

29 April 2022

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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) for the quarter ended 31 March 2022 to the market.

#### **Highlights**

Acumentis continues to perform well despite challenging operating conditions.

- Completed the acquisition of Acumentis (SA) Pty Limited on 1 February 2022 which is expected to add annual revenues of \$1.6M and annual EBITDA of \$0.3M in the near term, with further growth expected through coming periods.
- 13% growth in quarterly revenues to \$12.9M vs prior corresponding period of \$12.1M.
- Revenue contributed by the WA associated company acquired 1 July 2021 was \$1.8M and the SA business acquired 1 February 2022 contributed \$0.3M.
- On a like for like basis, the WA business increased revenues by 12% and the SA business by 44% reflecting the strong market conditions and the growth potential as we capitalise on being a truly single national business.
- EBITDA for the current quarter of \$0.2M vs prior corresponding quarter EBITDA of \$0.9M, however the current quarter includes non-recurring acquisition and redundancy costs.
- Consumed \$1.4M cash within operating activities reflecting the cyclically quieter January / February period as well as the acquisition and redundancy costs incurred.
- Refinanced the St George Bank Bills via Westpac Corporate Loans and commenced monthly amortisation of \$75K per month from March 2022.
- Closing cash of \$1.5M and access to unused overdraft facility of \$1.7M.

#### **Overview of Acumentis’ operating environment**

Whilst demand for Acumentis’ services remains strong, we have faced delivery challenges arising from staff affected by COVID and also the floods in NSW and QLD restricting physical access to many regions. COVID staffing issues have also affected some of our clients which has impacted workflows.

Whilst the current buoyant property market has resulted in a shortage of qualified valuers, we have been successful in increasing our valuer headcount in the current quarter and intend to continue our recruitment activities, which will facilitate our continued growth in revenues.

# ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)



Tim Rabbitt, CEO, commented “The great culture we have built has us well placed to deliver on our strategies, and continue our growth and improvements to profitability. Our employees have demonstrated great resilience and exceptional performance through the impacts of COVID and the QLD/NSW floods, setting Acumentis up to improve our market share”.

## **Business Activities for the Quarter**

The business activities of the Company remained unchanged during the quarter to March 2022.

Revenue growth of 6% was achieved via continued investment in the existing network and the acquisition of Acumentis (WA) Pty Limited & Acumentis (SA) Pty Limited.

The Acumentis business now operates under a single ownership structure providing services to its clients in all States and Territories of Australia.

Our closing balance sheet remains strong despite the negative quarterly cashflows. Closing cash balances total \$1.5M and the company has access to a further \$1.7M overdraft facility which ensures we have adequate resources to support working capital commitments.

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

During the current quarter, director’s fees totalling \$75,000 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.

## Appendix 4C

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

**Name of entity**

Acumentis Group Limited (ASX: ACU)

**ABN**

50 102 320 329

**Quarter ended ("current quarter")**

Mar 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,549	43,143
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	(364)	(1,163)
(e) staff costs	(9,971)	(30,236)
(f) administration and corporate costs	(2,673)	(8,700)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	(75)	(240)
1.6 Income taxes received / (paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
- GST paid	(924)	(3,320)
- Sub-lease rental income	89	179
- Change in security deposits	(40)	(5)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,407)</b>	<b>(325)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) Entities (including deferred consideration)	(292)	(865)
	(b) businesses	-	-
	(c) property, plant and equipment	(296)	(668)
	(d) investments	-	-
	(e) intellectual property	-	-
	(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 ( <i>repayment of consideration re acquisition of Saunders &amp; Pitt in April 2021</i> )	-	27
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(588)</b>	<b>(1,506)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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 or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(76)	(212)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid ( <i>paid by Acumentis (WA) and relates to pre-acquisition period</i> )	-	(110)
3.9	Other (provide details if material)	1	1
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(75)</b>	<b>(321)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,604	3,686
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,407)	(325)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(588)	(1,506)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(75)	(321)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,534</b>	<b>1,534</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	1,534	3,604
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,534</b>	<b>3,604</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	75
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
<b>Directors' fees paid.</b>		

<b>7. Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	2,525	2,525
7.2 Credit standby arrangements	1,700	-
7.3 Other (provide details)	-	-
7.4 <b>Total financing facilities</b>	<b>4,225</b>	<b>2,525</b>
7.5 <b>Unused financing facilities available at quarter end</b>		<b>1,700</b>
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.		
<p><b>Loan facilities</b></p> <p>Commercial loan facility from Westpac Bank Limited secured with fixed and floating charge over the assets and business of Acumentis and carrying interest at BBSY + 2.6% (currently 3.7%).</p> <p>The loan is amortised at \$75,000 per month and is subject to annual review with the next review due on 30 September 2022.</p> <p><b>Credit standby arrangements</b></p> <p>Commercial overdraft facility from Westpac Bank Limited secured with fixed and floating charge over the assets and business of Acumentis and carrying interest at the banks commercial base rate (currently 5.54%).</p> <p>There is no maturity date for the commercial overdraft facility, however it is subject to annual review with the next review due on 30 September 2022.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,407)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,534
8.3	Unused finance facilities available at quarter end (item 7.5)	1,700
<b>8.4</b>	<b>Total available funding (item 8.2 + item 8.3)</b>	<b>3,234</b>
<b>8.5</b>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2.3</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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?	
	<div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>	
8.6.2	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?	
	<div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

## 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: 29 April 2022

Authorised by: By the Board

(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.