



## KEITH PERRETT, CHAIRMAN



Dear Shareholders

It is with pleasure that I present my Chairman's Report for the year ended 30 June 2021.

### Growth & Diversification

Ladies and Gentlemen,

It is very pleasing to be able to report to you that we now have a very stable successful business that is now in a situation where the Board and senior management can focus on strategy of further growth through continuing with building staff numbers, geographical expansion and product and client diversification, focusing the business on areas that will drive sustainable profitability well into the future.

Our completed acquisition of Saunders & Pitt in April 2021 has added expertise and coverage throughout Tasmania and has been well supported by many of our loyal clients looking for alternative high quality service providers in that state.

On 23 July 2021 we completed the acquisition of the balance of the Acumentis WA business in which we previously held a 42.2% stake. This will add over \$7M of revenue to the group and now allows the business to operate throughout the majority of Australia via a single legal entity in line with our clients preferred operational model. Businesses with investments across Australia can now contract Acumentis to do all their work in a seamless easy transaction ensuring a high quality consistent service across the Nation.

We have redoubled our investment in business development with a focus on non-mortgage related valuations as well as government and corporate valuation and advisory services which is seeing an increased volume of non-traditional work.

### Continued Investment in IT, Security & Privacy

We continue to invest in IT to deliver improved systems for our staff leading to enhanced service delivery to our clients.

IT security and data privacy remain core requirements for professional services organisations and we have maintained our ISO27001 and IRAP certifications and will continue to invest in ensuring we provide our clients with the necessary confidence levels to engage and do business with Acumentis.

### Our Employees

FY2021 has seen our headcount increase significantly as we continue to expand our geographical footprint and enhance our valuation and advisory services.

CEO Tim Rabbitt and CFO / Company Secretary John Wise lead an exceptional senior management team that have displayed great competence, innovation and a dedication to the business that is second to none. The strength of this team is a key driver of the success of this business

I would personally like to thank every member of the Acumentis team who have continued to work exceptionally hard to ensure that Acumentis delivers the high quality services, demanded by our clients.

### The Path Forward

There are always challenges in a business and we have seen the impacts that COVID lockdowns have had predominantly across the Sydney and Melbourne metropolitan areas as well as some disruptions around border areas. However, the strength and performance of the rest of the business has certainly made up for the downturn in those areas. This strongly indicates that we are well positioned to continue the growth in our revenues and also profitability as the country opens up further and the property market continues with high levels of activity.

Our work to achieve the enormous potential that I believe exists for Acumentis will still require continued investment predominantly over the first half FY22. The returns from these investments will start to accrue in the second half FY22 and then accelerate through FY23 and beyond. I am also confident that we will exceed our earlier guidance to the market.

### Thanks

Again, I would like to thank you, our shareholders, for your support for the business, our executive team for successfully prosecuting our strategies and our employees for their loyalty and resilience.

I will now hand over to Tim for his CEO's address.





## TIM RABBITT, CEO

Thank you, Keith.

I would also like to personally welcome all our shareholders to the 2021 AGM and apologise that, due to COVID-19, we are unable to meet you face to face but at least the virtual meeting technology makes it easier for shareholders to attend.

With Australia now learning to live with COVID, the 2022 AGM will likely revert to a physical meeting.

I would like to cover the following topics in my address:

- Geographical expansion
- Single National Business
- Our People
- FY21 performance
- Market outlook
- FY22 – Our strategy delivers



In April 2021 we successfully completed our acquisition of Saunders & Pitt, a Tasmanian valuation business dating back to 1904 with offices in Hobart and Launceston.

This established the Acumentis brand in Tasmania and allowed us to quickly leverage our existing national clients and resources to grow this business and we anticipate further growth over the coming years.

In July 2021 we completed the acquisition of the remaining 57.8% of Acumentis WA, our long term associate in Western Australia.

Acumentis WA was already very closely integrated with the wider Acumentis Group and, whilst its acquisition will deliver some small cost synergies, it will further enhance our ability to deliver on our aim to provide services throughout Australia via a single corporate entity.

As well as the acquisitions, we opened offices in Shepparton and Gippsland further enhancing our coverage of regional Victoria.

We continue to look for opportunities to establish additional regional offices and we continue to actively recruit high quality and motivated professional staff to join our team.

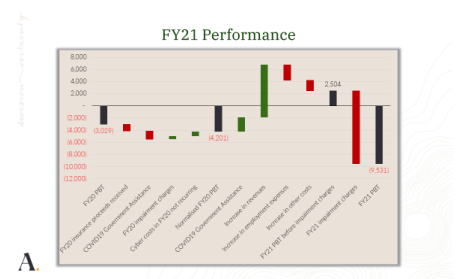
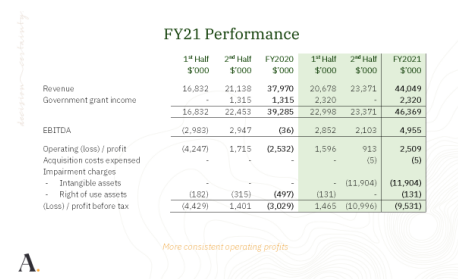


Our clients have long expressed a desire to be able to contract with a single entity for the delivery of services throughout Australia.

We are moving towards 100% ownership of all businesses trading as Acumentis and have established sub-contract arrangements with the small number of non-owned Acumentis branded businesses to facilitate meeting our clients' goals.

Since July 2021, our clients can contract with a single legal entity and receive services across the whole of Australia.

We expect to continue to grow our revenues and operating profits into the future without materially increasing our corporate and overhead expenses.





Whilst COVID lockdowns have had varying impacts on the economy and our business performance, we are now seeing these ease with an expectation that Australia will move to a “living with COVID” stance which will enable the economy and businesses to rebound.

We have already seen business confidence rebound strongly in September and anticipate this will continue into calendar 2022.

Consumer confidence has understandably dipped in the middle of calendar 2021 with the strong lockdowns affecting the two largest states of NSW and VIC, however we are now seeing the start of a rebound in consumer confidence and anticipate that this will continue as we head through the Summer.

Housing finance levels remain elevated for both new loans and external refinancing which is driving strong demand for our services from financial institutions. Again, we anticipate that this will continue for the medium term.

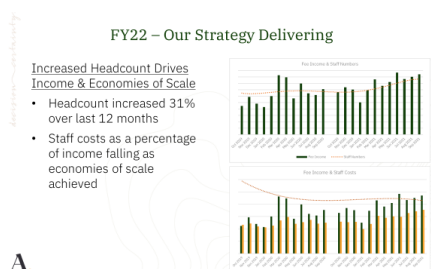
Our investment in growing non-mortgage related revenues is paying off with these revenues growing strongly through FY21 and continuing in FY22.



Pleasingly, over the last 24 months we have been reinstated on the majority of financial institution valuation panels and, together with our geographical expansion, this has contributed to strong and ongoing growth in our revenues from this sector.

During this period, we have also focussed on diversifying our revenue via targeting of corporate and private clients and delivering additional services including depreciation schedules, reports for self-managed super funds and advisory services to family law clients.

This has seen the business grow its revenues from corporate and private clients.



Our strategy of growing professional headcount has been rewarded with increased revenues and achievement of scale economies.

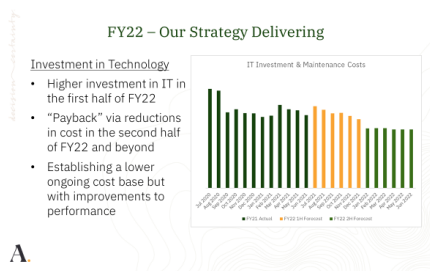
Headcount increased 31% over the last 12 months and the key ratio of staff costs as a percentage of revenue has fallen and continues to fall.

Our existing corporate shared services capabilities can support further growth in professional staff thereby delivering further economies of scale and growth in profitability.



We have been successful in controlling our cash overheads whilst we have rebuilt the business.

This has seen the ratio of cash overheads to revenues fall and we anticipate that this trend can be maintained into the future as we continue to grow the business.



We have invested heavily in IT over the last 2-3 years securing ISO27001 and IRAP certification and delivering efficiencies to our professional staff.

Whilst we anticipate higher expenditure in the first half of FY22, this will deliver a “payback” of lower ongoing costs from the second half of FY22 and beyond.

We will establish a lower ongoing cost base for the business whilst simultaneously improving performance.



We are on track to deliver on our previous guidance.

In particular, assuming present market conditions continue, we expect FY22 revenues to exceed \$50M and EBITDA to exceed \$3M.

Beyond FY22 we continue to target \$60K+ revenues and longer term EBITDA in the range 10-15% of revenue.

That concludes my address, however I would again like to take the opportunity to thank our shareholders for their support during the last 3 years and look forward to greater success in the future.

I will now hand back to our chairman, Keith, to consider the formal part of the AGM.