

Appendix 4C for the Quarter Ended 30 September 2024

Key Highlights

- AD1 Holdings (ASX:AD1) completed the **acquisition of award-winning creative agency**, Oliver Grace (“OG”) in Aug’24, with accretive annual revenues of \$1.6m, with higher growth potential and earn out milestones.
- Completed **capital raise of \$2.6m**, with substantial support from AD1 Directors, senior debt funder, and a US strategic investor.
- **13 New customer wins and 9 customer renewals for the quarter** with significant renewals and further new customer wins expected in Q2.
- **Cash Receipts from on-going operations of \$0.9m** with the largest billing quarters upcoming in Q2 and Q3.
- **Normalised Operating Cash for the quarter breakeven with one-off transaction costs excluded.**
- Final **strategic review cost out delivered** of \$0.4m in Q1, with further transaction cost synergies to be delivered.

Melbourne, Australia, 31 October 2024: AD1 Holdings Limited (‘AD1’, the ‘Company’ or the ‘Group’) (ASX: AD1), a SaaS technology company with a growing portfolio of market-leading software businesses, today releases its business update and Appendix 4C for the quarter ended 30 September 2024 (Q1 FY25).

AD1 Holdings Chief Executive Officer Todd Perkinson commented:

“We are pleased to have completed the first quarter of the FY25, which consisted of the acquisition of an earnings per share accretive award-winning creative agency, which was well supported by an oversubscribed capital raise with a total raise of \$2.6m.

We are extremely pleased with the integration of the creative agency Oliver Grace (OG) within the AD1 group. OG delivered strong financial metrics with 15% revenue growth on pcp and 400%+ profit increase on pcp. Alongside independently winning 13 new customers within the quarter.

The quarter saw again improved foundations for AOM with its market leading product acquiring new customers and strength within the pipeline of leads through to quotes which will be announced once contracts are fulfilled. We are pleased with the progress made through FY25 Q1 and are well positioned to further consolidate on the work done through FY24.”

Art of Mentoring (AoM)

The AoM business has a weighted \$6m new client pipeline across all divisions and whilst the sales cycle has generally been approx. 5-8 months from initial engagement, we have seen acceleration with the sales cycle as we refine and define the benefits of mentoring with prospective clients.

We have recently developed a 'kick-starter' framework to assist customers in developing business cases (for internal purposes) and aligning realistic outcomes for the mentoring programs.

Validating the sales strategy, in October 2024 the AoM team has successfully secured three new customers, while the North American division has participated as keynote speakers at various conferences, significantly contributing to our lead generation prospects.

Renewals for AoM division were extremely strong through FY25 Q1 with 9 existing clients renewed. The AoM North American division renewals are expected to be extremely strong through FY25 Q2 and Q3.

ApplyDirect (AD)

ApplyDirect experienced consistent financial momentum, with cost savings improving by 31% or \$0.3 million compared to the previous comparable period, following the ongoing platform migration.

The team has continued to advance the Gen3 platform migration, successfully completing the NSW Government's migration during the quarter, while the Victorian Government's migration is expected to finish in early Q2 FY25. The ApplyDirect team is actively collaborating with both government departments to explore additional partnership opportunities.

Oliver Grace (OG)

Oliver Grace had a tremendous first quarter within the AD1 umbrella, joining the group on 8 August. The financial metrics of revenue growth of 15% and profitability of 400%+ on PCP was a great introduction. We have identified costs synergies across the OG business, these will be implemented in the coming quarters by the AD1 Corporate team, allowing OG's founders to focus on continuing to win new business. There were 13 new customers for the quarter.

Key achievements included winning three Good Design Awards. Notably, OG received the Best-in-Class Award and the award for Best Website in Australia for its work on The Brain Cancer Centre's website, designed for public diagnosis support.

Corporate and Financial Update

AD1 continued to progress in line with its new strategic direction during the quarter, prioritising cost efficiencies without impacting the ability to deliver revenue growth.

FY24 was primarily focused on realising cost efficiencies, however FY25, is about growth through direct sales, partnerships, webinars and working deeper with our existing customer base to drive a faster increase in greater revenues.

Although there were some one off, non-recurring historical operational costs paid in Q1 FY25, the quarter saw a 27% PCP improvement on costs on average across the business within the continued businesses, which highlights and crystallises the work done through FY24.

USS completion costs through the quarter resulted in \$86k of cash costs on lawyers and settlement terms as part of the Deed of Company Arrangement (DOCA), which are a one-off non-recurring cost.

Cash at bank as at 30 September 2024 \$0.4m, with R&D return of \$0.8m and receivables at \$0.5m expected to be received in the current quarter.

Outlook

This financial year strategy is all about growth under a sustainable business model, driving regular new business, positioning the company with the right messaging for both customers and investors alike, reviewing and targeting inorganic opportunities to grow businesses under the AD1 umbrella.

With the strategic review to be showcased at the upcoming AGM, AD1 is excited that we have right sized the business, attracted talent to the business and now ready to grow and deliver outcomes to vested and engaged stakeholders.

Disclosure under LR4.7C.3

Payments to related parties of the entity and their associates disclosed in item 6.1 of the Appendix 4C include director fees, remuneration and superannuation.

END

This release has been authorised by the Board of Directors of the Company.

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About AD1 Holdings

AD1 Holdings is a technology company with a growing portfolio of market-leading software businesses. We build, manage, and acquire best of breed, high potential software businesses that develop specialised software solutions to address the specific needs of the global workforce. The Company currently operates in two main verticals being 'HR Services' and 'Niche Services'. Under HR services the company provides talent recruitment solutions in the form of ApplyDirect and mentoring products under the Art of Mentoring banner.

For more information

 Follow us on [LinkedIn](#)

 Visit our investor websites: www.ad1holdings.com.au

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Appendix 4C

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

Name of entity

AD1 Holdings Ltd

ABN

29 123 129 162

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities	923	923
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(115)	(115)
(c) advertising and marketing	(10)	(10)
(d) leased assets	-	-
(e) staff costs	(760)	(760)
(f) administration and corporate costs	(795)	(795)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(154)	(154)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (less costs)	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(911)	(911)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses (net of cash balance from subsidiary acquired)	-	-
(c) property, plant and equipment	-	-
(d) investments	(400)	(400)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) intellectual property (software development)	(148)	(148)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(548)	(548)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,697	1,697
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(86)	(86)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,611	1,611
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	268	268
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(911)	(911)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(548)	(548)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,611	1,611
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
4.6	Cash and cash equivalents at end of period	414	414

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	414	164
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	414	164

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
68
-

The amount at 6.1 includes payment of directors' fees, consulting services and payments to a director related entity (excluding GST and reimbursement for administrative expenses and travel expenses)

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (debtor finance facility)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	5,253	5,253
7.2 Credit standby arrangements	-	-
7.3 Other (debtor finance facility)	-	-
7.4 Total financing facilities	5,253	5,253

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

0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(911)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	414
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	414
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.45

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Customer receipts will fund the continuing operations of the business.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

No

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

Yes

Note: refer to the accompanying business update on further commentary on the company's outlook and future operating results.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: **the Board of Directors**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.