 2010. The group owns electricity retailer Blue NRG and renewable energy developer and risk manager GG Renewable Energy. In addition to ApplyDirect, Michael was also the seed investor in the information technology recruitment company Primex Solutions Pty Ltd. He has assisted in the formation and establishment of one of Australia's largest telecommunications carriers Axicorp Pty Ltd (which became Primus Telecommunications) and was a director and shareholder in Hotkey Internet Services Pty Ltd (all now a part of Vocus Communications). He received a graduate degree from Monash University.
Directorships held in other listed entities	Nil
Nicholas Smedley	Non-Executive Director
Experience	Mr Smedley is an experienced investment banker and M&A adviser, with 14 years' experience at UBS and KPMG. He has worked on M&A transactions in the UK, Hong Kong, China, and Australia with transactions ranging from the A$9 billion defence of WMC Resources through to the investment of $65 million into Catch.com.au. Mr Smedley currently oversees investments in the property, aged care, technology and medical technology space. Key areas of expertise include M&A, debt structuring, corporate governance and innovation. He holds a Bachelor of Commerce from Monash University.
Directorships held in other listed entities	Respiri Limited (RSH), Findi Limited (FND)
Angus Washington	Non-Executive Director
Appointed to the Board	26 February 2024
Experience	Mr Washington brings over 20 years' experience in leading technology businesses from initial founding and executive leadership, through to eventual acquisition across Asia Pacific. Mr Washington relocated back to Australia in 2020 from Asia, where he joined a SEEK invested business to assist with scale and growth. Prior, He founded two recruitment businesses in Hong Kong, Inspire Search & Selection acquired by Chandler Macleod Group (ASX) in 2011 where he was appointed Chief Operating Officer - Asia and Wellesley Associates by MBO in 2019. He holds a Bachelor of Commerce majoring in Finance from Bond University.
Directorships held in other listed entities	Nil

Directors (continued)

Brendan Kavenagh	Managing Director & CEO
Resigned from the Board	8 September 2023
Experience	Mr Kavenagh has over 20 years in executive leadership roles within the technology recruitment and professional services industry with a successful background in building and executing sales strategies and leading teams to achieve highly successful growth results. Prior to AD1, he was CEO of Davidson Technology and Monitor Consulting between 2016 to 2020, where he implemented new operating models, sales strategies and led the company through a significant transitionary period resulting in high growth, high staff engagement and record company profits. Before that, Mr Kavenagh was General Manager (Victoria) for Ambit Technology, driving unprecedented YoY growth ultimately resulting in the sale of Ambit Technology to Peoplebank for approximately $100 million in 2008.
Directorships held in other listed entities	Nil

Company secretary

Mr Todd Perkinson has been appointed as CFO and Company Secretary of AD1 on 03 April 2023 and he was appointed CEO on 8th of September 2023.

Mr Todd Perkinson has over 20 years experience across various industries as CFO and other executive management levels. His previous roles have been with Damstra Technology (ASX: DTC), Vault Intelligence (ASX: VLT), leading healthcare agencies across both Australia & New Zealand, Rank Group (Graeme Hart's enterprises) and 7-8 years working with insurance markets in the UK.

Principal Activities

During the reporting period, the Group’s principal activities are providing and delivering of software services and technology platforms to its customers, and other related supporting and consulting services.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Operating and Financial review

Our financial performance for the year was supported by a total of $5.83 million revenue across all three divisions.

AD1 continued to progress in line with its new strategic direction during the year. Overall, our expenses decreased by 60% as we delivered on our strategy of 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.

Cash at bank as at 30 June 2024 $0.2m, which has been substantially increased post period from a successful capital raise of $1.9 million (after costs).

Dividends

No dividends have been paid or declared by the Company since the beginning of the financial year. No dividends were paid for the previous financial year.

Directors' Report
30 June 2024

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of entities in the Group during the financial year under review not otherwise disclosed in the Annual Report.

Environmental regulations

The Group is not affected by any significant environmental regulation in respect of its operations under Australian Commonwealth or state law.

Risk Management

The Group is subject to normal business risks, including but not limited to interest rate movements, labour conditions, government policies, securities market conditions, exchange rate fluctuations, and a range of other factors which are outside the control of the Board and management.

More specific material risks of the operating sector and the Group include, but are not limited to:

Competition

The Group operates in a competitive industry which is subject to increasing competition from companies in Australia and throughout the world, through a combination of established organisations and new entrants to the market.

Failure to protect intellectual property

The Group’s proprietary cataloguing system and search engine is not protected through any patent or other form of registered intellectual property. The Group considers that, in practical terms, its proprietary cataloguing system and search engine are not likely to be capable of intellectual property registration. A lack of registered protection is likely to enhance the risk that the Group’s intellectual property may be the subject of unauthorised disclosure or unlawfully infringed. The Group may need to incur substantial costs in monitoring, asserting or defending its intellectual property rights.

Funding Risk

In recognition of the profitability outcomes in the financial year’s ended 30 June 2024 and 30 June 2023, the Company is focused on getting to an operational cashflow positive position with cost control whilst maintaining existing revenue sources and winning new business, which in Q1 FY24 has had pleasing results. The Group will maintain reviewing and investigating acquisitions which are profit and cash accretive and reviewing platforms that align to the future growth of the group.

Cyber security, computer crime and privacy breaches

Increased cyber security threats and computer crime also pose a potential risk to the security of the Group’s information technology systems, including those of contracted third-party service providers, as well as the confidentiality, integrity and availability of the data stored on those systems. Any breach in information technology security systems could result in the disclosure or misuse of confidential or proprietary information, including sensitive employer, employee or investor information maintained in the ordinary course of business. Any such event could cause damage to reputation, loss of valuable information or loss of revenue and could result in large expenditures to investigate or remediate, to recover data, to repair or replace networks or information systems, or to protect against similar future events.

Failure to execute strategic initiatives/operating costs and margins

The Group’s strategy involves a significant expansion of its sales, marketing and business development teams. It will involve the Group in the recruitment of additional senior management personnel and the undertaking of an extensive multi-media brand recognition and awareness campaign. The ability of the Group to achieve growth of its business is dependent on the successful implementation of the Group’s growth strategies, business plans and strategic initiatives. An inability to successfully implement these plans and initiatives, whether wholly or partially, could adversely affect the Group’s operating and financial performance.

Directors' Report
30 June 2024

Meetings of Directors

A number of formal meetings and circular resolutions were held during the year as tabled below:

	Directors' Meetings		Audit, Risk and Compliance Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Nicholas Smedley	10	10	1	1	1	1
Michael Norster	10	10	1	1	1	1
Brendan Kavenagh	6	6	1	1	1	1
Angus Washington	3	2	-	-	-	-

For the date of appointment and resignation of each Director and Executive, please refer to the Directors Details Section of the Directors’ Report.

Indemnification of Officers and Auditors

Insurance of officers and indemnities

The Group has indemnified the Directors and Executives of the Group for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Group paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Insurance of auditors and indemnities

The Group has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditors. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditors of the Group or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

During the year ended 30 June 2024 the Company did not engage the external auditor to provide non-audit services.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2024 has been received and can be found on page 13 of the consolidated financial report.

Directors' Report
30 June 2024

Share Options on Issue as at the Date of this Report

Unissued ordinary shares under options of the Company as at the date of this report are as follows:

Grant date	Expiry date	Exercise Price $	Options over ordinary shares
27 Nov 2020	27 Nov 2025	0.020	25,500,000
27 Nov 2020	27 Nov 2025	0.100	8,000,000
27 Nov 2020	27 Nov 2025	0.300	23,250,000
27 Nov 2020	27 Nov 2025	0.400	23,250,000
27 Nov 2020	23 Dec 2025	0.100	50,000,000
24 Dec 2021	17 Dec 2025	0.060	83,333,333

There were no listed options outstanding at the reporting date.

Corporate Governance

In accordance with ASX listing Rule 4.10.3, the Company's 2024 Corporate Governance Statement can be found on its website at www.ad1holdings.com.au.

Remuneration Report (Audited)

The Directors present the AD1 2024 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year in accordance with the requirements of the Corporations Act 2001 and its Regulations. The report is structured as follows:

a) Principles used to determine the nature and amount of remuneration

b) Details of remuneration

c) Service agreements

d) Share-based compensation

e) Relationship between the remuneration policy and Group performance

f) Key Management Personnel disclosures

Remuneration Policy

Remuneration in respect of Directors and executives of the Group is overseen by the full Board of Directors of AD1 Group.

The Board of Directors of the Group will ensure that the Group has coherent remuneration policies and practices to attract, motivate and retain Executives and Directors who will create value for shareholders and who are appropriately skilled and diverse; observe those remuneration policies and practice; fairly and responsibly reward executives having regard to the Group and individual performance, the performance of the executives and the general external pay environment; and integrate human capital and organisational issues into its overall business strategy.

Remuneration will be reviewed on at least an annual basis with consideration given to individuals' performance and their contribution to the Group's success (against measurable key performance indicators), external market relativities, shareholders' interests and desired market positioning.

The Board will review the remuneration of executive and Non-Executive Directors and other executives having regard to any recommendations made by the Chief Executive Officer of the Group and other external advisers, including legal counsel.

Remuneration Report (Audited) (continued)

Remuneration Policy (continued)

Executive remuneration

Executive remuneration consists of fixed remuneration, equity-based remuneration, and termination payments. Superannuation contributions are paid into the executive's nominated superannuation fund.

Non-Executive Director remuneration

Non-Executive Director remuneration consists of fixed remuneration, equity-based remuneration and superannuation.

Fixed remuneration

Executive and Non-Executive Directors are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards, which should be reasonable and fair; take into account the Group's legal and industrial obligations and labour market conditions; be relative to the scale of the Group's business; reflect core performance requirements and expectations; and take into account incumbent skills and experience, and the time commitment and responsibilities of the role.

Equity-based remuneration

Equity based performance in regard to achieving annual based company targets with elements of cash & equity as part of the short-term based incentives. There are also long-term incentives (LTI) programs in place which are based on share price performance and performance hurdles for individual and company. These are assessed annually and form the basis of the remuneration committee mandate.

Termination payments

All Directors and executives are not entitled to retirement benefits other than superannuation or those required under law.

Securities trading policy

The trading of Group's securities by employees and Directors is subject to, and conditional upon, the Policy for Trading in Company Securities, which is available on AD1's website at www.ad1holdings.com.au.

Remuneration Policy Versus Company Financial Performance

Remuneration of Executives consists of an unrisked element (base pay) and share bonuses based on performance in relation to key strategic, financial and non-financial measures linked to drivers of performance in future reporting periods.

Non-Executive Directors' remuneration is not affected by the Group performance.

Details of remuneration

Key Management Personnel (KMP) of AD1 are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group receiving the highest remuneration. Details of the remuneration of the KMP of the Group are set out in the following tables.

The following persons held office as Directors of AD1 during the whole of the financial year and up to the date of this report:

Mr Michael Norster (Non-Executive Director)

Remuneration Report (Audited) (continued)

Remuneration Policy Versus Company Financial Performance (continued)

Mr Nicholas Smedley (Non-Executive Director)

Mr Angus Washington (Non-Executive Director)

Mr Brendan Kavenagh (Managing Director & CEO) (Resigned 8 September 2023)

Mr Todd Perkinson (CEO) (Appointed 8 September 2023)

There are no other Key Management Personnel other than those stated above.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years:

	Net (Loss)/ Profit	Share Price at Balance Sheet Date	Loss per Share (cents)
	$	$	$
Financial Year			
2024	(1,312,523)	0.006	(0.15)
2023	(8,014,529)	0.005	(1.23)
2022	(2,666,229)	0.012	(0.42)
2021	(2,219,600)	0.037	(0.39)
2020	(2,181,158)	0.010	(0.41)

Performance Based Remuneration

The purpose of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of short-term and long-term KPI's to determine achievement, depending on the role of the executive or director being assessed and the particular KPI being targeted.

These include:

- successful contract negotiations;
- company share price consistently reaching a targeted rate on the ASX or applicable market over a period of time; and
- completion of set milestones.

Directors' Report

30 June 2024

Remuneration Report (Audited) (continued)

Details of Remuneration for the Year Ended 30 June 2024

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year was as follows:

	Short-term Employee Benefits	Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Superannuation contribution	Long service leave	Equity-settled shares	Equity-settled options	
2024	**$**	**$**	**$**	**$**	**$**	**$**
Directors						
Michael Norster	55,000	6,050	**-**	-	98,335	**159,385**
Nicholas Smedley	120,000	-	**-**	-	98,335	**218,335**
Brendan Kavenagh*	250,081	17,209	**-**	-	**-**	**267,290**
Angus Washington**	12,000	-	**-**	**-**	-	**12,000**
Other KMP						
Todd Perkinson	245,000	26,950	**7,682**	-	-	**279,632**
	682,081	**50,209**	**7,682**	**-**	**196,670**	**936,642**

Note: The remuneration details above, for both financial years were 100% not related to performance.

* Resigned on 8 September 2023

** Appointed on 26 February 2024

	Short-term Employee Benefits	Post-employment Benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Superannuation contribution	Long service leave	Equity-settled shares	Equity-settled options	
2023	**$**	**$**	**$**	**$**		**$**
Directors						
Andrew Henderson***	45,800	-	-	-	305,739	351,539
Michael Norster	60,000	2,625	-	-	155,614	218,239
Nicholas Smedley	115,000	-	-	-	155,614	270,614
Brendan Kavenagh	302,083	23,744	5,776	-	92,213	423,816
	522,883	26,369	5,776	-	709,180	1,264,208

*** Resigned on 20 January 2023

Directors' Report
30 June 2024

Remuneration Report (Audited) (continued)

Share-based Compensation

Issue of shares

During the year ended 30 June 2024, there have been no issues of ordinary shares to the Directors and other Key Management Personnel as part of their remuneration.

Issue of options over ordinary shares

The number of options over ordinary shares granted to and vested by Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2024 is set out below:

Name	No. of options granted during the year	No. of options granted during the prior year	No. of options vested during the year	No. of options vested during the prior year
Michael Norster	-	-	-	-
Nicholas Smedley	-	-	-	-
Brendan Kavenagh	-	-	-	-

Options granted carry no dividend or voting rights.

There were no options held by the Directors of other key management personnel which were exercised or lapsed during the year.

Directors' Report
30 June 2024

Remuneration Report (Audited) (continued)

(a) Shareholdings

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Group, including their personally related parties, is set out below:

	Balance at Start of the Year	Granted as Compensation	Purchases	Disposals/ other	Balance at End of the Year
30 June 2024					
Directors					
Michael Norster	187,492,408	-	21,861,661	-	209,354,069
Nicholas Smedley	95,079,616	-	60,957,500	-	156,037,116
Brendan Kavenagh*	1,402,500	-	-	(1,355,357)	47,143
Angus Washington**	-	-	-	-	-
	283,974,524	**-**	**82,819,161**	**(1,355,357)**	**365,438,328**

* Resigned 8 September 2023

** Appointed 26 February 2024

	Balance at Start of the Year	Granted as Compensation	Purchases	Disposals/ other	Balance at End of the Year
30 June 2023					
Directors					
Andrew Henderson*	8,186,488	-	2,028,000	-	10,214,488
Michael Norster	141,373,387	-	46,119,021	-	187,492,408
Nicholas Smedley	70,450,813	-	24,628,803	-	95,079,616
Brendan Kavenagh**	967,500	-	435,000	-	1,402,500
	220,978,188	-	73,210,824	-	294,189,012

* Resigned 20 January 2023

** Resigned 8 September 2023

Directors' Report

30 June 2024

Remuneration Report (Audited) (continued)

(b) Options and Rights

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Group, including their personally related parties, is set out below:

	Balance at Start of the Year	Granted as Compensation	Purchases	Expired, forfeited and other	Balance at End of the Year
30 June 2024					
Directors					
Andrew Henderson*	65,000,000	-	-	(65,000,000)	-
Michael Norster	65,000,000	-	-	-	65,000,000
Nicholas Smedley	65,000,000	-	-	-	65,000,000
Brendan Kavenagh**	15,000,000	-	-	(15,000,000)	-
Angus Washington***	-	-	-	-	-
	210,000,000	**-**	**-**	**(80,000,000)**	**130,000,000**

* Resigned 20 January 2023

** Resigned 8 September 2023

*** Appointed 26 February 2024

	Balance at Start of the Year	Granted as Compensation	Purchases	Expired, forfeited and other	Balance at End of the Year
30 June 2023					
Directors					
Andrew Henderson*	67,362,121	-	-	(2,362,121)	65,000,000
Michael Norster	67,362,121	-	-	(2,362,121)	65,000,000
Nicholas Smedley	67,362,121	-	-	(2,362,121)	65,000,000
Brendan Kavenagh**	15,234,375	-	-	(234,375)	15,000,000
	217,320,738	**-**	**-**	**(7,320,738)**	**210,000,000**

* Resigned 20 January 2023

** Resigned 8 September 2023

Remuneration Report (Audited) (continued)

During the reporting period ended 30 June 2024, AD1 Holdings Limited had 1 executive who met the definition of key management personnel as summarised below.

CEO	$	Description
Contract duration	Ongoing contract	
Notice by the individual/company	4 months	
Fixed Remuneration	250,000	
Superannuation	27,500	
Short Term Incentive	50,000 cash and 100,000 options (as per Employment Contract)	A two part Annual Short Term Incentive (ASTI) each financial year payable in full on completion of the annual audit of the financial accounts of the Company and in relation to achievement of some or all of the following core strategic priorities: a. Achievement of revenue growth targets above board approved forecasts (weighting 50%) b. Customer retention metrics (weighting 20%) c. Achievement of strategic acquisition priorities (weighting 15%) d. Achievement of target share price increase (weighting 15%) As the employee was appointed to the position during the financial year, they were ineligible to receive the ASTI for FY2024.
Long term incentives (share options)	50,000,000	Subject to approval at the next EGM

This is the end of the Audited Remuneration Report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

The Directors' Report has been issued following a resolution of the Directors pursuant to Section 298(2)(a) of the Corporations Act 2001.

Nicholas Smedley
Non-Executive Director

Dated this 30th day of August 2024

Melbourne, Australia

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AD1 HOLDINGS LIMITED

In relation to our audit of the financial report of AD1 Holdings Limited for year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is made in respect of AD1 Holdings Limited and the entities it controlled during the year.

PKF
Melbourne, 30 August 2024

Kenneth Weldin
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
Revenue			
Contracts with customers	4	**4,258,185**	6,401,940
Other income	4	**1,567,059**	1,428,884
Interest income		**1,575**	556
Total revenue		**5,826,819**	7,831,380
		5,826,819	7,831,380
Expenses			
Employee benefits expense	5	**(1,685,203)**	(5,603,570)
Software development and other IT expense		**(811,866)**	(1,136,078)
Consulting and professional service expense		**(935,368)**	(2,488,759)
Advertising and marketing expense		**(301,675)**	(648,638)
Occupancy, utilities and office expense		**(24,497)**	(235,968)
Depreciation and amortisation expense	5	**(1,718,304)**	(1,235,607)
Travel expense		**(88,906)**	(27,726)
Asset impairment	11	**(1,057,402)**	(3,158,029)
Finance expenses	5	**(492,768)**	(628,550)
Other expense		**(118,850)**	(682,984)
Total expenses		**(7,234,839)**	(15,845,909)
Loss before income tax expense from continuing operations		**(1,408,020)**	(8,014,529)
Income tax benefit	7	**95,497**	-
Loss after income tax for the year		**(1,312,523)**	(8,014,529)
Other comprehensive income, net of tax			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(30,162)**	(31,942)
Total comprehensive loss for the year		**(1,342,685)**	(8,046,471)
Loss per share			
Basic loss per share (cents)	6	**(0.15)**	(1.23)
Diluted loss per share (cents)	6	**(0.15)**	(1.23)

The accompanying notes form part of these financial statements.

AD1 Holdings Limited

ACN 123 129 162

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $	2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**164,057**	1,210,930
Trade and other receivables	9	**1,204,851**	2,362,179
TOTAL CURRENT ASSETS		**1,368,908**	3,573,109
NON-CURRENT ASSETS			
Property, plant and equipment	10	**16,341**	41,699
Intangible assets	11	**6,776,176**	7,124,265
Other assets	24	**-**	85,002
TOTAL NON-CURRENT ASSETS		**6,792,517**	7,250,966
TOTAL ASSETS		**8,161,425**	10,824,075
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**1,879,852**	2,407,523
Borrowings	25	**3,586,175**	-
Current tax liabilities		**1,295,121**	1,503,126
Make-Good Provision		**-**	104,000
Employee benefits	13	**134,328**	299,334
Contract liabilities	26	**1,064,017**	1,970,964
TOTAL CURRENT LIABILITIES		**7,959,493**	6,284,947
NON-CURRENT LIABILITIES			
Borrowings	25	**-**	3,586,175
Employee benefits	13	**24,937**	58,561
TOTAL NON-CURRENT LIABILITIES		**24,937**	3,644,736
TOTAL LIABILITIES		**7,984,430**	9,929,683
NET ASSETS		**176,995**	894,392
EQUITY			
Issued capital	14	**34,092,386**	33,663,769
Reserves	15	**3,330,520**	4,835,069
Accumulated losses		**(37,245,911)**	(37,604,445)
TOTAL EQUITY		**176,995**	894,393

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Share Capital	Options Reserve	Foreign Translation Currency Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at July 1, 2023	33,663,769	4,867,011	(31,942)	(37,604,445)	894,393
Total comprehensive loss for the year	-	-	-	(1,312,523)	(1,312,523)
Other movements	-	-	(30,162)	-	(30,162)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued	428,617	-	-	-	428,617
Share-based payment expense	-	196,670	-	-	196,670
Options expired/forfeited	-	(1,671,057)	-	1,671,057	-
Balance at 30 June 2024	34,092,386	3,392,624	(62,104)	(37,245,911)	176,995

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

2023

	Share Capital	Options Reserve	Foreign Translation Currency Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at July 1, 2022	31,604,804	3,901,118	-	(29,678,732)	5,827,190
Total comprehensive loss for the year	-	-	-	(8,014,529)	(8,014,529)
Opening balance adjustment	-	-	-	(1,184)	(1,184)
Other movements	-	-	(31,942)	-	(31,942)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued	2,058,965	-	-	-	2,058,965
Share-based payment expense	-	1,055,893	-	-	1,055,893
Options expired/forfeited	-	(90,000)	-	90,000	-
Balance at 30 June 2023	33,663,769	4,867,011	(31,942)	(37,604,445)	894,393

The accompanying notes form part of these financial statements.

AD1 Holdings Limited

ACN 123 129 162

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**4,859,357**	7,300,923
Payments to suppliers and employees (inclusive of GST)		**(4,811,670)**	(7,450,156)
Government grants and R&D claims		**1,024,270**	1,778,096
Income taxes paid		**(7,836)**	(265,794)
Interest received		**1,575**	-
Interest and other costs of finance paid		**(158,577)**	(517,328)
Net cash inflow/(outflow) from operating activities	20	**907,119**	845,741
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(2,349)**	(3,326)
Payments for software development		**(1,951,643)**	(2,304,255)
Net cash inflow/(outflow) from investing activities		**(1,953,992)**	(2,307,581)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital raising		**-**	768,965
Repayments of lease liabilities		**-**	(59,161)
Net cash inflow/(outflow) from financing activities		**-**	709,804
Net increase/(decrease) in cash and cash equivalents held		**(1,046,873)**	(752,036)
Cash and cash equivalents at beginning of year		**1,210,930**	1,962,966
Cash and cash equivalents at end of financial year	8	**164,057**	1,210,930

The accompanying notes form part of these financial statements.

1 General information and basis of preparation

Corporate information

The financial statements cover AD1 Holdings Limited (formerly ApplyDirect Limited) (the “Company”) and its controlled entity (together referred to as, we, us, our, AD1, Group) for the year ended 30 June 2024. The Company is a ‘for profit’ company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The Group’s principal activities are providing and delivering of software services and technology platforms to its customers, and other related supporting and consulting services.

Significant changes in the current reporting period

There were no significant changes on the entities in the Group during the financial year.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a 'for-profit' entity for the purpose of preparing the financial statements.

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

(i) Compliance with IFRS

The financial statements of AD1 comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial instruments to fair value.

(iii) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(iv) Principles of consolidation

These consolidated financial statements include the assets and liabilities of the Company and its controlled entity as at the end of the financial year.

An entity is a controlled entity where we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power to direct the activities of the entity. We consolidate the results of our controlled entity from the date on which we gain control until the date we cease control.

The acquisition method of accounting is used to account for business combinations by the Group - refer to note 3(d). Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. The financial statements of the controlled entity are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies.

1 General information and basis of preparation (continued)

Going Concern Basis

During the year the Group incurred a loss of $1,312,523 and had net cash inflows from operating activities of $907,119. The financial position of the Group at 30 June 2024 shows an excess of current liabilities over current assets of $6,590,585. Included in these liabilities are borrowings with Pure Asset Management (Note 25) which are subject to specific covenants which are a minimum cash holding and a trailing 6-month net cash flow, both of which are tested quarterly beginning 30 September 2023.These covenants were renegotiated at the time of the May 2023 capital raising and included a waiver of any previous actual or potential events of default. As disclosed in Note 25 the debt has been classified as current due to breach of covenants at 30 June 2024 for which a formal waiver was not in place prior to year end, despite this the lender continues to support the Group and the directors do not believe the loan will be called as a result of covenant breach at year end.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors

- Recent contract wins, and existing revenue streams along with strong pipeline of the Group, Specifically Art of Mentoring Pty Ltd and its launch to the US market. Renewals continue to be strong and recently clients are expanding programs within their respective businesses due to the successful rollouts of programs.
- Cost management across the group has been a key focus over the last twelve months. We have seen considerable reduction in costs whereby we have over $1m+ savings in overheads due to recent restructures and avoidance of waste within the business. We expect those to be fully realised in H2 FY24 and only grow inline with scalable growth.
- During the year the board placed its subsidiary Utility Software Services Pty Ltd into voluntary administration, and executed a deed of company arrangement. The net financial impact for the Group is a net benefit of approximately $1m.
- Post year end on 23 July 2024 entered into Share Purchase Agreement to acquire 100% of the issued shares in Oliver Grace Pty Ltd, and completed a placement of $1,900,000 [after costs] from investors.
- The Directors believe that there are reasonable grounds to expect that the Group has the capacity to raise future additional capital. The Group has a strong track record of accessing capital when it is required to advance its portfolio through the ongoing support of key shareholders and lenders Pure Asset Management. The Group would be dependent on successful R&D tax refunds as well as raising capital during FY24 to enable historical debts to be extinguished.

The Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

2 New and amended standards and interpretations

(a) New and amended standards adopted by the group

The Consolidated entity has adopted all of the new, revised or amending Accounting standards and Interpretation issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The Consolidated Entity has elected to early adopt AASB 2022-6 Amendments to Australian Accounting

2 New and amended standards and interpretations (continued)

(a) New and amended standards adopted by the group (continued)

Standards – Non-current Liabilities with Covenants, in conjunction with, AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current. The amendments within AASB 2022-6, build upon the amendments contained within AASB 2020-1 and consequently, we describe the effect of these amendments at a combined level. This adoption amends AASB 101 and improves the disclosure of liabilities arising from loan arrangements in our financial statements. By adopting these amendments early, the Company aims to enhance the information provided to our stakeholders regarding our loan arrangements and their classification as either current or non-current. This early adoption allows us to benefit from the clarity and guidance provided by AASB 2022-6 and AASB 2020-1, ensuring transparent and comprehensive reporting of our financial position. We believe that early adoption of these standards will result in more meaningful financial statements for our stakeholders.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

3 Material accounting policies

(a) Revenue from contracts with customers

Revenue arises mainly from managed services, IT development and consulting and digital marketing.

To determine when to recognise revenue, the Group follows a 5-step process:

1. Identify the contract with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognise the revenue when/as performance obligation(s) are satisfied.

The Group enters into transactions involving a range of the Group's products and services, for example for the delivery of managed services, IT consulting, software development etc. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

3 Material accounting policies (continued)

(a) Revenue from contracts with customers (continued)

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liability in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

(i) Revenue from rendering of services

Revenue from rendering of services include SaaS and managed services and digital marketing.

SaaS and managed services relate to access to, and use of, software including associated hosting and maintenance. This service is considered a single performance obligation as the customer simultaneous receives and consumes the benefit as the services are rendered. Managed services also include business process outsourcing, which relates to provision of various front and back of house services as detailed in the customer contract. As the services provided can be reliably measured as having been rendered and consumed by the customer, revenue is recognised on a straight-line basis monthly over the life of the contract in line with the service period.

Digital marketing services relates to promotion of employer jobs and other marketing campaigns advertised on AD1 websites. Revenue is recognised on a monthly basis over the campaign or service period.

(ii) Revenue from fees

Revenue from fees include IT development and consulting.

IT development activities relate to services involving initial development and implementation of software, subsequent functionality enhancements and new integrations. Consulting is IT professional services offered as a compliment to the broader range of services provided by the Group. Revenue for IT development and consulting is recognised at a point in time when services are rendered and invoiced on a time and materials basis or for larger IT projects, when the fulfillment of each performance obligation (milestone) as defined in the commercial contract is satisfied.

(b) Government grants

For financial reporting purposes, the R&D tax offset can be analogised as a government grant or an income tax item. General practice is that refundable R&D credits are accounted for as government grants.

The Directors have considered AASB 112 Income Taxes ("AASB 112") and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance ("AASB 120"). Given the above the directors have determined to recognise the R&D amount in accordance with AASB 120.

Government grants are recognised as income where there is a reasonable certainty that the grant will be received and the Group will comply with all attached conditions.

3 Material accounting policies (continued)

(c) Income tax

Tax consolidated group

Under Australian taxation law, the Company added its newly acquired Australian wholly owned entity (member) into the tax consolidated group from 26 October 2020 and are treated as a single entity for income tax purposes. The Company is the head entity of the Group and, in addition to its own transactions, it recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits for all members in the Group.

Entities within the tax consolidated group have entered into a tax sharing agreement and a tax funding agreement with the head entity. The tax sharing agreement specifies methods of allocating any tax liability in the event the head entity defaults on its Group payment obligations and the treatment where a member exits the tax consolidated Group.

Under the tax funding agreement, the head entity and each of the members have agreed to pay/receive a current tax payable to/receivable from the head entity based on the current tax liability or current tax asset recorded in the financial statements of the members. The Company will also compensate the members for any deferred tax assets relating to unused tax losses and tax credits.

There are no amounts receivable or payable by the Company or members under the tax funding agreement in the next financial year upon final settlement of the current tax payable for the tax consolidated group.

(d) Trade receivables

Impairment

For trade receivables, the Group applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of trade and other receivables. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

(e) Plant and equipment

Each class of plant and equipment is carried at cost.

The depreciable amount of all fixed assets is recognised on a straight-line basis over the asset's estimated useful life to the Group commencing from the time the asset is held ready for use. The useful life for each class of depreciable assets is:

- Office furniture and equipment 3-20 years

(f) Intangible assets

(i) Licences and customer contracts

Separately acquired licences are shown at historical cost. Licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

3 Material accounting policies (continued)

(f) Intangible assets (continued)

(ii) Software

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use, over their useful life.

(iii) Amortisation methods and periods

Refer to Note 11(a) for details about amortisation methods used by the Group for intangible assets.

(g) Trade and other payables

The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan and an employee share scheme collectively known as employee equity incentive pan ("EEIP"). In addition to this, other share-based payments are undertaken for certain goods and services provided to the Group.

The fair value of Options granted under the EEIP is recognised as an employee benefits expense with a corresponding increase in equity (other share-based payments are recognised in the statement of profit or loss or directly in equity depending upon goods or services received).

The total amount to be expensed is determined by reference to the fair value of the Options granted, which included any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of Options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of Options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The EEIP is designed to provide long-term incentives for staff to deliver long-term shareholder returns. Under the EEIP, participants may be granted Shares, Options and/ or performance rights. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the EEIP or to receive any guaranteed benefits.

(i) Operating segment

The Group operates in one segment, being the provision and delivery of software services and technology platforms to its customers, and other related supporting and consulting services. The segment details are therefore fully reflected in the body of the financial report.

3 Material accounting policies (continued)

(j) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Deferred tax assets

The Group has not recognised deferred tax assets relating to carried forward tax losses or timing differences. These amounts have not been recognised given the recognition requirements of AASB 112 Income Taxes and the fact the Group has not previously generated taxable income.

(ii) Intangible assets

Licenses and customer contracts acquired in a business combination are recognised at fair value on acquisition date. In the process of determining this value, management has exercised judgment and estimation on the useful life of the assets.

(iii) Share based payments

The determination of the fair value of options granted requires the utilisation of numerous variables. The fair value at grant date was determined using the Black-Scholes option pricing model.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(iv) Impairment of goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(v) Research and Development

Capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to the hypothesis of the project.

4 Revenue and Other Income

Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers:

	2024	2023
	$	$
Rendering of services disaggregation:		
Managed services (including SaaS and business process outsourcing)	**3,379,682**	4,979,450
IT Development and Consulting	**332,181**	1,422,490
Managed services (USA)	**495,053**	-
IT Development and Consulting (USA)	**51,269**	-
	4,258,185	6,401,940
Timing of revenue recognition		
- At a point in time	**2,499,179**	4,008,776
- Over time	**1,759,006**	2,393,164
	4,258,185	6,401,940

(b) Information about major customers:

The Group had the following major customers with revenues amount to 10% or more of the total Group revenues:

	2024	2023
	%	%
Customer 1	**22**	41

Other income

	2024	2023
	$	$
Research and development tax incentive	**817,059**	1,428,784
Other income	**750,000**	100
	1,567,059	1,428,884

Notes to the Financial Statements

For the Year Ended 30 June 2024

5 Expenses

Loss before income tax from continuing operations includes the following specific expenses:

	2024	2023
	$	$
Employee benefit expense		
Share-based payment	**196,670**	1,055,892
Salaries and wages	**912,559**	3,510,391
Superannuation	**329,299**	520,644
Other employee related expenses	**246,675**	516,643
	1,685,203	5,603,570
Depreciation and amortisation expense		
Depreciation of right-of-use assets	**-**	84,322
Depreciation of other property, plant and equipment	**25,807**	20,504
Amortisation of intangible assets	**1,692,497**	1,130,781
	1,718,304	1,235,607
Finance expense		
Interest expense on lease liability	**-**	21,725
Other interest expenses	**492,768**	606,825
	492,768	628,550

6 Loss per Share

	2024	2023
	Cents	Cents
Basic loss per share	**(0.15)**	(1.23)
Diluted loss per share	**(0.15)**	(1.23)
Loss attributable to the ordinary equity holders of the Group used in calculating basic and diluted earnings per share	**(1,312,523)**	(8,014,529)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**857,504,886**	649,847,441

As the Group is still loss making, options over ordinary shares outstanding at 30 June 2024 and 30 June 2023 are considered anti-dilutive and were excluded from the diluted weighted average number of ordinary shares calculation.

7 Income Tax Expense

(a) Income tax expense

	2024	2023
	$	$
Current tax	-	-
Adjustments for prior period(s)	(95,497)	-
Deferred tax expense/(credit)	-	-
	(95,497)	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2024	2023
	$	$
Loss from continuing operations before income tax expense	(1,408,020)	(8,014,529)
Tax at the Australian tax rate of 25.0% (2023: 25.0%)	25.00 %	25.00 %
	(352,005)	(2,003,632)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable R&D rebate	(245,292)	(133,893)
Non-allowable expenses	442,491	456,310
Tax losses and other timing differences for which no DTA is recognised	154,806	1,681,215
Income tax expense	-	-

(c) Unrecognised deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses calculated at a tax rate of 25% (2023: 25%) disclosed in the table below have not been recognised given the recognition requirements of AASB 112 and the fact the Group has not previously generated taxable income.

	2024	2023
	$	$
Deferred tax assets not recognised at the reporting date		
Unused tax losses and other timing differences	27,246,896	27,350,010
- Opening balance	6,837,503	5,766,266
Potential tax benefit at 25% (2023: 25%)	6,811,724	6,837,503

8 Cash and Cash Equivalents

	2024	2023
	$	$
Cash at bank and in hand	164,057	1,210,930
	164,057	1,210,930

9 Trade and other receivables

	2024	2023
	$	$
CURRENT		
Trade receivables	**271,247**	377,898
Accrued revenue	**5,278**	471,858
Prepayments	**121,407**	297,194
R&D tax claim receivable	**806,919**	1,215,229
	1,204,851	2,362,179

All amounts are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Allowance for expected credit losses

Note 22(b) includes disclosures relating to the credit risks exposures and analysis relating to the allowance for expected credit losses.

10 Property, plant and equipment & Right-of-use asset

	Office furniture and equipment $	Right-of-use asset $	Total $
As at 30 June 2022			
Cost	191,003	247,009	438,012
Accumulated depreciation	(134,972)	(40,734)	(175,706)
Net book value	56,031	206,275	262,306
Movements:			
Opening net book value	56,031	206,275	262,306
Additions	6,172	-	6,172
Disposals	-	(121,953)	(121,953)
Depreciation charge	(20,504)	(84,322)	(104,826)
Closing net book value	41,699	-	41,699
As at 30 June 2023			
Cost	197,176	125,056	322,232
Accumulated depreciation	(155,477)	(125,056)	(280,533)
Net book value	41,699	-	41,699
Movements:			
Opening net book value	41,699	-	41,699
Additions	450	-	450
Disposals	(18,415)	-	(18,415)
Depreciation charge	(7,393)	-	(7,393)
Closing net book value	16,341	-	16,341
As at 30 June 2024			
Cost	179,210	-	179,210
Accumulated depreciation	(162,869)	-	(162,869)
Net book value	16,341	-	16,341

11 Intangible Assets

(a) Intangible assets

	Goodwill $	Software and licenses $	Customer contracts $	Total $
As at 30 June 2022				
Cost	3,953,191	5,215,391	548,588	9,717,170
Accumulated amortisation	-	(421,670)	(186,680)	(608,350)
Net book value	3,953,191	4,793,721	361,908	9,108,820
Movements:				
Opening net book value	3,953,191	4,793,721	361,908	9,108,820
Additions	-	2,304,255	-	2,304,255
Amortisation	-	(1,062,014)	(68,767)	(1,130,781)
Impairment charge	(1,695,139)	(1,462,890)	-	(3,158,029)
Closing net book value	2,258,052	4,573,072	293,141	7,124,265
As at 30 June 2023				
Cost	3,953,191	7,519,646	548,588	12,021,425
Accumulated amortisation/impairment	(1,695,139)	(2,946,574)	(255,447)	(4,897,160)
Net book value	2,258,052	4,573,072	293,141	7,124,265
Movements:				
Opening net book value	2,258,052	4,573,072	293,141	7,124,265
Additions	-	2,401,810	-	2,401,810
Amortisation	-	(1,603,755)	(88,742)	(1,692,497)
Impairment	-	(1,057,402)	-	(1,057,402)
Closing net book value	2,258,052	4,313,725	204,399	6,776,176
As at 30 June 2024				
Cost	3,953,191	8,864,053	548,588	13,365,832
Accumulated amortisation/impairment	(1,695,139)	(4,550,328)	(344,189)	(6,589,656)
Net book value	2,258,052	4,313,725	204,399	6,776,176

(a) *Amortisation methods and useful lives*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

• Software and licences: 3-5 years

• Customer contracts: 3-6 years

11 Intangible Assets (continued)

(a) Intangible assets (continued)

The customer contracts were acquired as part of a business combination in the prior year. They were recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

(b) *Impairment test for goodwill*

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash-generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets covering a four-year period.

Cash flows beyond the four-year period are extrapolated using the estimated growth rates stated below. The following key assumptions are used:

AoM:

- Discount rate is the weighted average cost of capital (WACC) for the group, estimated at 19% per annum.
- Revenue growth rate of 26% per annum from FY24 to FY28. Budgeted growth beyond FY25 is based on cumulative past performance and management's expectations of market development, customer retention and new opportunities.
- Overheads % of revenue rate to average of 66% per annum from FY24 to FY28.
- Terminal value is calculated based on a growth rate of 1% per annum.

The Group has conducted a sensitivity analysis on the recoverable amount and believe that any reasonable possible change in the key assumptions would not cause the carrying values to be unsupported.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

12 Trade and other payables

	2024	2023
	$	$
CURRENT		
Trade payables	**1,370,847**	1,208,108
Accrued expense	**210,165**	451,639
Other payables	**298,840**	747,776
	1,879,852	2,407,523

Information on the liquidity risk management is presented in Note 24(c).

13 Employee benefit obligations

	2024	2023
	$	$
Current		
Annual leave	**134,328**	299,334
Non-current		
Long service leave	**24,937**	58,561

Amounts not expected to be settled within the next 12 months

The current provision for annual leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire balance is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave or require payment within the next 12 months. The amount of annual leave balance that is not expected to be taken or paid within the next 12 months is $95,373 (2023: $212,528).

14 Share capital

(a) Ordinary shares

	2024	2024	2023	2023
	No.	$	No.	$
Ordinary shares - Fully paid	**898,648,377**	**34,092,386**	812,925,053	33,663,769

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value.

(b) Movements in ordinary share capital

	Number of shares	$
As at 30 June 2022	675,814,348	31,604,804
Results of entitlement offer	112,193,762	558,965
Art of Mentoring tranche 3 completion payment	24,916,943	1,500,000
As at 30 June 2023	812,925,053	33,663,769
Shares issued - Nov 30 placement	40,000,000	200,000
Shares issued - Nov 30 placement	6,000,000	30,000
Shares issued - Dec 31 placement	39,723,324	198,617
As at 30 June 2024	**898,648,377**	**34,092,386**

Notes to the Financial Statements

For the Year Ended 30 June 2024

14 Share capital (continued)

(b) Movements in ordinary share capital (continued)

During the year-ended 30 June 2024, the Company issued the following securities:

Date	Details	No. of Shares	Issue Price $	Amount $
2023				
12 May 2023	Results of Entitlement Offer	112,193,762	0.005	558,965
		112,193,762		558,965
2024				
29 Dec 2023	Issue of new ordinary shares under Placement	39,723,324	0.005	198,617
30 Nov 2023	Issue of new ordinary shares under Placement	6,000,000	0.005	30,000
30 Nov 2023	Issue of new ordinary shares under Placement	40,000,000	0.005	200,000
		85,723,324		428,617

15 Reserves

(a) Options reserve

	2024 No.	2024 $	2023 No.
Options over ordinary shares	**213,333,333**	**3,392,624**	299,633,333

	2023 $
Options over ordinary shares	4,867,011

The options reserve is used to recognise:

• the fair value of options issued to employees but not exercised.

• the fair value of options issued for goods and services received but not exercised.

(b) Movements in options reserve

	Number of options	$
As at 30 June 2022	305,589,492	3,901,118
Share-based payment expense	-	1,055,893
Options forfeited/expired	(5,956,159)	(90,000)
As at 30 June 2023	299,633,333	4,867,011
Share-based payment expense	-	196,670
Options forfeited/expired	(86,300,000)	(1,671,057)
As at 30 June 2024	**213,333,333**	**3,392,624**

15 Reserves (continued)

(b) Movements in options reserve (continued)

Date	Details	No. of options	Amount $
2023			
30 Jun 2023	Options forfeited	(5,956,159)	(90,000)
30 Jun 2023	Share-based payment expense		1,055,893
		(5,956,159)	965,893
2024			
30 Jun 2024	Options forfeited	(86,300,000)	(1,671,057)
30 Jun 2024	Share-based payment expense	-	196,670
		(86,300,000)	965,893

(c) Outstanding options

Grant date	Expiry date	Exercise price	No. of options
27 Nov 2020	27 Nov 2025	$0.200	25,500,000
27 Nov 2020	27 Nov 2025	$0.100	8,000,000
27 Nov 2020	27 Nov 2025	$0.300	23,250,000
27 Nov 2020	27 Nov 2025	$0.400	23,250,000
27 Nov 2020	23 Dec 2025	$0.100	50,000,000
24 Dec 2021	17 Dec 2025	$0.060	83,333,333
			213,333,333

16 Share-based Payments

The Company's Employee and Executive Incentive Plan ("EEIP") is designed to provide long-term incentives for eligible employees to deliver long-term shareholder returns. Under the EEIP, participants are granted options over ordinary shares. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

(a) Options granted during the period

The following options were issued during the current year:

	2024 No. of options	2024 Average exercise price $	2023 No. of options	2023 Average exercise price $
Opening balance	299,633,333	0.16	305,589,492	0.16
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited/expired during the year	(86,300,000)	0.16	(5,956,159)	0.16
Closing balance	**213,333,333**	**0.16**	**299,633,333**	**0.16**

16 Share-based Payments (continued)

(b) Fair value of options granted

The assessed fair value of options granted at grant date was determined using the black-scholes that takes into account the exercise price, barrier price, life of the options, share price at grant date, the expected share price volatility of the underlying share, the expected dividend yield, the risk-free rate for the life of the options, as following:

Grant date	Expiry date	Exercise price $	No. of options granted	Share price at grant date $	Dividend yield	Expected volatility	Risk-free interest rate	Fair value at grant date
27 Nov 2020	27 Nov 2025	0.200	25,500,000	0.045	Nil	139%	0.30%	327,023
27 Nov 2020	27 Nov 2025	0.100	8,000,000	0.045	Nil	139%	0.30%	411,000
27 Nov 2020	27 Nov 2025	0.300	23,250,000	0.045	Nil	139%	0.30%	281,098
27 Nov 2020	27 Nov 2025	0.400	23,250,000	0.045	Nil	139%	0.30%	110,113
27 Nov 2020	23 Dec 2025	0.100	50,000,000	0.045	Nil	139%	0.30%	65,333
24 Dec 2021	17 Dec 2025	0.060	83,333,333	0.033	Nil	104%	1.32%	1,666,667

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2024 $	2023 $
Expense from options granted in current year	**-**	-
Expense from options granted in prior year	**196,670**	1,055,893
Total	**196,670**	1,055,893

17 Investments in controlled entities

The Group's principal subsidiaries at 30 June 2024 are set out below. Unless otherwise stated, it has share capital consisting solely of ordinary shares that is held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
Parent Entity			
AD1 Holdings Limited	Australia	**-**	-
Controlled entity			
Utility Software Services Pty Ltd	Australia	**100**	100
Art of Mentoring Holdings Pty Ltd	Australia	**100**	100
Art of Mentoring Pty Ltd	Australia	**100**	100
Art of Mentoring Inc.	USA	**100**	100

18 Key Management Personnel Remuneration

Below are the key management personnel compensation included within employee benefit expense for the year:

	2024	2023
	$	$
Short-term employee benefits	**682,081**	522,883
Long-term employee benefits	**7,682**	-
Post-employment benefits	**50,209**	26,369
Share-based payments	**196,670**	709,180
	936,642	1,258,432

19 Related Party Transactions

The Group's related parties comprise of subsidiaries and key management personnel.

Disclosures relating to key management personnel are set out in the remuneration report. Transactions between the parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

Other transactions with related parties

The Group had the following transactions with Blue NRG, of which Michael Norster is a Director. Additional services were received from More Investment and Capital Heights, of which Nicholas Smedley is a Director.

	2024	2023
	$	$
Revenue from contract with customer (Blue NRG)	**937,002**	2,875,496
Payment for electricity supplied (Blue NRG)	**967**	4,465
Receivables for services rendered (Blue NRG)	**59,156**	75,643
Payables for M&A and corporate advisory services (More Investment & Capital Heights)	**146,367**	39,379
Total	**1,143,492**	2,994,983

All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Cash Flow Information

	2024	2023
	$	$
Net loss for the year	**(1,312,523)**	(8,014,529)
Non-cash flows in profit:		
- depreciation and amortisation	**1,718,300**	1,235,607
- impairment	**1,057,402**	3,158,029
- share-based payments expense	**196,670**	1,055,892
- net exchange differences	**(30,166)**	-
- interest expense	**-**	628,550
- Other non-cash item changes	**(19,643)**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**1,157,330**	630,921
- (increase)/decrease in other current assets	**85,002**	924,705
- increase/(decrease) in trade and other payables	**(527,671)**	227,063
- increase/(decrease) in contract liability	**(906,948)**	1,127,906
- increase/(decrease) in lease liability	**-**	(84,024)
- increase/(decrease) in provisions	**(302,630)**	127,567
- increase/(decrease) in other current liabilities	**(208,004)**	(171,946)
Cashflows from operations	**907,119**	845,741

21 Parent entity

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2024	2023
	$	$
Consolidated Statement of Financial Position		
Assets		
Current assets	**1,227,008**	2,640,878
Total Assets	**9,151,092**	8,646,114
Liabilities		
Current liabilities	**(5,222,188)**	(17,475)
Total Liabilities	**(5,237,705)**	(3,620,192)
Equity		
Share capital	**33,893,770**	32,163,770
Accumulated losses	**(34,067,783)**	(31,913,453)
Options reserve	**4,087,400**	4,775,605
Total Equity	**3,913,387**	5,025,922
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	**2,977,693**	3,582,169
Total comprehensive loss	**2,977,693**	3,582,169

(b) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of AD1 Holdings Limited.

(ii) Tax consolidation legislation

AD1 Holdings Limited and its wholly-owned Australian controlled entity have implemented a tax consolidation legislation. The parent entity, AD1 Holdings Limited, and the controlled entity within the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, AD1 Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the parent entity for any current tax payable assumed and are compensated by the parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent

21 Parent entity (continued)

(b) Determining the parent entity financial information (continued)

entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(c) Commitments and contingencies of the parent entity

The parent entity did not have any contingent liabilities or commitments as at 30 June 2024 (2023: nil).

22 Financial Risk Management

The Group's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Group is exposed to are market risk, credit risk and liquidity risk. The exposure to each of these risks, as well as the Group's policies and processes for managing these risks, are described below.

(a) Market risk

The Group's strategy on the management of investment risk is driven by the Group's investment objective. The Group's market risk is managed by the Chief Executive Officer and overseen by the Board.

(i) Currency risk

The Group is exposed to currency risk arising from financial assets and liabilities of its subsidiary operating in the US. The parent entity is not exposed to material currency risk as it does not hold any foreign currency cash reserves and all material transactions are denominated in Australian dollars.

The carrying amount of the foreign currency denominated monetary assets and liabilities at the reporting date is as follows, all amounts in the table below are displayed in $AUD at year-end spot rates:

	2024
	$
USD	
Cash and trade and other receivables	**54,528**
Trade and other payables	**(1,005,032)**

Sensitivity of profit or loss to movements in currency interest rates for instruments with cash flow risk:

	2024
	$
Currency interest rates charged by ± 50 basis points	**± (5,025)**

22 Financial Risk Management (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk via the cash and cash equivalents and borrowings that it holds. Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. To reduce risk exposure, the Group ensures that cash and cash equivalents are placed in high credit quality financial institutions. The objective of managing interest rate risk is to minimise the Group's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

The Group's exposure to interest rate risk and the weighted average interest rates on the Group's financial assets and financial liabilities are as follows:

	Fixed interest rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
	%	$	$	$	$
2024					
Financial assets					
Cash at bank	-	-	164,057	-	164,057
Trade and other receivables	-	-	-	1,204,849	1,204,849
Other non-current assets	3.35	-	-	-	-
Financial liabilities					
Borrowings	9.95	(3,586,175)	-	-	(3,586,175)
Trade and other payables	-	-	-	(1,879,851)	(1,879,851)
Net position	-	(3,586,175)	164,057	(675,002)	(4,097,120)
2023					
Financial assets					
Cash at bank	-	-	1,210,930	-	1,210,930
Trade and other receivables	-	-	-	2,362,179	2,362,179
Other non-current assets	3.35	85,002	-	-	85,002
Financial liabilities					
Borrowings	9.95	(3,586,175)	-	-	(3,586,175)
Trade and other payables	-	-	-	(2,407,522)	(2,407,522)
Net position	-	(3,501,173)	1,210,930	(45,343)	(2,335,586)

Sensitivity of profit or loss to movements in market interest rates for instruments with cash flow risk:

	2024	2023
	$	$
Market interest rates charged by ± 50 basis points	**± (17,931)**	± (17,506)

22 Financial Risk Management (continued)

(iii) Price risk

The Group is not exposed to price risk arising from any financial assets or financial liabilities.

(b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

	2024	2023
	$	$
Cash at bank	**164,057**	1,210,930
Receivables	**1,204,851**	2,362,179
Maximum exposure to credit risk	**1,368,908**	3,573,109

	Current	< 30 Days	30 Days	60 Days	90 Days & Older	Total
	$	$	$	$	$	$
Trade receivable aging						
AD1	50,182	26,180	-	-	-	76,362
AoM	71,515	58,960	-	24,992	(7,920)	147,547
AoM US	3,623	36,481	-	-	7,234	47,338
	125,320	121,621	-	24,992	(686)	271,247

(i) Credit risk management

The credit risk in respect of cash at banks and deposits is managed by only having accounts with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on regular review of the debtors. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The credit terms range between 14 and 30 days. The credit terms for customers as negotiated with customers are subject to an approval process which forms part of the overall contract approval when signing up new customers. The ongoing credit risk is managed through regular review of ageing analysis, together with ongoing correspondences with customers.

Trade receivables consist of customers within one geographical area (Australia), across two major industries (public and utility sectors).

(c) Liquidity risk

The Group monitors its exposure to liquidity risk by ensuring that there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due. Management monitors cash flows.

22 Financial Risk Management (continued)

(c) Liquidity risk (continued)

The maturity of financial liabilities at reporting date are shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows.

	Interest rate	Less than 12 months	1-5 years	Total contractual cash flows	Carrying amount of liabilities
	%	$	$	$	$
2024					
Financial liabilities					
Borrowings	10	3,586,175	-	3,586,175	3,586,175
Trade and other payables	-	1,879,852	-	1,879,852	1,879,852
	-	5,466,027	-	5,466,027	5,466,027
2023					
Financial liabilities					
Borrowings	10	-	3,586,175	-	3,586,175
Trade and other payables	-	2,407,522	-	2,407,522	2,407,522
	-	2,407,522	3,586,175	2,407,522	5,993,697

23 Remuneration of auditors

This table below shows the total fees to the Group's external auditors, PKF, split between audit and non-audit services.

	2024	2023
	$	$
Remuneration of Company's auditor, PKF, for:		
- audit of financial statements	**73,171**	65,000
Total	**73,171**	65,000

24 Other assets

	2024	2023
	$	$
NON-CURRENT		
Bank guarantee	**-**	85,002
	-	85,002

25 Borrowings

	2024	2023
	$	$
CURRENT		
Convertible notes	**3,586,175**	-
Total current borrowings	**3,586,175**	-

	2024	2023
	$	$
NON-CURRENT		
Convertible notes	**-**	3,586,175
Total non-current borrowings	**-**	3,586,175

The Company entered into a 4-year secured loan facility agreement for $5 million at an interest rate of 9.95% per annum with 83,333,333 detached warrant shares which settled on 24 December 2021. The options were valued at $1,666,667.

The lender may elect at any time up to 17 December 2025, to convert all their warrant shares in tranches of 500,000 per conversion, at a rate of 1 share for every warrant share converted. The noteholder is not entitled to any additional payments on account for this conversion. If the noteholder does not convert all of their warrant shares during the exercise period then the balance of the debt facility will be repaid on the repayment date on 24 December 2025.

As disclosed in 1 Basis of Preparation (Going Concern), the facility agreement was renegotiated during May 2023 which updated the applicable covenants and included a waiver of any previous actual or potential events of default. Upon renegotiation, the Group's loan facility is subject to compliance with the following financial covenants each quarter beginning 30 September 2023:

- Requirement to hold minimum cash and cash equivalents of $650,000 at the end of each quarter.
- The Group's tailing 6-month Net Cash Flow to remain above specific pre-set levels each quarter as agreed by the lender.

At year end the group is in breach of its covenants, no formal waiver was received at 30 June 2024 and as a result have classified the balance of debt as a current liability..

26 Contract Liabilities

	2024	2023
	$	$
CURRENT		
Unearned development revenue billed in advance	**88,167**	1,520,964
Unearned sublicensing revenue paid in advance	**-**	450,000
Unearned subscription revenue paid in advance	**975,850**	-
	1,064,017	1,970,964

Unearned development revenue billed in advance is expected to be realised over the typical contract term of 12 to 24 months.

27 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023:nil).

28 Events occurring after the reporting date

Post year end on 23 July 2024 entered in to Share Purchase Agreement to acquire 100% of the issued shares in Oliver Grace Pty Ltd, and completed a placement of 380,000,000 fully paid ordinary shares in the company to raise $1,900,000 from investors. Under the terms of the agreement, the Company acquired 100% of the issued shares in Oliver Grace from its existing shareholders for the total consideration of up to $2,000,000 payable over three tranches, comprising both cash and the issue of fully paid ordinary shares in AD1. The acquisition was completed on 8 August 2024.

Oliver Grace is a leading marketing agency based in Melbourne, Victoria, specialising in digital product design and development, brand strategy, and content creation. There are significant synergistic cost savings and conversely revenue growth opportunities by bringing both businesses together. The benefits that will accrue from the transaction are multi-faceted, namely:

1. new organic revenue opportunities with both products of the existing AD1 platforms;
2. the re-positioning and rebranding all external assets with refreshed messaging and educational materials for new and existing customers;
3. reduced yearly group external advisor costs by bringing such functions in house; and
4. with the Oliver Grace team being a group of highly experienced staff who have all assisted in creating an award-winning agency, delivering for over 150+ customers over the last 4-years, the team will bring new and fresh ideas and only builds greater depth in the AD1 talent pool.

AD1 Holdings Limited
ACN 123 129 162

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity Name	Entity Type	Place found / Country of Incorporation	Ownership Interest %	Tax Residency
AD1 Holdings Ltd	Body corporate	Australia	100%	Australia*
Utility Software Services Pty Ltd	Body corporate	Australia	100%	Australia*
Art of Mentoring Holdings Pty Ltd	Body corporate	Australia	100%	Australia*
Art of Mentoring Pty Ltd	Body corporate	Australia	100%	Australia*
Art of Mentoring Inc	Body corporate	USA	100%	USA

* AD1 Holdings Limited (the head entity) and its wholly owned Australian subsidiaries have formed an Income Tax Consolidated Group under tax consolidation regime.

Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes, as set out on pages 14 to 50, and the remuneration disclosures that are contained within the Remuneration Report within the Directors' report, set out on pages 6 to 12, are in with the *Corporations Act 2001* and:
   a. In the directors' opinion there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable;
   b. In the directors' opinion the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1;
   c. In the directors' opinion the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
   d. The directors have been given the declaration required by s295A of the *Corporations Act 2001.*
   e. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) *Corporations Act 2001*.

On behalf of the Directors

Mr Nicholas Smedley

Non-Executive Director

Dated this 30th day of August 2024
Melbourne, Australia

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AD1 HOLDINGS LIMITED

Report on the Financial Report

Auditor's Opinion

We have audited the accompanying financial report of AD1 Holdings Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, notes comprising a summary of material accounting policies and other explanatory information, the consolidated entity disclosure statement, and the Directors' Declaration of the Company and the consolidated entity (the Group) comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of AD1 Holdings Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed the matters is provided in that context.

Key audit matter	*How our audit addressed this matter*
Carrying value of goodwill As disclosed in note 11 of the financial report, at 30 June 2024 the carrying value of goodwill totalled $2,258,052 (30 June 2023: $2,258,052). An annual impairment test for goodwill and other indefinite life intangibles is required under AASB 136 *Impairment of Assets.* Management's impairment assessment has been performed using a discounted cash flow model (Impairment Model) to estimate the value-in-use of each Cash-Generating Unit (CGU) to which these intangible assets have been allocated. The evaluation of the recoverable amount requires the Group to exercise significant judgement in determining key assumptions, which include: • 4-year cash flow forecast; • growth rate and terminal growth factor; • discount rate. We considered the valuation of goodwill to be a key audit matter due to the significance to the consolidated statement of financial position and the significant judgements involved in estimating discounted future cash flows.	Our procedures included, but were not limited to, assessing and challenging: • the appropriateness of Management's determination of distinct CGUs to which goodwill is allocated. • the reasonableness of the FY2025 budget approved by the Directors, comparing to current actual results and considering trends, strategies and outlooks. • the testing of inputs used in the Impairment Model, including the approved FY2025 budget. • the determination of the discount rate applied in the Impairment Model, comparing to available industry data. • the short to medium term growth rates applied in the forecast cash flow, considering historical results and available industry data. • Management's sensitivity analysis around the key drivers of the cash flow projections. • our sensitivity testing to understand the impact of changing key assumptions with respect to each distinct CGUs recoverable amount. • the reasonableness of terminal growth rate assumption in use. • the appropriateness of the disclosures as set out in note 11.

Key audit matter	*How our audit addressed this matter*

Capitalised Software Development Costs
 	
As disclosed in Note 11 of the financial report, at 30 June 2024 the Group had capitalised software and licenses of $4,313,725 (30 June 2023: $4,573,072). These assets make up 64% of the Group's total non-current assets.
 	
The Group capitalises costs incurred in the development of its internally generated software. These costs are then amortised over the estimated useful life of the software.
 	
Internally developed software includes staff, contractor, and vendor costs. The Group's process for calculating the value of staff costs capitalised involves judgement as it includes estimating time staff spend developing software and determining the value attributable to that time.
 	
The Group is also required to assess the carrying value of these intangible assets in line with AASB 136 *Impairment of Assets* whenever there is an indication that they may be impaired. During the period the Group recognised an impairment charge of $1,057,402 in relation to a discontinued software platform.
 	
Capitalised software development costs is a key audit matter due to the material carrying value of the intangible assets and the level of judgement applied in estimating time spent in relation to developing software.
	Our procedures included, but were not limited to, the following:
	
	• assessing the nature of projects and activities against the requirements of AASB 138 *Intangible Assets* to determine if they were consistent with accounting standards.
	• for capitalised costs relating to contractors and vendors, tested amounts capitalised to third party documentation on a sample basis.
	• for capitalised costs relating to staff time:
	    ○ assessed the procedures used to determine the percentage of staff time spent on software projects and, for a sample of employees, the resulting percentages.
	    ○ tested gross remuneration used in capitalisation calculations based on underlying employee records.
	    ○ Compared costs capitalised in the year to those capitalised in the previous year to determine if changes aligned with our knowledge of project developments.
	• considered whether any indicators of impairment existed that may require the assets to be impaired.
	• assessed the reasonableness of amortisation periods in relation to the expected useful life of the assets.
	• reviewed the adequacy of disclosures in the financial report.

Key audit matter	How our audit addressed this matter
Financial position and cash flow forecasts The Group recorded a loss after tax of $1,312,523 (30 June 2023: $8,014,529), with operating cash inflows of $907,119 (30 June 2023: $845,741) for the year ended 30 June 2024. At the year end, the Group has cash on hand of $164,057 (30 June 2023: $1,210,930) and a current debt facility of $3,586,175 (30 June 2023: Non-current $3,586,175). The Group is dependent on the generation of forecast positive cash flows from the Group's operations for at least the 12 months following the approval of the annual financial report to maintain adequate working capital. The Directors have included within Note 1, their assessment of the going concern assumption, which incorporates considerations of initiatives relevant to future cash flow forecasts. This has been assessed as a key audit matter due to the judgement required by Management in preparing their forecasts and evaluating their ability to meet current and future obligations as they fall due.	Our procedures included, but were not limited to, the following: • assessing the cash flow forecast prepared by Management for at least 12 months from the anticipated date of signing the financial statements and evaluating the reasonableness of inputs and assumptions used in the forecast. • reperforming calculations in the budget and cash flow forecast to determine the mathematical accuracy of the model. • reviewing financial results subsequent to year end as well as historical forecast figures to assess the reliability of Management forecasts. • assessing the reasonableness and extent of Management's sensitivity analysis, and the impact on the compliance with covenants for at least the 12 months following the approval of the financial report. • remaining professionally sceptical and challenging Management's plans for mitigating identified exposures. • reviewing ASX announcements regarding the strategy of the group, in line with discussions held with Management. • reviewing the appropriateness and robustness of going concern disclosure in the financial report.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 ; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Auditor's Opinion

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2024. In our opinion, the Remuneration Report of the Company for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF
Melbourne, 30 August 2024

Kenneth Weldin
Partner

Additional Information for Listed Public Companies

30 June 2024

SHAREHOLDERS INFORMATION as at 19 August 2024

A. Distribution of equity securities

Analysis numbers of ordinary shareholders by size of holding:

Holding	Securities	%	No. of holders	%
100,001 and over	**1,102,137,675**	**98.81**	**366**	**46.10**
10,001 to 100,000	**12,583,147**	**1.13**	**304**	**38.29**
5,001 to 10,000	**553,295**	**0.05**	**61**	**7.68**
1,001 to 5,000	**70,455**	**0.01**	**22**	**2.77**
1 to 1,000	**3,805**	**0.00**	**41**	**5.16**
	1,115,348,377	**100.00**	**794**	**100.00**
Unmarketable Parcels	**10,610,702**	**0.95**	**402**	**50.63**

Contingent consideration relates to the acquisition of Art of Mentoring. On 30th August 2022, AD1 Holdings has settled the final milestone payment for the acquisition of Art of Mentoring Pty Ltd (AoM). It has issued 24,916,943 fully paid ordinary shares. The shares whilst issued, are sitting in escrow until August 2024 refer to note 14.

B. Equity security holders

Twenty largest quoted equity security holders

The Group's 20 largest equity securities holders of quoted equity securities are listed below:

Security holder	Ordinary shares held	% of total shares issued
POTENTATE INVESTMENTS PTY LTD	166,681,342	18.55%
MORE CAPITAL HOLDINGS PTY LTD	118,150,357	13.15%
JP MORGAN NOMINEES AUSTRALIA	44,687,500	4.97%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,234,405	4.59%
POTENTATE INVESTMENTS PTY LTD	38,357,478	4.27%
VAULT 60 PTY LTD	30,763,315	3.42%
DIXON TRUST PTY LIMITED	20,811,075	2.32%
MR MARK GREGORY KERR & MRS LINDA MARIE KERR	20,111,295	2.24%
MADDAANDMATTA PTY LTD	17,084,782	1.90%
MORCKSTOW PTY LTD	14,975,430	1.67%
HAMPTON EAST DEVELOPMENT PTY LTD	13,922,779	1.55%
BNP PARIBAS NOMINEES PTY LTD	11,114,795	1.24%
B F A PTY LTD	10,884,615	1.21%
THEY CALL ME SPUTNIK PTY LTD	10,375,507	1.15%
B F A PTY LTD	7,812,500	0.87%
SUPERRVMVNVMV PTY LTD	7,527,678	0.84%
DOVETON KAY INVESTMENTS PTY LTD	7,277,776	0.81%
BNP PARIBAS NOMINEES PTY LTD	7,181,353	0.80%
MR DOMENICO TONY AMATO	6,428,572	0.72%
	595,382,554	66.27%

Additional Information for Listed Public Companies
30 June 2024

Substantial holders

The Group's substantial equity securities holders of quoted equity securities are listed below:

Security holder	Number held	Percentage of issued shares (%)
POTENTATE INVESTMENTS PTY LTD	166,681,342	18.55%
MORE CAPITAL HOLDINGS PTY LTD	118,150,357	13.15%
J P MORGAN NOMINEES AUSTRALIA	44,687,500	4.97%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,234,405	4.59%
POTENTATE INVESTMENTS PTY LTD	38,357,478	4.27%

C. Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Link Market Services Limited
Level 12, 680 George Street, Sydney, New South Wales 2000
Telephone: +61 2 8280 7100

D. Change of address,change of name, consolidation of shareholdings

Shareholders should contact the share registry to obtain details of the procedure required for any of these changes.

E. Annual Report

Shareholders do not automatically receive a hardcopy of the Group's Annual Report unless they notify the share registry in writing. An electronic copy of the Annual Report can be viewed on the website www.ad1holdings.com.au.

F. Tax file numbers

It is important that Australian resident shareholders, including children, have their tax file number of exemption details noted by the share registry.

G. CHESS (Clearing House Electronic Subregister System)

Shareholders wishing to move to uncertified holdings under the Australian Securities Exchange CHESS system should contact their stockbroker.

H. Uncertified share register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of an individual/Group's holding.

Additional Information for Listed Public Companies
30 June 2024

CORPORATE DIRECTORY

Directors
Mr Michael Norster Non-Executive Director
Mr Nicholas Smedley Non-Executive Director
Mr Todd Perkinson Chief Executive Officer
Mr Angus Wasington Non-Executive Director

Company Secretaries
Todd Perkinson

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Share and debenture register
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Auditor
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Solicitors
Gadens Lawyers
Level 13, Collins Arch
447 Collins Street
Melbourne VIC 3000

Websites
www.ad1holdings.com.au
www.utilitysoftwareservices.com
www.artofmentoring.net
www.applydirect.com.au