AD1 Holdings Limited
ACN 123 129 162
Suite 102, 697 Burke Rd
Hawthorn East, VIC 3132

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Quarterly business update and Appendix 4C

Melbourne, Australia, 30 October 2020: AD1 Holdings Limited (ASX: AD1) (AD1 or the Company) is pleased to release its business update and the Appendix 4C for the September 2020 quarter.

Key Highlights & Business Update

- The Company delivered its second cashflow positive quarter adding $153k to the Company's cash balance
- Cash receipts for the quarter were approximately $864k representing an increase of ▲37% compared to the prior year (normalised cash receipts of approximately $1.1 million up ▲45% on prior year reflecting delayed receipts of $245k carried as receivables at 30 September 2020)
- Operating expenses for the quarter were $1.1 million, a decrease of approximately ▼42% compared to the prior year. The Company also received an R&D credit of approximately $0.4 million in the quarter
- During the quarter, the Company extended its Managed Services Agreement with the Victorian Government for up to three (3) years and signed new multi-year contracts with Powerclub and 3P Energy
- Powerclub has been implemented and has commenced generating subscription revenue for the Company effective October 2020. The subscription revenue for the Company's utilities platform, which is based on meters under management, is also expected to increase progressively over the term of the contract as Powerclub adds more customers to its portfolio
- On 30 September 2020, the Company announced its acquisition of SaaS business, Art of Mentoring (AoM). The acquisition was completed on 26 October 2020
- Placement to fund the acquisition was completed on 13 October 2020 raising $2.5 million (before costs). The funds will be used for the purpose of the acquisition, related integration costs and as a reserve for future M&A activity

AD1's CEO, Prashant Chandra, said: "During the first quarter of FY21, the Company signed important contracts with Powerclub and 3P Energy. They add materially to the Company's revenue once implementation commences and also have the potential of significant growth over the term of the contract as the number of meters managed via our platform continues to increase."

"Powerclub has been implemented and is revenue generating with 3P Energy expected to commence implementation later this quarter."

"The acquisition of Art of Mentoring is another exciting milestone for the business. A compelling strategic fit for AD1, it adds a diversified revenue stream to the business and has great synergy with AD1 in both customer opportunities and technology. The integration of AoM is underway."

"The Company raised $2.5 million in an oversubscribed placement in October 2020 to fund the acquisition. It was important to our acquisition strategy that the placement was right-sized for the acquisition. We thank our many investors for the strong endorsement and interest in the placement."

END

This release has been authorised by the Board of Directors.

Andrew Henderson
Chairman
AD1 Holdings Limited
03 8199 0455

Prashant Chandra
CEO
AD1 Holdings Limited
03 8199 0455

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Appendix 4C

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

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Name of entity	
AD1 Holdings Ltd	
ABN	**Quarter ended ("current quarter")**
29 123 129 162	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	864	864
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(268)	(268)
	(c) advertising and marketing	(22)	(22)
	(d) leased assets	-	-
	(e) staff costs	(680)	(680)
	(f) administration and corporate costs	(165)	(165)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives (less costs)	457	457
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**184**	**184**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(4)	(4)
	(d) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(e) intellectual property (software development)	(26)	(26)
	(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**	**(30)**	**(30)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	460	460
4.2	Net cash from / (used in) operating activities (item 1.9 above)	184	184

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)	(30)	(30)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**613**	**613**

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	613	460
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)**	**613**	**460**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	90
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

The amount at 6.1 includes payment of directors' fees and payments to a director related entity
Excluding GST and reimbursement for administrative expenses and travel expenses.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**		-

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

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)	184
8.2	Cash and cash equivalents at quarter end (Item 4.6)	613
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	613
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**n/a**

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

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

Answer: n/a

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

Answer: n/a

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

Answer: n/a

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

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

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.

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