

ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)



18 April 2024

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By E-Lodgement

MARCH 2024 - 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 2024 to the market.

Highlights

Acumentis delivers its 5th consecutive profitable quarter, demonstrating its continued improvement in performance. The positive result was achieved thanks to the Company’s successful diversification of its revenue sources, despite ongoing challenges in the interest rate environment and continued subdued finance-related volumes.

- Quarterly revenues of \$13.0M up 3% year on year
- Quarterly EBITDA of \$0.8M and quarterly PBT of \$0.3M
- Quarterly operating cashflows of \$0.4M
- Closing cash balances of \$3.2M with unused finance facilities of \$3.0M
- Year-on-year increase in PBT of \$2.4M for the 12 months
- Year-on-year increase in EBIDA by \$2.2M for the 12 months
- Year-on-year increase in Operating cashflows by \$4.2M for the 12 months

Summary Results

Acumentis has reported profits for the fifth consecutive quarter. Historically the March quarter experiences slower trading during the January holiday period. A year-on-year comparison of the quarterly results shows comparable profitability and improved operating cashflows. When comparing 12-month periods, there has been a turnaround from loss to profit due to improvements in cost base.

\$M	Quarter Ended		12 Months Ended	
	Mar 24	Mar 23	Mar 24	Mar 23
Revenue	13.0	12.6	55.4	54.4
PBT	0.2	0.4	2.2	(0.2)
EBITDA	0.8	1.1	4.7	2.5
Operating Cashflows	0.4	(0.8)	4.6	0.4

Year on year improvements were delivered:

- PBT increased by \$2.4M for the 12 months.
- EBITDA increased by \$2.2M for the 12 months.
- Operating cashflows increased by \$4.2M for the 12 months.



Overview of Acumentis' operating environment

Inflation appears to have peaked in calendar year 2023 and is now showing signs of easing, leading to expectations that the period of interest rate tightening has also peaked. Since July 2023, there has been only one interest rate increase, with economists anticipating easing of interest rates from late 2024 into 2025.

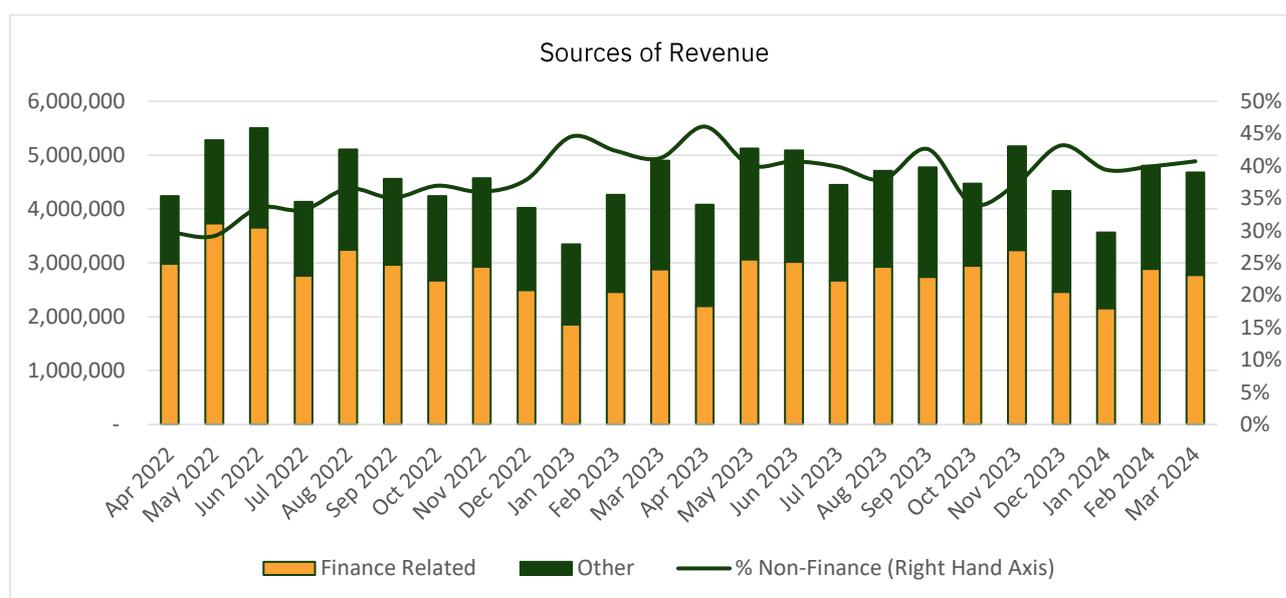
Finance related valuation work continues to be relatively subdued. The Company remains committed to the strategic priority of diversifying revenue sources for non-finance related work in corporate and government sectors and continues to demonstrate success in executing this strategy. It is anticipated that, with easing of interest rates, finance volumes will recover to historical levels.

Business Activities for the Quarter

The business activities of the Company remained unchanged during the quarter to March 2024.

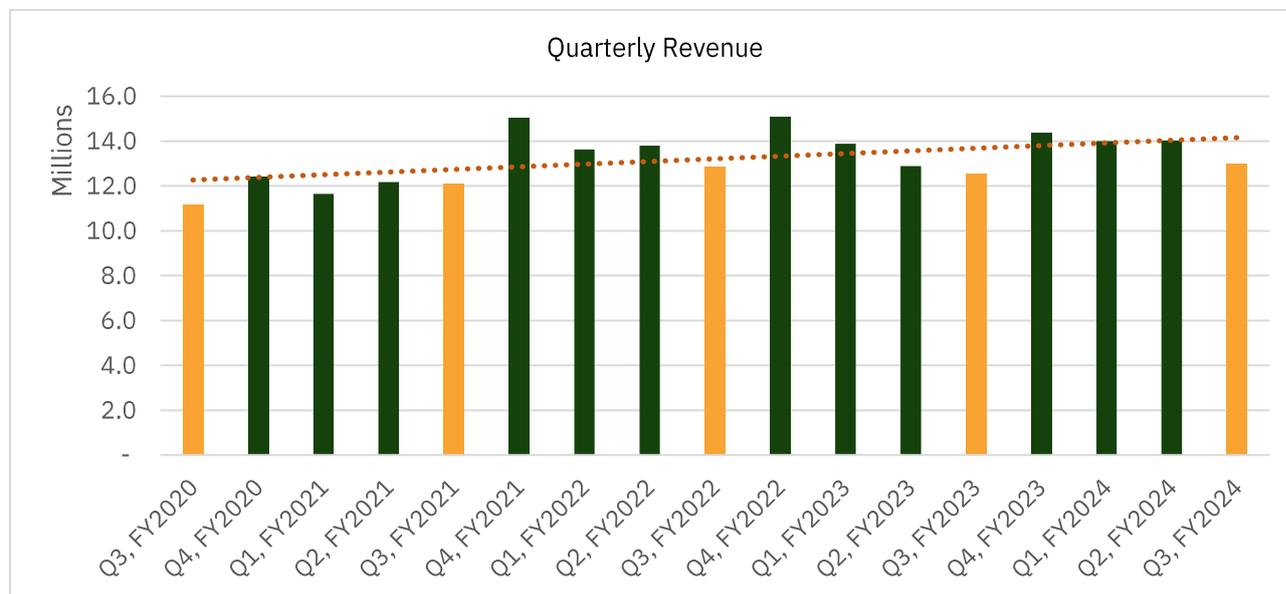
Revenues

Revenues for the March 2024 quarter were \$13.0M, (up \$0.4M compared to \$12.6M for the March 2023 quarter). Revenues from government, corporate and private clients accounted for 40% of total revenues for the quarter.





With the continued success of the strategy to diversify revenues, the Company has been able to maintain the long term revenue growth trajectory.



Operating Expenses

Employments costs decreased \$0.7M for the quarter (compared to Dec 2023 quarter) reflecting the seasonal slowdown typical of the March quarter. On a rolling 12-month basis, employment costs reduced \$0.3M due to the restructuring undertaken in calendar 2022.

Other operating expenses were \$0.3M lower for the quarter (compared to Dec 2023 quarter) and \$1.0M lower year on year (on a rolling 12-month basis) as a result of continued focus on optimising the Company’s expense profile.

Closing cash and facilities

At 31 March 2024, the business is well capitalised with a cash balance of \$3.2M and access to an unused funding facility of \$3.0M.

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

During the current quarter, directors’ fees totalling \$76,000 were paid to non-executive directors of the Company in line with their employment contracts.

By order of the Board.

John Wise
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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")

March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	14,210	45,572
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	(433)	(1,340)
	(e) staff costs	(9,838)	(29,992)
	(f) administration and corporate costs	(2,606)	(9,125)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	22	45
1.5	Interest and other costs of finance paid	(96)	(207)
1.6	Income taxes received / (paid)	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	- GST paid	(983)	(3,280)
	- Sub-lease rental income	94	277
	- Other	-	-
1.9	Net cash from / (used in) operating activities	370	1,950

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) Entities (including deferred consideration)	-	(143)
(b) businesses	(95)	(95)
(c) property, plant and equipment	(23)	(226)
(d) investments (term-deposits net change)	-	(28)
(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 (provide details if material)	8	8
2.6 Net cash from / (used in) investing activities	(110)	(484)

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 or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(2)	(6)
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	(2)	(6)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,899	1,697
4.2	Net cash from / (used in) operating activities (item 1.9 above)	370	1,950
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(110)	(484)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	(6)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,157	3,157

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	3,157	2,899
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)	3,157	2,899

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	77
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Directors' fees paid.</p>		

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	3,000	-
7.3 Other (provide details)	-	-
7.4 Total financing facilities	3,000	-
7.5 Unused financing facilities available at quarter end		3,000
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>Credit standby arrangements</p> <p>Receivables invoice finance facility from Westpac Bank Limited secured with fixed and floating charge over the assets and business of Acumentis and carrying interest at the banks invoice finance 30 day bank bill rate (currently 4.25%) plus a margin of 2.1%. In addition to interest, a 1% line fee is charged.</p> <p>There is no maturity date for the facility, however it is subject to annual review with the next review due on 31 October 2024.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	370
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,157
8.3 Unused finance facilities available at quarter end (item 7.5)	3,000
8.4 Total available funding (item 8.2 + item 8.3)	6,157
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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?	
Answer:	
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?	
Answer:	
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?	
Answer:	
<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: 18 April 2024

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.