



Acumentis Group Limited

A.C.N. 102 320 329

Results for announcement to the market

ASX Preliminary Final Report

Appendix 4E

30 June 2024

Lodged with the ASX under Listing Rule 4.3A

Financial Results

The company delivered a year-on-year increase in revenues from continuing operations of 5% with growth in fees from financial institutions of 2% and corporate and privates of 18% offset by an 11% reduction in fees from Government entities due to the scaling down of work relating to the 2022 flood events. Our regional business continued to grow with the opening of an office in Darwin and growth in our Canberra office and we have seen a successful launch of our business valuations services via the acquisition of the business and assets of Gill Wright & Associates Business Valuations.

The company booked an impairment charge against previously capitalised software which is now deemed obsolete as the company's strategy is to move away from in-house developed software to use of cloud-based systems and "low-code / no-code" platforms to support the business. This strategy improves agility and reduces ongoing costs of development.

The company agreed to settle a long running claim from its cyber insurer relating to the cyber attacks in 2019. The claim related to whether the two attacks should be aggregated and the insurers had demanded repayment of \$1.1M benefit paid in 2019. The company has agreed to repay \$300K in full and final settlement of the aggregation claim in order to avoid legal costs defending the claim and the associated litigation risk if the matter progressed to trial.

The company also recorded legal costs and provision for settlement of a legal claim within the insurance excess. Whilst the company has strong legal advice that the claim is defensible, if settlement is achieved or the matter is litigated, the company's exposure will be limited to the insurance excess which has been fully provided as at 30 June 2024.

The company delivered an operating profit of \$1,403K (FY23 \$727K) and a profit before tax of \$1,945K (FY23 \$727K).

	Year ended 30 Jun 2024 \$000s	Year ended 30 Jun 2023 \$000s
Revenue		
Continuing operations	56,187	53,700
Fair value adjustment on early settlement of deferred, contingent consideration	995	-
	57,182	53,700
Operating profit from continuing operations	1,403	727
Fair value adjustment on early settlement of deferred, contingent consideration	995	-
Settlement of cyber-insurance aggregation claim	(300)	-
Costs incurred and provision for settlement of legal claim within insurance excess	(180)	-
Impairment of intangible assets (computer software)	(273)	-
Profit before tax	1,645	727

Business Overview

The business continues to diversify its revenues streams geographically with expansion into the Northern Territory and growth in the ACT and VIC in particular. The business has also successfully launched its business valuations services via the acquisition of Gill Wright & Associates Business Valuations and anticipates national growth in this offering over coming years,

The current financial year saw growth of 5% in revenues from operations with continued strong growth in fees from corporate and private clients demonstrating the ongoing success of the company's diversification strategy to be less reliant on fees from financial institutions.

The business now has a more diversified fee base with non-finance related fees making up circa 40% of total fees.

Cash at Bank

Acumentis had \$4.1M of available cash as at 30 June 2024 and has access to a \$3.0M receivables finance facility.

Dividends

On 30 August 2024, the Directors resolved to pay a final, fully franked, dividend of 0.22 cents per ordinary share (\$487K).

The record date for the final dividend will be 6 September 2024, with payment to be made on 13 September 2024. Shares will trade excluding entitlement to the final dividend on 5 September 2024.

Outlook

The company anticipates continued growth in revenues and tight cost control leading to improved returns to shareholders through FY2025 and beyond.

Summary Results for the year ended 30 June 2024

The following is a summary of the financial results for the year ended 30 June 2024.

Results for announcement to the market

	Year ended 30 June 2024 \$000s	Year ended 30 June 2023 \$000s	Increase/ (Decrease) \$000s	% Change
Revenue				
Continuing operations	56,187	53,700	2,487	5%
Fair value adjustment on early settlement of deferred, contingent consideration	995	-	995	100%
	57,182	53,700	3,482	6%
Profit before tax				
Operating profit from continuing operations	1,403	727	676	93%
Fair value adjustment on early settlement of deferred, contingent consideration	995	-	995	100%
Settlement of cyber-insurance aggregation claim	(300)	-	(300)	100%
Costs incurred and provision for settlement of legal claim within insurance excess	(180)	-	(180)	100%
Impairment of intangible assets (computer software)	(273)	-	(273)	100%
	1,645	727	918	126%
Income tax expense	(220)	(298)	78	26%
Net profit after tax from continuing operations	1,425	429	996	232%

Comparison of Half-Year Profits	Current Period \$000s	Previous Period \$000s
Consolidated net profit after tax attributable to members: reported for the 1 st Half yearly report	650	(597)
Consolidated net profit after tax attributable to members reported for the 2 nd Half year	775	1,026
Total	1,425	429

Dividends	Amount per security	Franked amount per security
Interim dividend	-	-
Final dividend	0.22 cents	0.22 cents

Dividend payment date 13 September 2024
Ex-dividend date 5 September 2024
Record date for determining entitlement to final dividend 6 September 2024

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 19 September 2024.

Acumentis expects to hold its 2024 Annual General Meeting as a hybrid event on 22 October 2024.

**Preliminary Consolidated Statement of Profit or Loss
and Other Comprehensive Income for the Year Ended 30 June 2024**

	Notes	30 June 2024 \$000s	30 June 2023 \$000s
Revenue from rendering of services		56,203	53,519
Other income	4	979	181
Total revenue		57,182	53,700
Expenses from continuing operations			
Employment expenses		41,173	39,022
Software, printing & stationery expenses		2,589	2,657
Marketing expenses		1,005	824
Insurance expenses		2,145	2,490
Administration expenses		970	1,021
Occupancy expenses		581	699
Depreciation and amortisation expenses		2,790	2,287
Travel expenses		1,475	1,306
Searches, plans & maps		768	768
Other expenses from ordinary activities		1,835	1,546
		55,331	52,620
Results from operating activities		1,851	1,080
Finance income		65	35
Finance expense		(271)	(388)
Profit before tax		1,645	727
Income tax expense	5	(220)	(298)
Profit for the year attributable to owners of the parent		1,425	429
Total comprehensive loss for the year attributable to owners of the parent		1,425	429
Basic earnings per share	2	0.65 cents	0.23 cents
Diluted earnings per share	2	0.62 cents	0.22 cents

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 2024

	Notes	30 June 2024 \$000s	30 June 2023 \$000s
Current Assets			
Cash and cash equivalents		4,140	1,697
Term deposits		261	1
Trade and other receivables		5,702	5,916
Financial assets	6	105	371
Other assets		1,203	1,064
Total Current Assets		11,411	9,049
Non-Current Assets			
Financial assets	6	175	284
Term deposits		679	913
Deferred tax assets		2,325	2,545
Property, plant & equipment	7	609	737
Right of use assets	8	1,644	2,505
Intangible assets	9	21,629	22,140
Total Non-Current Assets		27,061	29,124
Total Assets		38,472	38,173
Current Liabilities			
Trade and other payables		4,140	3,834
Borrowings	10	8	8
Lease liabilities	11	1,179	1,765
Current tax liabilities		-	-
Deferred consideration	13	176	143
Employee benefits		5,260	4,897
Total Current Liabilities		10,763	10,647
Non-Current Liabilities			
Trade and other payables		100	-
Borrowings	10	31	39
Lease liabilities	11	760	1,566
Deferred consideration	13	111	1,263
Employee benefits		475	446
Provisions		418	142
Total Non-Current Liabilities		1,895	3,456
Total Liabilities		12,658	14,103
Net Assets		25,814	24,070
Equity			
Contributed equity	14	22,342	22,208
Retained earnings		3,122	1,697
Other reserves	15	350	165
Total Equity		25,814	24,070

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

Preliminary Statement of Changes in Equity
for the Year Ended 30 June 2024

	Notes	Share Capital \$000's	Retained Earnings \$000's	Other Reserves \$000's	Total Equity \$000's
Consolidated					
Balance at 1 July 2022		19,433	1,268	127	20,828
Shares issued	14	2,775	-	-	2,775
Share-based payment expense	15	-	-	38	38
Total comprehensive income attributable to members of the parent entity		-	429	-	429
Balance at 30 June 2023		22,208	1,697	165	24,070
Balance at 1 July 2023		22,208	1,697	165	24,070
Shares issued	14	134	-	-	134
Share-based payment expense	15	-	-	185	185
Total comprehensive income attributable to members of the parent entity		-	1,425	-	1,425
Balance at 30 June 2024		22,342	3,122	350	25,814

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

Preliminary Consolidated Statement of Cashflows
for the year ended 30 June 2024

	Notes	30 June 2024 \$000s	30 June 2023 \$000s
Cash Flows from Operating Activities			
Receipts from customers		62,168	59,591
Lease receipts		370	350
Payments to suppliers and employees		(57,474)	(56,228)
Finance income received		65	32
Finance expense paid		(271)	(388)
Income tax paid		-	(36)
Net cash flows provided by Operating Activities		4,858	3,321
Cash Flows from Investing Activities			
Purchase of property, plant & equipment	7	(209)	(331)
Purchase of intangible assets	9	(81)	(450)
Acquisition of controlled entities or businesses			
- Paid on acquisition	12	(94)	-
- Deferred consideration paid	13	(143)	(406)
Decrease /(increase) in security deposits invested		(26)	15
Loans advanced		-	-
Loan repayments received		5	-
Net cash flows used in Investing Activities		(548)	(1,172)
Cash Flows from Financing Activities			
Proceeds from issue of shares net of costs	14	-	2,775
Repayment of borrowings		(8)	(2,309)
Repayment of lease liabilities		(1,859)	(1,774)
Dividends paid		-	-
Net cash flows used in Financing activities		(1,867)	(1,308)
Net increase in cash held		2,443	841
Cash at beginning of financial year		1,697	856
Cash at end of financial year		4,140	1,697

The above Statement of Cash Flows 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

Ex-dividend date

Record date

Last date for receipt of election notice to participate in the dividend reinvestment plan

-
13 September 2024
5 September 2024
6 September 2024
n/a

Interim dividend

Final dividend

Current Year	Prior Year
-	-
0.22 cents	-
0.22 cents	-

2. Earnings Per Share

Basic earnings per share

Diluted earnings per share

30 June 2024 Cents	30 June 2023 Cents
0.65	0.23
0.62	0.22

Weighted average number of shares used in the

- calculation of basic EPS

- calculation of diluted EPS

Number	Number
218,369,189	189,605,747
228,509,189	194,421,747

As at the date of this report there are no options over ordinary shares (2023: 2,500,000) and 10,140,000 (2023: 2,316,000) 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

Net tangible asset backing per share

30 June 2024	30 June 2023
\$0.02	\$0.01

Notes to the preliminary final report

4. Other income

	30 June 2024 \$000s	30 June 2023 \$000s
Fair value adjustment on early settlement of deferred, contingent consideration	995	-
Licence fee income	(32)	159
Sundry income	16	22
	979	181

Licence fee income represents fees charged to non-controlled entities which had been licenced to use the Acumentis brand and systems. Licence fees are charged as a percentage of revenue earned by the licensee. The negative income in 2024 is due to the write back of over-accrued income of \$197,000 from earlier years.

5. Income Tax

Income tax expense for the year consists of the following:

	30 June 2024 \$000s	30 June 2023 \$000s
Profit from continuing operations before tax	1,645	727
Prima facie income tax calculated at 30%	494	218
Effect of non-deductible expenses	25	21
Effect of non-assessable fair value adjustment on early settlement of deferred, contingent consideration	(299)	-
	220	239
Adjustments for prior years	-	59
Net income tax expense	220	298

6. Financial assets

	30 June 2024 \$000s	30 June 2023 \$000s
Current		
Leases – right of use assets	95	371
Employee loans	10	-
	105	371
Non-current		
Leases – right of use assets	-	95
Employee loans	175	189
	175	284

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 market rates, equal to the 6 monthly bank bill swap rate plus 2.6%. On grant, this loan was repayable in full when the deferred, contingent consideration relating to the acquisition of Acumentis (WA) Holdings Pty Ltd was settled which was expected to be in August 2025.

Notes to the preliminary final report

When the deferred, contingent consideration was settled early in May 2024 the terms were amended so that the loan is now payable in full by 30 June 2034 and now has minimum payments of \$20,000 capital plus accrued interest per calendar year. 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.

7. Property, plant & equipment

	Office Equipment \$000	Furniture and Fittings \$000	Leasehold Improvements \$000	Motor Vehicles \$000	Total \$000
Cost					
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
Balance at 1 July 2023	2,198	573	421	68	3,260
Additions – cash	191	18	347	-	556
Disposals	(21)	-	(40)	-	(61)
Balance at 30 June 2024	2,368	591	728	68	3,755
Accumulated Depreciation					
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
Balance at 1 July 2023	1,691	466	337	29	2,523
Depreciation charge for the year	325	38	311	10	684
Disposals	(21)	-	(40)	-	(61)
Balance at 30 June 2023	1,995	504	608	39	3,146
Carrying Amounts					
1 July 2022	606	96	180	52	934
30 June 2023	507	107	84	39	737
1 July 2023	507	107	84	39	737
30 June 2024	373	87	120	29	609

Notes to the preliminary final report

8. Right of Use Assets

	Buildings \$000	Office Equipment \$000	Total \$000
Cost			
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
Balance at 1 July 2023	4,265	208	4,473
Additions	465	-	465
Disposals	(311)	(208)	(519)
Balance at 30 June 2024	4,419	-	4,419
Accumulated Depreciation			
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
Balance at 1 July 2023	1,830	138	1,968
Depreciation charge for the year	1,203	70	1,273
Disposals	(258)	(208)	(466)
Balance at 30 June 2024	2,775	-	2,775
Carrying Amounts			
1 July 2022	2,350	139	2,489
30 June 2023	2,435	70	2,505
1 July 2023	2,435	70	2,505
30 June 2024	1,644	-	1,644

Notes to the preliminary final report

9. Intangible Assets

	30 June 2024 \$000s	30 June 2023 \$000s
Goodwill	20,567	20,324
Computer software	821	1,575
Trademarks	241	241
	21,629	22,140
Movement in goodwill		
Balance at 1 July	20,324	20,324
Acquisition of business	243	-
Balance at 30 June	20,567	20,324
Movement in computer software		
Balance at 1 July	1,575	1,680
Additions	81	450
Amortisation	(558)	(555)
Impairment	(273)	-
Disposals	(4)	-
Balance at 30 June	821	1,575
Movement in trademarks		
Balance at 1 July	241	241
Additions	-	-
Disposals	-	-
Balance at 30 June	241	241

10. Borrowings

	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Motor vehicle loan	8	8
	8	8
Non-current		
Motor vehicle loan	31	39
	31	39

Notes to the preliminary final report

11. Lease Liabilities

	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Leases – right of use assets	1,179	1,765
Non-Current		
Leases – right of use assets	760	1,566

12. Business acquisitions

Effective 1 February 2024, the Company acquired the business and assets of Gill Wright & Associates Business Valuations (“GWA”).

Details of the purchase consideration, the net assets acquired, and goodwill were as follows:

	\$000
Details of the consideration transferred	
Cash paid	94
Contingent consideration	
Payable March 2025	42
Payable March 2026	51
Payable March 2027	60
	247
Fair value of assets and liabilities acquired	
Other current assets	7
Employee benefits	(3)
	4
Goodwill	243
	247
Net cashflows from acquisition	
Cash paid	(94)

Deferred, contingent consideration

Additional contingent consideration is payable calculated as 8.5% of net fees generated by the acquired business for the 36 months following the acquisition date. Contingent consideration is payable within 2 months of each anniversary of the acquisition date. The amounts provided in the financial statements are based on managements’ forecasts for the acquired business.

Acquisition costs

No acquisition costs were incurred.

Notes to the preliminary final report

13. Deferred consideration

Deferred consideration relates to the acquisition of Acumentis (WA) Holdings Pty Ltd (“ACU WA”) on 1 July 2021, the acquisition Acumentis (SA) Pty Ltd (“ACU SA”) on 1 February 2022 and the acquisition of the business and assets of Gill Wright & Associates Business Valuations (“GWA”) on 1 February 2024.

	30 June 2024 \$'000	30 June 2023 \$'000
Current		
Fixed consideration		
ACU SA paid 10 Aug 2023	-	143
Early settlement of deferred consideration		
ACU WA paid 19 July 2024	120	-
ACU SA paid 19 July 2024	14	-
Contingent consideration		
GWA payable March 2025	42	-
	176	143
Non-Current		
Fixed consideration		
ACU WA originally payable August 2025	-	797
ACU SA originally payable August 2025	-	466
GWA payable March 2026	51	-
GWA payable March 2027	60	-
	111	1,263
Total	287	1,406
Movement		
Balance at 1 July	1,406	1,812
Payments made	(143)	(406)
Acquisition of business	153	-
Early settlement of deferred consideration		
Settled via issue of ordinary shares	(134)	-
Fair value adjustment recognised within other income	(995)	-
Balance at 30 June	287	1,406

Contingent consideration of \$797,000 was recognised for the acquisition of ACU WA, \$466,000 for the acquisition of ACU SA and \$153,000 for the acquisition of GWA.

In May 2024, Acumentis reached agreement with the vendors of ACU WA and ACU SA to settle the deferred, contingent consideration early at reduced amounts of \$240,000 for ACU WA and \$27,778 for ACU SA. 50% of these amounts were settled via the issue of Acumentis ordinary shares on 21 May 2024 with the balance paid in cash on 19 July 2024. The early settlement resulted in a fair value adjustment recognised within other income of \$557,000 for ACU WA and \$438,000 for ACU SA.

The fair value of the contingent consideration for GWA is based upon estimates of revenues generated by the acquired business for the period to January 2027. These estimates are based on pre-acquisition trading and managements’ assessments of growth to be achieved when the business is integrated into the wider Acumentis group.

Contingent consideration has not been discounted to its present value as the effect is not material.

Notes to the preliminary final report

14. Contributed Equity

	30 June 2024 \$'000	30 June 2023 \$'000
Issued and paid-up capital		
219,955,046 (2023: 218,174,605) ordinary shares, fully paid	22,342	22,208
Movements during the period:		
Balance at 1 July	22,208	19,433
Settlement of deferred, contingent consideration	134	-
Shares issued via placement & share purchase plan	-	3,000
Costs incurred in relation to the shares issued	-	(225)
Balance at 30 June	22,342	22,208

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 2024.

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 2023, 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 2024.

On 21 May 2024, the Company issued 1,780,441 ordinary shares at 7.52 cents per share to settle the deferred, contingent consideration payable in relation to the acquisitions of Acumentis (WA) Pty Ltd and Acumentis (SA) Pty Ltd.

15. Other Reserves

	30 June 2024 \$'000	30 June 2023 \$'000
Share-based payments		
Balance at 1 July	165	127
Performance rights expense	185	38
Balance at 30 June	350	165

16. Changes to accounting policies

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

Notes to the preliminary final report

17. 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.

18. Contingent Liabilities

At 30 June 2023, the Consolidated Entity reported a contingent liability relating to the cyber attacks in 2019 and the claim by insurers that the two attacks should be aggregated. The insurers had demanded repayment of \$1.1M. the Consolidated Entity has agreed to repay \$300K in full and final settlement of the aggregation claim in order to avoid legal costs defending the claim and the associated litigation risk if the matter progressed to trial. Accordingly, the \$300K has been recorded within other payables and accruals as at 30 June 2024 and the Consolidated Entity is no longer exposed to a contingent liability related to this matter.

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 2024 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.

19. Compliance Statement

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



The financial statements have been audited.



The financial statements have been subject to review.



The financial statements are in the process of being audited or subject to review.



The financial statements have not yet been audited or reviewed.

The Company has a formally constituted Audit Committee.