



Acumentis Group Limited

A.C.N. 102 320 329

Results for announcement to the market

ASX Preliminary Final Report

Appendix 4E

30 June 2023

Lodged with the ASX under Listing Rule 4.3A

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Financial Results

The results for the year ended 30 June 2023 reflect the benefits of the restructuring undertaken in calendar 2022 resulting in a lower cost base as well as the successful strategy to diversify revenues to reduce reliance on finance related valuation fees.

The company delivered a strong second half result as the benefits flowing from the lower cost base together with increasing revenues resulted in higher profits.

	6 Months to Dec 2022 \$000s	6 Months to Jun 2023 \$000s	Year ended 30 June 2023 \$000s	Year ended 30 June 2022 \$000s
Revenue	26,767	26,933	53,700	55,369
Operating profit	(771)	1,498	727	38
Gain on de-recognition of investment in associated company	-	-	-	1,539
Acquisition costs expensed	-	-	-	(156)
Profit before tax	(771)	1,498	727	1,421

The company delivered a full year operating profit of \$727K (FY2022 \$38K) and a full year profit before tax of \$727K (FY2022 \$1,421K).

The operating profit included the following significant items:

	30 June 2023 \$000s	30 June 2022 \$000s
Expenses		
• Redundancy and termination costs	225	248
• IT&T MSP migration non-recurring costs	-	395

Business Overview

Growth in fees from the government sector as well as corporate and private clients demonstrated the benefits of the diversification strategy.

	30 June 2023 \$000s	30 June 2022 \$000s	Change \$'000	Change %
Fee income				
• Financial institutions	32,054	38,173	(6,119)	(19%)
• Government sector	5,736	3,218	2,518	78%
• Corporate & private clients	15,633	13,722	1,911	14%
	53,423	55,113	(1,690)	(3%)
Disbursements & other income	96	50	46	92%
	53,519	55,163	(1,644)	(3%)

In conjunction with diversification of clients, the business is continuing to pursue geographical diversification to deliver services to clients in all States & Territories of Australia via a single national structure and to invest in development of property advisory services building on the strengths and skillsets of our property valuation business.

The business continues to invest in IT&T to drive efficiencies and deliver high quality services to its clients whilst controlling overhead costs to maximize returns for shareholders. Year on year cash expenses were reduced by \$2.5M.

Cash at Bank

Acumentis had \$1.7M of available cash as at 30 June 2023 and has access to a \$3.0M receivables finance facility.

Dividends

The board does not recommend a final dividend for the year ended 30 June 2023.

Outlook

The company anticipates continued growth in revenues and tight cost control leading to improved returns to shareholders through FY2024 and beyond.

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Summary Results for the year ended 30 June 2023

The following is a summary of the financial results for the year ended 30 June 2023.

Results for announcement to the market

	Year ended 30 June 2023 \$000s	Year ended 30 June 2022 \$000s	Increase/ (Decrease) \$000s	% Change
Revenue				
Continuing operations	53,700	55,369	(1,669)	(3%)
Gain on de-recognition of investment in associated entity	-	1,539	(1,539)	(100%)
	53,700	56,908	(3,208)	(6%)
Profit before tax				
Operating profit from continuing operations	727	38	689	1,813%
Gain on de-recognition of investment in associated entity	-	1,539	(1,539)	(100%)
Acquisition costs expensed	-	(156)	156	100%
	727	1,421	(694)	(49%)
Income tax (expense) / benefit	(298)	24	(322)	(1,342%)
Net profit after tax from continuing operations	429	1,445	(1,016)	(70%)

Comparison of Half-Year Profits	Current Period \$000s	Previous Period \$000s
Consolidated net (loss) / profit after tax attributable to members: reported for the 1 st Half yearly report	(597)	1,587
Consolidated net profit / (loss) after tax attributable to members reported for the 2 nd Half year	1,026	(142)
Total	429	1,445

Dividends	Amount per security	Franked amount per security
Interim dividend	-	-
Final dividend	-	-

Dividend payment date n/a
Ex-dividend date n/a
Record date for determining entitlement to final dividend n/a

Annual Report and Annual General Meeting

Acumentis expects to send its Annual Report and Notice of Annual General Meeting to shareholders during the week commencing 18 September 2023.

Acumentis expects to hold its 2023 Annual General Meeting as a hybrid event on 24 October 2023.

ASX Preliminary Final Report – Appendix 4E
30 June 2023

A.

Preliminary Consolidated Statement of Profit or Loss
and Other Comprehensive Income for the Year Ended 30 June 2023

	Notes	30 June 2023 \$000s	30 June 2022 \$000s
Revenue from rendering of services		53,519	55,163
Gain on de-recognition of investment in associated company		-	1,539
Other income		181	206
Total revenue		53,700	56,908
Expenses from continuing operations			
Employment expenses		39,022	41,336
Software, printing & stationery expenses		2,657	2,805
Marketing expenses		824	765
Communication expenses		311	555
Insurance expenses		2,490	2,897
Administration expenses		1,021	1,234
Occupancy expenses		699	648
Depreciation and amortisation expenses		2,287	1,935
Other expenses from ordinary activities		3,309	3,030
		52,620	55,205
Results from operating activities		1,080	1,703
Finance income		35	36
Finance expense		(388)	(318)
Profit before tax		727	1,421
Income tax (expense) / benefit	4	(298)	24
Profit for the year attributable to owners of the parent		429	1,445
Total other comprehensive income (net of tax)		-	-
Total comprehensive loss for the year attributable to owners of the parent		429	1,445
Basic earnings per share (cents per share)	2	0.23	0.83
Diluted earnings per share (cents per share)	2	0.22	0.81

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Preliminary Consolidated Statement of Financial Position

as at 30 June 2023

	Notes	30 June 2023 \$000s	30 June 2022 \$000s
Current Assets			
Cash and cash equivalents		1,697	856
Term deposits		1	42
Trade and other receivables		5,916	6,287
Financial assets	5	371	349
Other assets		1,064	1,361
Total Current Assets		9,049	8,895
Non-Current Assets			
Financial assets	5	284	653
Term deposits		913	887
Deferred tax assets		2,545	2,835
Property, plant & equipment	6	737	934
Right of use assets	7	2,505	2,489
Intangible assets	8	22,140	22,245
Total Non-Current Assets		29,124	30,043
Total Assets		38,173	38,938
Current Liabilities			
Trade and other payables		3,834	4,162
Borrowings	9	8	908
Lease liabilities	10	1,765	1,561
Current tax liabilities		-	28
Deferred consideration	11	143	406
Employee benefits		4,897	5,229
Total Current Liabilities		10,647	12,294
Non-Current Liabilities			
Borrowings	9	39	1,448
Lease liabilities	10	1,566	2,271
Deferred consideration	11	1,263	1,406
Employee benefits		446	509
Provisions		142	182
Total Non-Current Liabilities		3,456	5,816
Total Liabilities		14,103	18,110
Net Assets		24,070	20,828
Equity			
Contributed equity	12	22,208	19,433
Retained earnings		1,697	1,268
Other reserves	13	165	127
Total Equity		24,070	20,828

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Preliminary Consolidated Statement of Cashflows
for the year ended 30 June 2023

	Notes	30 June 2023 \$000s	30 June 2022 \$000s
Cash Flows from Operating Activities			
Receipts from customers		59,591	59,867
Lease receipts		350	241
Payments to suppliers and employees		(56,228)	(58,109)
Interest received		32	35
Interest paid		(388)	(317)
Income tax paid		(36)	(170)
Net cash flows provided by Operating Activities		3,321	1,547
Cash Flows from Investing Activities			
Purchase of property, plant & equipment	6	(331)	(447)
Purchase of intangible assets	8	(450)	(617)
Acquisition of controlled entities			
- Paid on acquisition		-	(805)
- Deferred consideration paid	11	(406)	(61)
- Refund of previously paid consideration		-	28
Decrease /(increase) in security deposits invested		15	(87)
Loans advanced		-	(189)
Loans repaid		-	19
Net cash flows used in Investing Activities		(1,172)	(2,159)
Cash Flows from Financing Activities			
Proceeds from issue of shares net of costs	12	2,775	-
Repayment of borrowings		(2,309)	(440)
Repayment of lease liabilities		(1,774)	(1,668)
Dividends paid		-	(110)
Net cash flows used in Financing activities		(1,308)	(2,218)
Net increase / (decrease) in cash held		841	(2,830)
Cash at beginning of financial year		856	3,686
Cash at end of financial year		1,697	856

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Preliminary Statement of Changes in Equity
for the Year Ended 30 June 2023

	Notes	Share Capital \$000's	Retained Earnings \$000's	Other Reserves \$000's	Total Equity \$000's
<i>Consolidated</i>					
Balance at 1 July 2021		44,887	(27,600)	31	17,318
Total comprehensive income attributable to members of the parent entity		-	1,445	-	1,445
Shares issued	12	1,969	-	-	1,969
Share-based payment expense	13	-	-	96	96
Corporations Act 2001 s258F reduction in capital		(27,423)	27,423	-	-
Balance at 30 June 2022		19,433	1,268	127	20,828
Balance at 1 July 2022		19,433	1,268	127	20,828
Total comprehensive income attributable to members of the parent entity		-	429	-	429
Shares issued	12	2,775	-	-	2,775
Share-based payment expense	13	-	-	38	38
Balance at 30 June 2023		22,208	1,697	165	24,070

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the preliminary final report

1. Dividends

Final dividend resolved to be paid	-
Date the dividend is payable	n/a
Ex-dividend date	n/a
Record date	n/a
Last date for receipt of election notice to participate in the dividend reinvestment plan	n/a

	Current Year	Prior Year
Interim dividend	-	-
Final dividend	-	-
	-	-

2. Earnings Per Share

	30 June 2023 Cents	30 June 2022 Cents
Basic earnings per share	0.23	0.83
Diluted earnings per share	0.22	0.81
	Number	Number
Weighted average number of shares used in the		
- calculation of basic EPS	189,605,747	173,444,588
- calculation of diluted EPS	194,421,747	178,360,588

As at the date of this report there are 2,500,000 (2022: 2,500,000) options over ordinary shares and 2,316,000 (2022: 3,556,000) performance rights in the Company.

The amount used in the numerator in calculating basic and diluted EPS is the total comprehensive income attributable to owners of the parent reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. Net Tangible Asset Backing

	30 June 2023	30 June 2022
Net tangible asset backing per share	\$0.01	(\$0.01)

Notes to the preliminary final report

4. Income Tax

Income tax expense / (credit) for the year consists of the following:

	30 June 2023 \$000s	30 June 2022 \$000s
Profit from continuing operations before tax	727	1,421
Prima facie income tax calculated at 30%	218	426
Effect of non-deductible expenses	21	17
Effect of non-assessable gain on de-recognition of investment in associated company	-	(462)
	239	(19)
Adjustments for prior years	59	14
Restatement of future tax benefit: - from 26% to 30% ¹	-	(19)
Net income tax expense / (benefit)	298	(24)

Notes

- to reflect expected FY22 revenues exceeding \$50M and the entity no longer qualifying for lower tax rate

5. Financial assets

	30 June 2023 \$000s	30 June 2022 \$000s
Current		
Leases – right of use assets	371	349
Non-current		
Leases – right of use assets	95	467
Employee loans ¹	189	186
	284	653

Notes

- The employee loan was advanced to a vendor shareholder of Acumentis (WA) Holdings Pty Ltd to enable retirement of debt secured against that shareholder's investment in Acumentis (WA) Holdings Pty Ltd. The loan carries interest at a rate equal to the 6 monthly bank bill swap rate plus 2.6% and is repayable in full on the date of payment of any contingent consideration for the acquisition being August 2025. The loan is secured by the 2,606,565 ordinary shares in Acumentis Group Limited issued to the vendor as part consideration for the acquisition.

Notes to the preliminary final report

6. Property, plant & equipment

	Office Equipment \$000	Furniture and Fittings \$000	Leasehold Improvements \$000	Motor Vehicles \$000	Total \$000
Cost					
Balance at 1 July 2021	1,393	574	446	-	2,413
Additions – cash	400	46	1	-	447
Acquisition of controlled entities	375	57	164	68	664
Disposals	(163)	(16)	-	-	(179)
Balance at 30 June 2022	2,005	661	611	68	3,345
Balance at 1 July 2022	2,005	661	611	68	3,345
Additions – cash	246	67	18	-	331
Disposals	(53)	(155)	(208)	-	(416)
Balance at 30 June 2023	2,198	573	421	68	3,260
Accumulated Depreciation					
Balance at 1 July 2021	1,005	475	221	-	1,701
Acquisition of controlled entities	303	49	120	10	482
Depreciation charge for the year	254	57	90	6	407
Disposals	(163)	(16)	-	-	(179)
Balance at 30 June 2022	1,399	565	431	16	2,411
Balance at 1 July 2022	1,399	565	431	16	2,411
Depreciation charge for the year	345	48	69	13	475
Disposals	(53)	(147)	(163)	-	(363)
Balance at 30 June 2023	1,691	466	337	29	2,523
Carrying Amounts					
1 July 2021	388	99	225	-	712
30 June 2022	606	96	180	52	934
1 July 2022	606	96	180	52	934
30 June 2023	507	107	84	39	737

Notes to the preliminary final report

7. Right of Use Assets

	Buildings \$000	Office Equipment \$000	Total \$000
Cost			
Balance at 1 July 2021	7,273	-	7,273
Additions	1,724	208	1,932
Acquisition of controlled entities	171	-	171
Disposals	(4,252)	-	(4,252)
Balance at 30 June 2022	4,916	208	5,124
Balance at 1 July 2022	4,916	208	5,124
Additions	1,273	-	1,273
Disposals	(1,924)	-	(1,924)
Balance at 30 June 2023	4,265	208	4,473
Accumulated Depreciation			
Balance at 1 July 2021	4,701	-	4,701
Acquisition of controlled entities	62	-	62
Depreciation charge for the year	1,054	69	1,123
Disposals	(3,251)	-	(3,251)
Balance at 30 June 2022	2,566	69	2,635
Balance at 1 July 2022	2,566	69	2,635
Depreciation charge for the year	1,188	69	1,257
Disposals	(1,924)	-	(1,924)
Balance at 30 June 2023	1,830	138	1,968
Carrying Amounts			
1 July 2021	2,572	-	2,572
30 June 2022	2,350	139	2,489
1 July 2022	2,350	139	2,489
30 June 2023	2,435	70	2,505

Notes to the preliminary final report

8. Intangible Assets

	30 June 2023 \$000s	30 June 2022 \$000s
Goodwill	20,324	20,324
Computer software	1,575	1,680
Trademarks	241	241
	22,140	22,245
Movement in goodwill		
Balance at 1 July	20,324	12,529
Acquisition of controlled entities	-	7,822
Reduction in previously recognised goodwill	-	(27)
Balance at 30 June	20,324	20,324
Movement in computer software		
Balance at 1 July	1,680	1,467
Acquisition of controlled entities	-	1
Additions	450	617
Amortisation	(555)	(405)
Disposals	-	-
Balance at 30 June	1,575	1,680
Movement in trademarks		
Balance at 1 July	241	241
Additions	-	-
Disposals	-	-
Balance at 30 June	241	241

9. Borrowings

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Bank loans	-	900
Motor vehicle loan	8	8
	8	908
Non-current		
Bank loans	-	1,400
Motor vehicle loan	39	48
	39	1,448

Notes to the preliminary final report

10. Lease Liabilities

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Leases – right of use assets	1,765	1,561
Non-Current		
Leases – right of use assets	1,566	2,271

11. Deferred consideration

Deferred consideration relates to the acquisition of Acumentis (WA) Holdings Pty Ltd (“ACU WA”) on 1 July 2021 and the acquisition Acumentis (SA) Pty Ltd (“ACU SA”) on 1 February 2022.

	30 June 2023 \$'000	30 June 2022 \$'000
Current		
Fixed consideration		
ACU WA paid in two equal instalments on 10 Aug 2022 & 10 Feb 2023	-	286
ACU SA paid in two equal instalments on 23 Jul 2022 & 23 Jan 2023	-	120
ACU WA payable 10 Aug 2023	143	-
	143	406
Non-Current		
Fixed consideration		
ACU WA payable 10 Aug 2023	-	143
Contingent consideration	1,263	1,263
	1,263	1,406
Total	1,406	1,812

The contingent consideration is calculated based on a multiple (4.5X for ACU WA and 3X for ACU SA) of the average profit before tax for the three years ended 30 June 2025 minus initial and fixed deferred consideration previously paid. Any contingent consideration ultimately payable will be satisfied via a mixture of cash and issue of Acumentis Group Limited ordinary shares (55% cash for ACU WA and 75% cash for ACU SA) and will be settled following finalisation of the FY2025 audit (expected to be August 2025).

Notes to the preliminary final report

12. Contributed Equity

	30 June 2023 \$'000	30 June 2022 \$'000
Issued and paid-up capital		
218,174,605 (2022: 175,317,445) ordinary shares, fully paid	22,208	19,433
Movements during the period:		
Balance at 1 July	19,433	44,887
Shares issued as part consideration for acquisition	-	1,846
Shares issued to settle advisor fees relating to acquisitions	-	123
s258F capital reduction	-	(27,423)
Shares issued via placement & share purchase plan	3,000	-
Costs incurred in relation to the shares issued	(225)	-
Balance at 30 June	22,208	19,433

On 9 February 2023, the Company issued 21,928,571 ordinary shares at 7 cents per share under a placement to institutional, professional and sophisticated investors under ASX Listing Rule 7.1.

On 17 March 2023, the Company issued 6,642,857 ordinary shares at 7 cents per share to directors of the Company, under a placement with the issue to directors approved at an Extraordinary General Meeting held on 10 March 2023.

On 17 March 2023, the Company issued 3,685,732 ordinary shares at 7 cents per share to existing shareholders under a Share Purchase Plan (SPP).

On 24 March 2024, the Company issued 10,600,000 ordinary shares at 7 cents per share to institutional, professional and sophisticated investors under a placement of the SPP Shortfall with the placement of the shortfall approved by shareholders at an Extraordinary General Meeting held on 10 March 2023.

13. Other Reserves

	30 June 2023 \$'000	30 June 2022 \$'000
Share-based payments		
Balance at 1 July	127	31
Performance rights expense	38	96
Balance at 30 June	165	127

14. Changes to accounting policies

There have been no changes in accounting policies in the current financial year.

15. Going Concern

The directors are satisfied that the going concern basis of preparation is appropriate and therefore the financial information does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

Notes to the preliminary final report

16. Contingent Liabilities

In 2019, the Company was the victim of two cyber-attacks which resulted in significant losses. The Company's cyber insurance policy responded and paid \$1.1M to external consultants and \$2.0M to the Company.

On 17 December 2021, the Company's cyber insurers notified the Company that they now consider that the two cyber-attacks should be aggregated as a single claim and accordingly have requested repayment of \$1.1M.

Based on insurance specialist legal advice the Directors have rejected the repayment request.

The Directors believe that the Company will be successful in rebutting the insurers proposition and accordingly do not expect to repay any portion of the insurance benefits received and therefore no amounts have been provided for in the accounts as at 30 June 2023.

The Directors do not believe that legal costs that may be incurred in relation to this matter will have a material impact on the financial result for the FY24.

The Consolidated Entity, from time to time, is involved in matters of litigation in the normal course of business in undertaking valuation services.

At 30 June 2023 there are no open litigated claims that are expected to have a material impact on the results of the Consolidated Entity.

The Consolidated Entity has professional indemnity insurance, and under the terms of the insurance policy, each claim has an excess which is required to be paid by the Consolidated Entity. It was not practical to estimate the maximum contingent liability arising from litigation; however, in a worst-case situation there could be a material adverse effect on the Consolidated Entity's financial position.

In the directors' opinion, disclosures of any further information in relation to litigation would be prejudicial to the interests of the Consolidated Entity.

17. Compliance Statement

This report is based on financial statements to which the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The financial statements have been audited. | <input type="checkbox"/> | The financial statements have been subject to review. |
| <input checked="" type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have not yet been audited or reviewed. |

The Company has a formally constituted Audit Committee.