

# ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)



26 July 2021

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By E-Lodgement

## QUARTERLY ACTIVITY REPORT (APPENDIX 4C)

Acumentis Group Limited (“Acumentis” or “the Company”) is pleased to release its Quarterly Activity Report and associated Appendix 4C (Quarterly Cash Flow Report) to the market.

### Highlights

- Acumentis delivers its strongest quarter of revenues since 2018 totalling \$12.8M
- Company generates quarterly operating cashflows of \$1.9M
- Ongoing investment in IT and valuation management systems ensures that the Company remains an industry leader with its valuation management system ISO27001 and IRAP certified
- Company has net cash balances of \$1.1M (\$3.7M cash less \$2.6M term debt) and its funding has been further strengthened via an increase in overdraft facility from \$1.2M to \$1.7M
- Acquisition of the business and assets of Saunders & Pitt (Tasmania) completed effective 1 April 2021
- Acquisition of the remaining 57.8% of Acumentis (WA) Holdings Pty Ltd (the Company’s WA associate) completed effective 1 July 2021

### Overview of Acumentis’ operating environment

We continue to see high levels of demand for our services driven by buoyant lending activity for both new loans and refinancing. This is supported by historically low interest rates which we anticipate will remain low for the foreseeable future.

With the strong recovery in the property markets post the initial falls when COVID19 outbreaks occurred in 2020, as well as the general improvement in economic conditions as the global vaccination programs progress, we anticipate that favourable market conditions will continue in the medium term. However, should the current COVID outbreaks continue for an extended period, then revenues could be adversely impacted.

In addition to our strategy of geographic expansion which has been further enhanced via the acquisition of Saunders & Pitt in Tasmania and the balance of Acumentis (WA) Pty Ltd, we have enhanced our services to non-mortgage private sector clients and have invested in business development within the Federal, State and local Government sectors.



## Business Activities for the Quarter

The business activities of the Company remained unchanged during the quarter to June 2021.

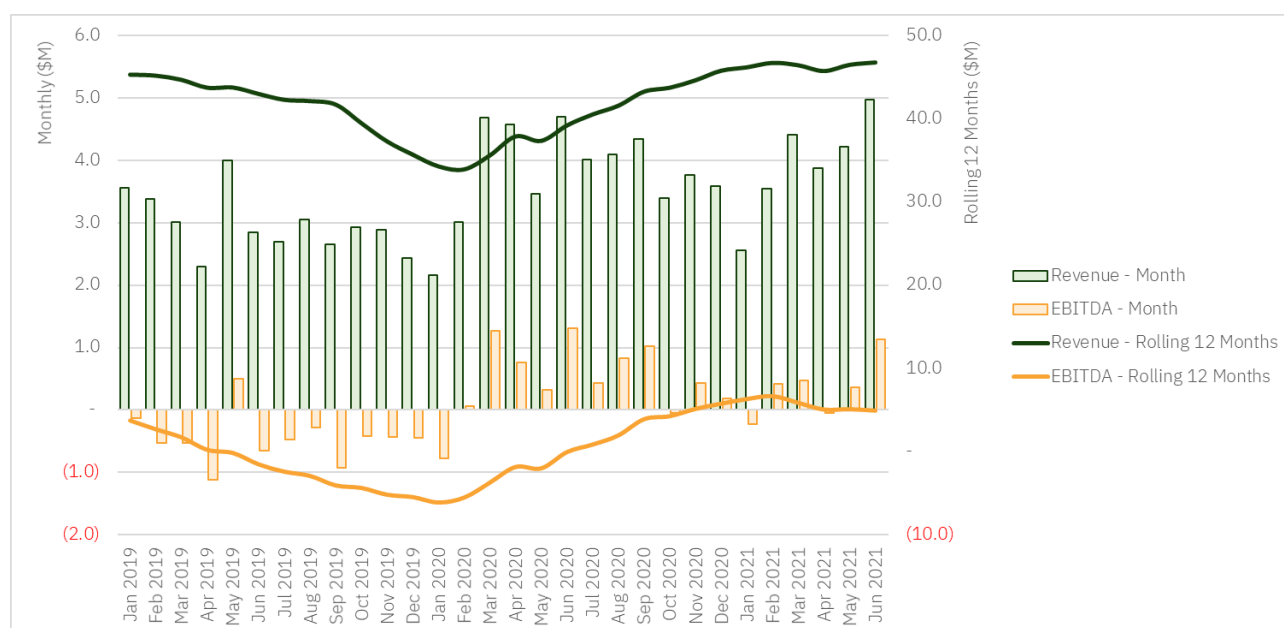
Revenues continued to grow as the Company completes its transformation as announced following its recapitalisation in August 2019. The current quarter revenues totalling \$12.8M were the largest recorded by the Company since 2018.

The June 2021 quarter saw revenues increase 22% compared to the March 2021 quarter.

Cash expenditure was in line with expectations, however there were one-off, non-cash, impairment charges relating to statutory services customer relationship intangible and goodwill of \$11.9M booked in June 2021.

The Company has continued its investment in technology as well as geographical coverage, service offering and client diversification. We believe that our valuation management system continues to be the only ISO27001 and IRAP certified valuation management system in Australia.

The following graph displays revenue and EBITDA per month (left hand axis) and on a rolling 12-month basis (right hand axis) since January 2019 and illustrates the recovery in revenues and profits in the second half of FY2020 and continuing through FY2021.



Quarterly cash generated from operating activities was \$1.9M compared to consumption of \$0.3M of cash in the previous quarter.

At 30 June 2021, the Company has cash balances of \$3.7M, term loan balances of \$2.6M and an unused overdraft facility of \$1.7M.

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## Acquisition of Saunders & Pitt, Tasmania

The acquisition of Saunders & Pitt announced on 15 March 2021 completed with effect 1 April 2021 which expanded Acumentis' operations throughout Tasmania. The acquisition resulted in net cash consideration of \$107K being paid and the issue of \$400K of Acumentis ordinary shares for total consideration of \$507K.

For the period post acquisition, the business generated \$410K of revenues and made an operating loss of \$24K. These results were in line with expectations and included one off integration, rebranding, recruitment, training and travel expenditures.

## Acquisition of Remaining 57.8% of Acumentis (WA) Holdings Pty Ltd

The acquisition of the remaining 57.8% of Acumentis (WA) Holdings Pty Ltd (the Company's WA associate) completed on 23 July 2021 with an effective date of 1 July 2021.

The acquisition valued this business at \$6.3M (based on normalised PBT plus net cash balances) and therefore \$3.6M for the 57.8% being acquired. Initial cash consideration of \$1.8M has been paid with a further \$0.2M payable and 13,703,284 ordinary shares in Acumentis Group Limited have been issued to the venders.

Via this acquisition, \$0.9M of net cash balances have been added to the group's balance sheet effective 1 July 2021.

## Payments to Associates (refer section 6 of Appendix 4C)

During the current quarter, director's fees totalling \$75,300 were paid to non-executive directors of the Company in line with their employment contracts.

By order of the Board.

John Wise

Company Secretary

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## About Acumentis

Acumentis is entrusted to provide commercial and residential valuations, research and property advice to many thousands of homeowners, investors, developers and lenders. The company offers property valuation, insurance valuation and advisory services to clients including major banks and financial institutions, property developers, property trusts, government, lawyers, accountants, real estate agents and major and independent retailers. With 40 offices and more than 300 staff in metropolitan and regional locations around the country, Acumentis is Australia's only independent, locally owned, ASX-listed property valuation company.