Auctus Investment Group Limited & Controlled entities

ABN 76 149 278 759

Annual Report - 30 June 2022

Contents

Directors	Christine Christian (Non-executive Chair) Campbell McComb (Managing Director) Brian Delaney (Non-Executive Director)
Company secretary	Justin Mouchacca
Notice of annual general meeting	The Company will hold its Annual General Meeting on 24 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to the ASX immediately after dispatch.
Registered office	Level 23, 101 Collins Street Melbourne VIC 3000 Phone: +61 3 8630 3321
Share register	Computershare Investor Services Pty Limited Yarra Falls 45 Johnson Street Abbotsford VIC 3067 Telephone: 1300 850 505 (investors within Australia) +61 3 9415 4000 (Outside Australia)
Auditor	Pitcher Partners Level 13, 664 Collins Street Docklands, Victoria, 3008 Telephone: +61 3 8610 5000
Stock exchange listing	Auctus Investment Group Limited shares are listed on the Australian Securities Exchange (ASX code: AVC)
Website	www.auctusinvest.com
Corporate Governance Statement	The Company's Corporate Governance Statement has been released to ASX on this day and is available on the Company's website at the following link: https://www.auctusinvest.com/shareholder-centre/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Auctus Investment Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Auctus Investment Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ms Christine Christian (Non-executive Chair)
Mr Campbell McComb (Managing Director)
Mr Brian Delaney (Non-executive Director) (appointed 1 November 2021)
Mr Brad Harrison (Non-executive Director) (resigned 31 May 2022)
Mr Michael Hynes (Executive Director) (resigned 1 November 2021)

Principal activities

Auctus Investment Group Limited is an investment manager, with a primary focus on investing into companies and platforms operating globally with significant potential to scale. Auctus Investment Group Limited provides these unique private market opportunities via investment funds to wholesale, family office and institutional investors.

Dividends and Return of Capital

During the financial year the Company announced a proposed Return of Capital amounting to $0.05 (5 cents) per share to shareholders as at a record date in July 2022 and subject to shareholder approval. The Return of Capital was approved by shareholders of the Company at a general meeting of shareholders on 25 July 2022 and paid to shareholders on 4 August 2022.

There were no other dividends paid, recommended or declared during the current or previous financial year.

Review of operations

Financial performance

Auctus closed the financial year with Assets Under Management (AUM) in excess of $525M, an improvement of over 50% on the previous corresponding period.

Revenue from ordinary activities was $11.5M which was an increase of $3.3M compared to $8.2M for the previous period. The increase was a result of the launch of new funds during the financial year and accounting for a performance fee accrued to 30 June 2022 of $0.77M. The performance fee accrued has been accounted for following external review of the unit price of the fund in question.

Profit before non-cash share-based payment expenses and income tax expense is $3.8M.

A non-cash share-based payment expense amounting to $5.9M (30 June 2021: $1.4M) was accounted for during the financial year. The majority of this non-cash expense represented the issue of options to Directors and employees with an exercise price on those options of $1.70 per option at grant date. As detailed in note 27, this exercise price has been subsequently revised by $0.05 (5 cents) to $1.65 due to a return of capital.

The consolidated entity increased its workforce during the financial year and as a result the employee benefits expense increased from $3.2M in the previous corresponding period to $3.8M during the financial year.

The loss for the consolidated entity after providing for income tax amounted to ($2.1M) (30 June 2021: profit of 1.8M).

Financial position

During the financial year, the Company net asset position increased by $9.4M to $34.7M at 30 June 2022 (30 June 2021: $25.3M).

The cash balance as at 30 June 2022 was $10.6M (30 June 2021: $14.5M).

Significant changes in the state of affairs

- In July 2021 the consolidated entity invested $3.36M into US Opportunities Limited, an unlisted public Company in Australia which has access to unique US investments through its relationships.
- On 27 July 2021 the consolidated entity issued 400,000 fully paid ordinary shares following conversion of 400,000 unlisted performance rights triggered by satisfaction of performance obligations.
- On 17 August 2021 the Company announced that it had completed a Share Swap with shareholders of Impact Investment Partners Pty Ltd (IIP) to acquire a further 10% interest in IIP. The Company issued a total of 1,415,071 fully paid ordinary shares with an issue price of $1.06 per share and placed into a voluntary escrow for a period of 6 months from the issue
- During the full year period, the Company issued a total of 5,782,779 fully paid ordinary shares following the exercise of 5,782,779 unlisted options with various exercise prices, raising $5.008M before costs
- On 6 June 2022, the Company announced that it intended on implementing an On-market share buy back facility to buy back up to 6,143,389 fully paid ordinary shares over a 12 month period. The Company also announced a Return of Capital amounting to $0.05 (5 cents) per share to shareholders following receipt of shareholder approval at a general meeting of shareholders, which was held on 25 July 2022. Shareholder approval was granted and the Return of Capital was processed on 4 August 2022.
- Up to 30 June 2022, the Company bought back a total of 878,037 fully paid ordinary shares in accordance with the On-market buy back facility. These shares were subsequently cancelled on 15 July 2022.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 15 July 2022, the Company cancelled 1,038,637 fully paid ordinary shares which were previously bought back through the Company's On-market buy back facility.

On 25 July 2022, shareholders approved a Return of Capital amounting to $0.05 (5 cents) per share to shareholders who were registered on the Company's share register at 7pm on 28 July 2022. The Return of Capital was processed to shareholders on 4 August 2022.

On 20 September 2022, the Company announced that the buyer of esVolta LP has confirmed that the condition for a transactional earnout had been achieved. As a result, a performance fee of approximately A$2.41M gross of taxes had been achieved of which approximately A$1.43M had been accrued as at 30 June 2022 based in information available at that date.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity will continue to pursue its financial objectives which are to increase the profitability of the consolidated entity over time by increasing the value and performance of funds under management and advice and seeking to grow the value of the consolidated entity’s investment portfolio. The expected results of operations of the consolidated entity will be dependent on the performance of the funds under management and advice.

Environmental regulation

The Consolidated entity's operations are not subject to significant environmental regulations in the Australian and US jurisdiction it operates in.

Business Risk Management

The consolidated entity is committed to the effective management of risk to reduce uncertainty in the entity's business outcomes, safeguard its reputation, and protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the entity's strategic objectives and future prospects.

Key risks and mitigation activities associated with the consolidated entity’s objectives are set out below:

Market risk

The value of the consolidated entity's shares and/or the consolidated entity's investments may decline in value. A fall in global or local equity markets, global or local bond markets, market volatility or lack of movement in the value of the Australian dollar against other major currencies may also materially affect both the performance of the securities in which the consolidated entity invests and the net tangible asset backing of its shares. The performance of these companies have been influenced by general economic and market conditions such as Australian and international inflationary pressures, supply-chain disruptions resulting from COVID lockdowns in China and geopolitical tensions surrounding the Russia/Ukraine conflict. Inflationary and geopolitical concerns will weigh heavily on markets for the foreseeable future as uncertainty will continue to impact risk premia.

Investment risk

There is a risk that the consolidated entity's investments will fall in value over the short or long term and individual security prices may fluctuate and under perform other asset classes over time. There are risks inherent in the investment strategy that the consolidated entity will employ. The consolidated entity seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market. The consolidated entity carries out due diligence prior to investing in all of its investments in order to mitigate the risk of any investment risks.

Key personnel risk

The consolidated entity is reliant on its key management and investment team and the consolidated entity's future prospects are dependent on retaining and attracting suitably qualified personnel. The consolidated entity manages these risks by ensuring it adopts remuneration practices, incentive schemes and employment policies which promote staff retention and recruitment.

Operational Risk (including legal and reputational risk)

There are a number of operational risks that have the potential impact the consolidated entity's ability to continue business operations and/or incur reputational damage. These include technology and cyber risks, the risk of outsourcing services and the management of internal controls and the risk of fraud. The entity utilises numerous controls and procedures to manage and mitigate these risks including:

- Cyber and IT policies protocols to protect against malicious cyber activity
- Robust internal controls and monitoring including separation of powers and multiple sign off processes
- A rigorous DD and vetting framework prior to appointing any external service providers, and annual reviews and monitoring

Foreign exchange risk

Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. Many of the consolidated entity's investments and partners are located outside Australia and so the consolidated entity regularly invests in foreign currencies. Accordingly, payments will be made in those countries' currencies and may exceed the budgeted expenditure if there are adverse fluctuations against the Australian dollar. The vast majority of the consolidated entity's revenue receipts and a significant proportion of its payments to suppliers and contractors are made in US dollars, with the effect that the foreign exchange risk relevant to these transactions is substantially reduced. The consolidated entity holds a portion of its cash holdings in US dollars and reviews the US dollar fluctuations in order to mitigate its foreign exchange risk.

General economic conditions risks

The general economic climate may affect the performance of the consolidated entity. These factors include the general level of international and domestic economic activity, inflation and interest rates. These factors are beyond the control of the consolidated entity and their impact cannot be predicted

Information on directors

Name:	Mr Campbell McComb
Title:	Managing Director
Qualifications:	B.Econ, AICD, F.Fin
Experience and expertise:	Mr McComb has over 25 years' experience in funds management and investment banking, and has overseen or been actively involved in the development of a number of successful funds management businesses. Mr McComb is currently a Director of Mobilicom Ltd (ASX:MOB), an Israeli based technology Company. Mr McComb previously served as Managing Director of Easton Investments, an ASX-listed investment company, where he was responsible for overseeing the growth of the advisory business to approximately AUD$1bn of funds under advice and management. Mr McComb holds a Bachelor of Economics from La Trobe University and a post-graduate diploma in Applied Finance & Investment from the Securities Institute of Australia. In 2013 he completed the Asialink Leaders Program through the University of Melbourne. He is a Graduate Member of the Australian Institute of Company Directors as well as a Fellow of the Financial Services Institute of Australia. Mr McComb is also a Director of Luxury Escapes Pty Ltd, Impact Investment Partners Pty Ltd and US Opportunities Ltd as a representative of the Company's investments.
Other current directorships:	Mr McComb is a director of Mobilicom Ltd (ASX:MOB).
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	5,677,379 fully paid ordinary shares
Interests in options:	1,000,000 unlisted options exercisable at $0.30*, expiring on 25 May 2024 1,000,000 unlisted options exercisable at $0.40*, expiring on 25 May 2024 1,500,000 unlisted options exercisable at $1.65* expiring on 17 August 2025
Interests in rights:	None

Name:	Ms Christine Christian
Title:	Non-executive Chair
Qualifications:	Bachelor of Arts
Experience and expertise:	Christine Christian is a company director, investor and entrepreneur with a 35-year career that spans financial services, investment, private equity, credit risk, Government and media. Ms Christian has significant experience building successful businesses and maximising shareholder returns. She developed and exited financial services businesses including as the Chairman of Dun & Bradstreet Consumer Credit Bureau. Ms Christian is Independent Chair of Tanarra Credit Partners and currently holds non-executive director roles with MaxCap Group, Lonsec and Deep Blue Company. She is President, State Library of Victoria and Council member of La Trobe University. Previously, Christine held a range of senior executive roles with Dun & Bradstreet, including as CEO of its Australia and New Zealand business from 1997 to 2011. In 2006, she was appointed to the additional roles of Chair of D&B Consumer Credit Services (JV between Dun & Bradstreet and Macquarie Bank), a member of the D&B Worldwide Board, and in 2010 was appointed Executive Director of Dun & Bradstreet India.

Experience and expertise (cont'd):	Previous directorships include as Chairman of Humm Group Ltd and Kirwood Capital and non-executive Director of ME Bank, Credit Clear Ltd, the Victorian Managed Insurance Authority (VMIA), Scottish Pacific Business Finance and the ASIC Business Advisory Council. She was co-founder and Director of New York–based Powerlinx Inc., an innovator in the emerging partner economy and was Founding Chair of the Business Information Industry Association – Hong Kong and Middle East, and Director until 2012. Christine is a member of the Australian Institute of Company Directors and member and past-president of Chief Executive Women. In June 2020, Ms Christian was awarded an Officer of the Order of Australia in recognition of her distinguished service to the financial and investment sectors, to women in business, and through support for emerging entrepreneurs.
Other current directorships:	None
Former directorships (last 3 years):	Humm Group Limited (ASX:HUM) (resigned 30 June 2022) and Credit Clear Limited (ASX:CCR) (resigned 21 October 2021)
Special responsibilities:	None
Interests in shares:	None
Interests in options:	1,000,000 unlisted options, exercisable at $1.20*, expiring 5 March 2024
Interests in rights:	None

Name:	Mr Brian Delaney
Title:	Independent Non-Executive Director (appointed 1 November 2022)
Qualifications:	B.Bus, Fellow of ASFA, FAICD
Experience and expertise:	Mr Delaney is a Non-executive director and has more than 35 years of funds management experience across Private Equity, Infrastructure, Real Estate and Listed Markets. His most recent role was at the Queensland Investment Corporation (QIC) as an Executive Director of Strategy, Clients & Global Markets in Australia and as the Managing Director of the US business located in LA. Mr Delaney is a graduate of the Harvard Business School Executive Education Program and a life member of the Association of Superannuation Funds (ASFA), as well as a Fellow of ASFA and a fellow of the Australian institute of Company Directors. Mr Delaney serves as a Director of the Trawalla Group and a Director of the Board of Qualitas, as well as the Chair of the Fund Executives Association Limited (FEAL). His previous director roles include Basketball Australia, Lonsec Financial group and Association of Superannuation Funds of Australia.
Other current directorships:	Qualitas Ltd (ASX: QAL)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Remuneration and Nomination Committee
Interests in shares:	None
Interests in options:	650,000 unlisted options exercisable at $1.65*, expiring on 1 November 2024

Name:	Mr Brad Harrison
Title:	Non-Executive Director (resigned 31 May 2022)
Experience and expertise:	Mr Harrison is an entrepreneur and seasoned business development executive with a passion for technology, media, entertainment and lifestyle. He was recently named by Forbes as one of the top 50 Angel Investors Based On Investment Volume And Successful Exits. Mr Harrison has a great deal of experience launching new ventures. While attending MIT, he worked as a Partner in a seed stage venture fund, ITU Ventures, and helped launch a joint MIT/Harvard incubator. During this experience, he has worked at the earliest stages with many dynamic companies including Endeca Technologies. While serving as Director of Media Strategy and Development at AOL, Mr Harrison co-authored 3 patents in search, geo-tagging, and personalization, with Edmund Fish, Senior Vice President and General Manager at AOL. Following AOL, he helped raise $40M in venture funding for a contextual online advertising network. Prior to launching his business career, Mr Harrison was a graduate of the United States Military Academy at West Point and served in the United States Army for 5 years, earning both Airborne and Ranger qualifications before retiring as Captain.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	N/A - resigned as a Director
Interests in options:	N/A - resigned as a Director

Name:	Mr Michael Hynes
Title:	Chief Operating Officer (resigned as Executive Director on 1 November 2021)
Qualifications:	B Comm, CA, CTA
Experience and expertise:	Mr Hynes is a finance and business executive with more than 30 years' experience in Capital markets including being Head of Australian Equity Sales at both Citigroup and previously Credit Suisse in Singapore focussing on regional account leadership responsibilities. Mr Hynes is a leader in Investment Banking, Venture Capital, Private Equity and Corporate Finance across APAC and is recognised for building trusted, long standing partnerships. He achieves this through a commitment to delivering authentic, best practice advisory and consulting services to help his clients grow their businesses.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	N/A - resigned as a Director
Interests in options:	N/A - resigned as a Director

*Quoted Option exercise prices are subsequent to the $0.05 (5 cent) return of capital as detailed in note 27.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Justin Mouchacca

Qualifications: CA, BBus, FGIA

Experience: Mr Mouchacca is a Chartered Accountant and Fellow of the Governance Institute of Australia with over 15 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. Since July 2019, Mr Mouchacca has been principal of JM Corporate Services and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Ms Christine Christian	8	8
Mr Campbell McComb	8	8
Mr Michael Hynes *	3	3
Mr Brad Harrison **	7	7
Mr Brian Delaney ***	5	5

* Resigned 1 November 2021.
** Resigned 31 May 2022.
*** Appointed 1 November 2021.

Held: represents the number of meetings held during the time the director held office.

At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

Shares under option

Unissued ordinary shares of Auctus Investment Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise Price Original	Exercise Price Current	Number under option
18 May 2020	18 May 2024	$0.35	$0.30	4,150,000
29 June 2020	25 May 2024	$0.35	$0.30	1,500,000
29 June 2020	25 May 2024	$0.45	$0.40	1,750,000
5 March 2021	5 March 2024	$1.25	$1.20	1,000,000
17 August 2021	17 August 2025	$1.70	$1.65	4,650,000
1 November 2021	1 November 2024	$1.70	$1.65	650,000
19 November 2021	19 November 2024	$1.75	$1.70	1,250,000
24 November 2021	17 August 2025	$1.70	$1.65	3,000,000
				17,950,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Subsequent to the end of the financial year on 4 August 2022, the Company completed a return of capital amounting to 5 cents per share, as such the exercise price of options on issue also reduced by 5 cents per share.

Options issued to Directors during the financial year

Options over unissued ordinary shares granted during or since the end of the financial year to Directors as part of their remuneration, are outlined in the following table:

Name	Grant Date	Expiry Date	Exercise Price Original	Number of options
Brian Delaney	1 November 2021	1 November 2024	$1.70	650,000
Campbell McComb	24 November 2021	17 August 2025	$1.70	1,500,000

Shares under performance rights
There were no unissued ordinary shares of Auctus Investment Group Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options
The following ordinary shares of Auctus Investment Group Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date of option Issue	Exercise Price	Number of shares issued
4 October 2017 and 18 September 2020	$0.60	1,950,000
24 October 2018, 22 November 2018 and 27 December 2018	$1.00	3,807,779
4 October 2017	$1.20	25,000
		5,782,779

Shares issued on the exercise of performance rights
The following ordinary shares of Auctus Investment Group Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Number of shares issued
31 January 2020	400,000

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Director and executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- transparency; and
- capital management.

The Consolidated entity has structured an executive remuneration framework that is market competitive, based on a review of similar company remuneration policies, and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executives on key non-financial drivers of value
- attracts and retains high calibre executives
- rewards capability and experience
- reflects competitive reward for contribution to shareholder growth
- provides a clear structure for earning rewards and
- provides recognition for contribution.

Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

The remuneration is currently set at commercially reasonable / appropriate / benchmarked level. Key Management Personnel (KMP) (and certain staff) received incentive options in which will only be of value if the Company's share price increased sufficiently to warrant exercising the incentive options. Since listing the Company has recorded losses due to the nature of its principal activities and share based payments, no dividend has been paid.

Bonuses will be paid based on clarification on KMP performance not on financial performance at the discretion of the Board. The practices of negotiation and annual review of Executive Directors' and KMP's performance and remuneration are carried out throughout the year, in an informal way by the Managing Director who makes recommendations to the Board. The Chairman of the Board who makes recommendations to the full Board undertakes, in an informal way, the review of the Managing Director's performance and remuneration.

The Board will meet at least annually or as required, usually on the anniversary date of each service agreement for the particular Director and/or KMP. At these meetings, the particular Director and/or KMP will declare his/her interest and not vote, and he/she will depart from the meeting, so as not to be present whilst the issue is being discussed

Non-executive Directors

Fees and payments to Non-Executive Directors reflect their responsibilities and the demands placed on individual Directors.

Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $400,000 per annum for Non-Executive Directors.

Fixed Remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual and overall performance of the Consolidated entity. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place. During the period no such consultant was used and no senior executive's other than directors were employed.

Performance Based Remuneration – Short-term and long-term incentive structure

The Consolidated entity adopted a performance-based option plan that is intrinsically linked to maximising shareholder wealth upon listing on the ASX in 2015. Details of these options can be found at note 39.

- *Short-term incentives*
  Short-term incentives in the form of cash bonuses were granted during the year as disclosed below.
- *Long-term incentives*
  The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the consolidated entity, increases sufficiently to warrant exercising the incentive options granted.

  The directors of the Company are not eligible to participate in the "Auctus Investment Group Limited Employee Incentive Option Plan".

Service Contracts

Remuneration and other terms of employment for the directors and KMP are formalised in contracts of employment, details of which can be found below in the Directors report on page 11.

Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

Relationship between Remuneration of Key Management Personnel and Earnings

The Consolidated entity is a funds management business and in the business of investing funds into different investments and managing those funds through to a potential return for all investors. The Board does consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')

Voting and comments made at the company's 24 November 2021 Annual General Meeting ('AGM') At the 2021 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Auctus Investment Group Limited:
- Ms Christine Christian (Non-executive Chair)
- Mr Campbell McComb (Managing Director)
- Mr Michael Hynes (Executive Director) (resigned 1 November 2021)
- Mr Brad Harrison (Non-Executive Director) (resigned 31 May 2022)
- Mr Brian Delaney (Non-Executive Director) (appointed 1 November 2021)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Brad Harrison *	62,953	-	-	-	-	-	62,953
Christine Christian	100,000	-	-	10,000	-	-	110,000
Brian Delaney **	53,333	-	-	5,333	-	360,087	418,753
Executive Directors:							
Campbell McComb	516,632	150,000	85,064	23,568	12,376	1,047,660	1,835,300
Michael Hynes ***	110,833	-	19,248	7,856	4,573	-	142,510
	843,751	150,000	104,312	46,757	16,949	1,407,747	2,569,516

* Resigned 31 May 2022
** Appointed 1 November 2021
*** Resigned as an Executive Director on 1 November 2021 and no longer classified as key management personnel.
**** Amounts included in annual leave and long service leave relate to the amounts accrued during the financial year and not paid.

Bonus' paid during the current and previous financial year were discretionary.

2021	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Annual leave $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Brad Harrison	67,440	-	-	-	-	-	67,440
Christine Christian *	32,258	-	-	3,065	-	407,902	443,225
Executive Directors:							
Campbell McComb	468,022	150,000	63,088	21,694	16,648	938,100	1,657,552
Michael Hynes	280,000	150,000	31,870	21,694	3,391	-	486,955
	847,720	300,000	94,958	46,453	20,039	1,346,002	2,655,172

* Appointed 1 March 2021.
** Amounts included in annual leave and long service leave relate to the amounts accrued during the financial year and not paid.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2022	Fixed remuneration 2021	At risk - STI 2022	At risk - STI 2021	At risk - LTI 2022	At risk - LTI 2021
Non-Executive Directors:						
Brad Harrison	100%	100%	-	-	-	-
Christine Christian	100%	8%	-	-	-	92%
Brian Delaney	14%	-	-	-	86%	-
Executive Directors:						
Campbell McComb	35%	34%	8%	9%	57%	57%
Michael Hynes	100%	69%	-	31%	0%	-

Service agreements

Mr Campbell McComb
Mr McComb is a director of Auctus. He has entered into a contract effective 5 March 2018, with remuneration of $500,000 plus superannuation at the greater of 9.5% and statutory minimum requirements.

Auctus will reimburse all reasonable expenses incurred by Mr McComb for all reasonable out-of-pocket expenses.

Mr McComb will be eligible to participate in any short-term and long-term incentive arrangements operated or introduced by the Company from time to time, in accordance with the terms and conditions governing those arrangements, or as determined or varied (including in respect of the form of any benefit provided to the executive) at the discretion of the board from time to time.

Auctus may terminate the contract with Mr McComb immediately for cause. Auctus may otherwise terminate without cause at any time by payment to Mr McComb of six months annual remuneration. The contract may otherwise be terminated by either party upon six months written notice to the other party.

Mr Michael Hynes
Mr Hynes was a director of the Company. He entered into a contract with the Company effective the date of his appointment, being 23 June 2017, with remuneration of $150,000 per annum.

He entered into a revised contract effective 15 April 2020, with remuneration of $280,000 per annum, plus superannuation at the lower of 9.5% or statutory minimum requirements. On 17 August 2021, the Company announced that Mr Hynes' annual remuneration would increase to $350,000 plus superannuation at the lower of 9.5% or statutory minimum requirements, effective 1 August 2021.

Mr Hynes resigned as a Director of the Company during the year and is no longer classified as key management personnel.

Mr Brad Harrison
Mr Harrison was a Director of Auctus. He entered into a contract with the Company effective the date of his appointment, being 17 October 2018, with remuneration of US$50,000 per annum.

Mr Harrison resigned as a Director of the Company on 31 May 2022.

Ms Christine Christian
Ms Christian was appointed as Non-executive Chair effective 5 March 2021 and has been appointed through a letter of appointment with the Company and her annual remuneration is AU$100,000 per annum plus superannuation.

Mr Brian Delaney
Mr Delaney was appointed as Non-executive Director effective 1 November 2021 and has been appointed through a letter of appointment with the Company and his annual remuneration is AU$80,000 per annum plus superannuation.

Share-based compensation

Issue of shares
There were no shares issued to key management personnel during the financial year.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price original	Fair value per option at grant date
Mr Campbell McComb	1,500,000	24 Nov 2021	24 Nov 2021	17 Aug 2025	$1.70	$0.69844
Mr Brian Delaney	650,000	1 Nov 2021	1 Nov 2021	1 Nov 2024	$1.70	$0.55398

Options granted carry no dividend or voting rights.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 $'000	**2021 $'000**	**2020 $'000**	**2019 $'000**	**2018 $'000**
Sales revenue	11,531	8,160	2,979	411	333
Profit / (loss) after income tax from continuing operations	(2,091)	1,786	(3,286)	(3,015)	(2,569)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	**2021**	**2020**	**2019**	**2018**
Basic earnings per share from continuing operations (cents per share)	(2.74)	3.05	(8.53)	(11.50)	(12.97)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Christine Christian	-	-	-	-	-
Campbell McComb	5,827,379	-	-	(150,000)	5,677,379
Brian Delaney	-	-	-	-	-
Brad Harrison*	1,030,000	-	2,143,200	(3,173,200)	-
Michael Hynes**	2,696,010	-	-	(2,696,010)	-
	9,553,389	-	2,143,200	(6,019,210)	5,677,379

* Resigned as a Director on 31 May 2022 therefore current shareholdings removed from this table.
** Resigned as a Director on 1 November 2021 therefore current shareholdings removed from this table.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Campbell McComb	2,000,000	1,500,000	-	-	3,500,000
Michael Hynes**	2,750,000		-	(2,750,000)	-
Brad Harrison	2,143,200	-	(2,143,200)	-	-
Christine Christian	1,000,000	-	-	-	1,000,000
Brian Delaney	-	650,000	-	-	650,000
	7,893,200	2,150,000	(2,143,200)	(2,750,000)	5,150,000

** Resigned as a Director on 1 November 2021 therefore current option holding removed from this table.

Performance Rights

There are currently no performance rights on issue as at 30 June 2022.

Other transactions with key management personnel and their related parties

During the previous financial year the Company paid US$0.214M to an entity associated with Mr Brad Harrison, Brad Harrison Ventures LLC, in relation to deferred consideration for the Company's acquisition of a 10% economic interest in Scout Fund III.

There are no other transactions involving equity instruments with directors, executives or key management personnel for the year ended 30 June 2022

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers
The Company has agreed to indemnify all the directors of the consolidated entity for any liabilities to another person (other than the consolidated entity or related body corporate) that may arise from their position as directors of the consolidated entity, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics* for Professional Accountants issued by the Accounting professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Pitcher Partners
There are no officers of the company who are former partners of Pitcher Partners.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Auditor
Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Campbell McComb
Managing Director

21 September 2022

PITCHER PARTNERS

AUCTUS INVESTMENT GROUP LIMITED & CONTROLLED ENTITIES
ABN 76 149 278 759

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUCTUS INVESTMENT GROUP LIMITED & CONTROLLED ENTITIES

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Auctus Investment Group Limited and the entities it controlled during the year.

NICK R BULL
Partner

21 September 2022

PITCHER PARTNERS
Melbourne

Auctus Investment Group Limited & Controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Total revenue	5	11,531	8,160
Share of profits/(losses) of associates accounted for using the equity method	6	(348)	27
Other income	7	1,198	516
Expenses			
Impairment expenses	10	(254)	(364)
Capital raising costs		(2,776)	(869)
Business development		(364)	(80)
Compliance costs		(510)	(385)
Computers and communication expenses		(87)	(17)
Depreciation and amortisation	9	(123)	(188)
Employment expenses	8	(3,796)	(3,187)
Professional fees		(144)	(237)
Unrealised loss on investments		(304)	(116)
Share based payments expense	39	(5,921)	(1,446)
Other expenses		(193)	(28)
Profit/(loss) before income tax expense		(2,091)	1,786
Income tax expense	11	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Auctus Investment Group Limited		(2,091)	1,786
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency movement		(5)	(30)
Other comprehensive income for the year, net of tax		(5)	(30)
Total comprehensive income for the year attributable to the owners of Auctus Investment Group Limited		(2,096)	1,756
		Cents	**Cents**
Basic earnings per share	38	(2.74)	3.05
Diluted earnings per share	38	(2.74)	2.29

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Auctus Investment Group Limited & Controlled entities
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	12	10,569	14,538
Trade and other receivables	13	5,176	4,052
Financial assets	14	1,129	717
Other		151	117
Total current assets		17,025	19,424
Non-current assets			
Investments accounted for using the equity method	15	8,403	2,043
Financial assets	16	9,985	3,530
Property, plant and equipment	17	390	19
Right-of-use assets	18	2,353	43
Intangibles	19	1,841	1,915
Total non-current assets		22,972	7,550
Total assets		39,997	26,974
Liabilities			
Current liabilities			
Trade and other payables	20	2,152	1,144
Employee benefits provision	21	629	403
Lease liabilities	22	352	33
Total current liabilities		3,133	1,580
Non-current liabilities			
Employee benefits provision	23	142	83
Lease liabilities	24	2,001	-
Total non-current liabilities		2,143	83
Total liabilities		5,276	1,663
Net assets		34,721	25,311
Equity			
Issued capital	25	48,083	42,230
Reserves	26	7,524	2,628
Accumulated losses		(20,785)	(19,446)
Equity attributable to the owners of Auctus Investment Group Limited		34,822	25,412
Non-controlling interest		(101)	(101)
Total equity		34,721	25,311

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $'000	Foreign exchange translation reserves $'000	Share based payment reserve $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	26,593	(503)	2,746	(21,232)	(101)	7,503
Profit after income tax expense for the year	-	-	-	1,786	-	1,786
Other comprehensive income for the year, net of tax	-	(30)	-	-	-	(30)
Total comprehensive income for the year	-	(30)	-	1,786	-	1,756
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 25)	14,606	-	-	-	-	14,606
Share-based payments (note 39)	-	-	1,446	-	-	1,446
Transfer of performance rights converted during the year into equity	1,031	-	(1,031)	-	-	-
Balance at 30 June 2021	42,230	(533)	3,161	(19,446)	(101)	25,311

Consolidated	Issued capital $'000	Foreign exchange translation reserves $'000	Share based payment reserve $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	42,230	(533)	3,161	(19,446)	(101)	25,311
Loss after income tax expense for the year	-	-	-	(2,091)	-	(2,091)
Other comprehensive income for the year, net of tax	-	(5)	-	-	-	(5)
Total comprehensive income for the year	-	(5)	-	(2,091)	-	(2,096)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 25)	6,475	-	-	-	-	6,475
Share-based payments (note 39)	-	-	5,921	-	-	5,921
Transfer of performance rights converted during the year into equity	268	-	(268)	-	-	-
Expiry of options (note 39)	-	-	(752)	752	-	-
Buy back of shares	(890)	-	-	-	-	(890)
Balance at 30 June 2022	48,083	(538)	8,062	(20,785)	(101)	34,721

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Auctus Investment Group Limited & Controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,910	4,818
Payments to suppliers and employees (inclusive of GST)		(6,793)	(5,088)
Interest received		56	52
Withholding taxes paid		(115)	-
Government grants received		-	141
Net cash from/(used in) operating activities	37	4,058	(77)
Cash flows from investing activities			
Payments for investments		(12,051)	(1,693)
Payments for property, plant and equipment		(345)	(10)
Payments for intangibles	19	-	(297)
Loans provided		(3,715)	(729)
Proceeds from repayment of loans		3,518	-
Dividends received		23	-
Net cash used in investing activities		(12,570)	(2,729)
Cash flows from financing activities			
Proceeds from issue of shares	25	5,008	14,727
Payments for share buy-backs		(791)	-
Share issue transaction costs		(33)	(120)
Proceeds from repayment of convertible notes		-	1,006
Payments for lease liabilities		-	(74)
Net cash from financing activities		4,184	15,539
Net increase/(decrease) in cash and cash equivalents		(4,328)	12,733
Cash and cash equivalents at the beginning of the financial year		14,538	1,819
Effects of exchange rate changes on cash and cash equivalents		359	(14)
Cash and cash equivalents at the end of the financial year	12	10,569	14,538

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Auctus Investment Group Limited as a consolidated entity consisting of Auctus Investment Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Auctus Investment Group Limited's functional and presentation currency.

Auctus Investment Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 23, 101 Collins Street
Melbourne VIC 3000
Phone: +61 3 8630 3321

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity produced a loss of $2.091M (June 2021: profit of $1.8M) and a net cash in-flows from operating activities of $4.1M (June 2021: $0.08M out-flow).

As at 30 June 2022, the consolidated entity had working capital of $13.892M (June 2021: $17.844M). The ability of the consolidated entity to continue as a going concern is principally dependent upon cashflow from continuing operations of the consolidated entity, and the ability of the consolidated entity to secure funds by raising capital from equity markets and managing cash flow in line with available funds. Cash flow also may arise from the sale of investments held by the consolidated entity at the appropriate time.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Auctus Investment Group Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Auctus Investment Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Auctus Investment Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a post-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, is that they do not have a material impact on the financial statements for future periods.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Investment in associates
The consolidated entity holds investments accounted for using the equity method as detailed in note 15. Significant judgment is required in determining the carrying value and recoverability of the underlying businesses at the end of each reporting period, including assessing its historical performance, and expected future performance, as well as identifying any potential indications of impairment.

Financial asset at amortised cost
The consolidated entity holds financial assets in relation to investments at fair value through profit and loss, vendor loan receivable and RBP loan receivable, as detailed at note 16 and note 14 respectively. Significant judgment is required in determining the recoverability and repayment of these balances, including the use of the discount rate to be applied to bring the financial asset to present value.

Note 4. Operating segments

Identification of reportable operating segments
AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of asset management within Australia for the current and comparative periods.

Note 5. Revenue

	Consolidated	
	2022 $'000	**2021 $'000**
Capital raising fees	4,760	3,006
Management fees	3,982	1,104
Performance fee accrued	769	4,050
Interest and other income on loans provided	2,020	-
Total revenue	11,531	8,160

Accounting policy for revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the consolidated entity:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Capital raising fees are earnt at a point in time as capital is raised in line with the consolidated entity’s right to fees under the Information Memorandum.

Management fees are recognised over time in respect of management services offered provided to funds under management. Management fees are usually billed quarterly in advance.

Performance fees are recognised upon achieving certain performance criteria and is therefore recognised at a point in time, and regularly reassessed. Performance fees are charged upon satisfaction of the performance hurdle which is usually at the time the relevant investment is exited.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established and performance obligations are satisfied.

Note 6. Share of profits/(losses) of associates accounted for using the equity method

	Consolidated	
	2022 $'000	2021 $'000
Share of profit / (loss) - associates	(348)	27

Refer to note 15 for further details on equity investment in associates.

Note 7. Other income

	Consolidated	
	2022 $'000	2021 $'000
Interest income (i)	349	375
Foreign exchange gain / (loss)	826	-
Government grants (ii)	-	141
Dividend income (iii)	23	-
	1,198	516

(i) Interest income

As disclosed in note 16, vendor loan held by the subsidiary Auctus Investment Holdings Pty Ltd has been discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue recognised over the term of the vendor loan.

The remainder relates to interest income on bank accounts balances and term deposits.

(ii) Government Grants

During the year ended 30 June 2021 the consolidated entity received $0.091M in JobKeeper payments and $0.050M in Cash flow Boost payments as part of COVID-19 government stimulus packages.

(iii) Dividend Income

During the year ended 30 June 2022, the consolidated entity received $0.023M in dividends from the US Student Housing investment.

Note 8. Employment expenses

	Consolidated	
	2022 $'000	2021 $'000
Contractors and consultants	61	60
Directors fees	63	67
Increase in employee benefits provisions	369	288
Superannuation and National Insurance Contributions	188	152
Wages and salaries	3,061	2,571
Other employment related costs	54	49
	3,796	3,187

Note 9. Depreciation and amortisation expense

	Consolidated	
	2022 $'000	2021 $'000
Depreciation expense - property, plant and equipment	6	5
Depreciation expense - right-of-use assets	43	59
Amortisation expense	74	124
	123	188

Note 10. Impairment expenses

	Consolidated	
	2022 $'000	2021 $'000
Impairment expense	254	364

Following a review of RBP Partners, the Company impaired the carrying amount of the Company's investment in this entity in full.

Note 11. Income tax expense

	Consolidated	
	2022 $'000	2021 $'000
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit/(loss) before income tax expense	(2,091)	1,786
Tax at the statutory tax rate of 25% (2021: 26%)	(523)	464
Add / (Less) tax effect of:		
Permanent differences	1,593	482
Losses utilised	(810)	(98)
Movement in temporary differences not recognised	(145)	(848)
Foreign tax credits utilised	(115)	-
Income tax expense attributable to profit	-	-
(b) Deferred taxes not brought to account		
Deferred tax assets comprise:		
Accruals & provisions	442	228
Deferred tax liabilities comprise:		
Accrued performance fees & unrealised FX gains	(1,311)	(1,053)
Net temporary differences not brought to account	(869)	(825)
(c) Deferred tax assets not brought to account		
Operating tax losses	706	1,577

Note 12. Current assets - cash and cash equivalents

	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash at bank	10,569	14,538

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 13. Current assets - trade and other receivables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Accrued performance fees	5,075	4,050
Trade and other receivables	101	2
	5,176	4,052

Accounting policy accrued performance fees
Accrued performance fees receivable comprise performance fees earned but not yet invoiced. These amounts are recognised at the fair value of the amounts to be invoiced.

Note 14. Current assets - Financial assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Loans receivable - Odyssey Group Limited	290	-
Loans receivable - RBP Partners	839	717
	1,129	717

During the financial year, the Company provided a loan to Odyssey Group Limited amounting to US $0.2M. The loan was repayable to the Company within 12 months from being provided.

During the 2021 financial year, the Company provided a loan to RBP Partners amounting to US $0.5M. The loan was repayable in 5 years from the issue date and interest accrues on the loan at 8% per annum. Subsequent to the end of the 2022 financial year, the Company received repayment of the loan in full.

Note 15. Non-current assets - investments accounted for using the equity method

	Consolidated 2022 $'000	Consolidated 2021 $'000
Investment in Gophr Limited	450	1,146
Investment in RBP Partners LLC	-	253
Investment in Odyssey Group Limited	541	644
Investment in Impact Investment Partners Pty Ltd	3,367	-
Investment in US Opportunities Limited	4,045	-
	8,403	2,043

Note 15. Non-current assets - investments accounted for using the equity method (continued)

Investments in associates includes the following investments held by the Company:

- Investment in Gophr consists of a 20.88% equity interest in Gophr Ltd, a company incorporated in the UK;
- Investment in RBP Partners consists of a 30.0% equity interest in RBP Partners LLC, a company incorporated in the USA;
- Investment in Odyssey Group Limited consists of a 9.89% equity interest in Odyssey Group Limited, an entity incorporated in Hong Kong;
- Investment in Impact Investment Partners Pty Ltd consists of a 24% equity interest in Impact Investment Partners Pty Ltd, an entity incorporated in Australia; and
- Investment in US Opportunities Limited consists of a 9.61% equity interest in US Opportunities Limited, an entity incorporated in Australia.

All investments are accounted for using equity accounting as the consolidated entity has significant influence over these entities. There were no commitments or contingent liabilities in relation to the entities at the end of the reporting period. A roll forward of the carrying amount of the investment is noted below.

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Gophr Limited - summarised financial position		
Current assets	4,657	8,680
Non-current assets	1,870	439
Current liabilities	(2,730)	(2,549)
Non-current liabilities	(504)	(225)
Net assets / (deficiency)	3,293	6,345

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Gophr - summarised financial performance		
Revenue	30,009	21,021
Expenses	(33,347)	(20,961)
Net profit/(loss)	(3,338)	60

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Gophr Limited - reconciliation of interest		
Opening carrying amount of investment	1,146	1,121
share of profit/(loss)	(696)	25
Closing carrying amount of investment	450	1,146

RBP Partners

The investment in RBP Partners consists of a 30.0% equity interest in RBP Partners LLC, a company incorporated in the USA, which was acquired through a payment of US $0.25M during the 30 June 2020 financial year.

During the current financial year, the RBP investment has been impaired in full.

Note 15. Non-current assets - investments accounted for using the equity method (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
RBP Partners - summarised financial position		
Current assets	798	681
Non-current assets	1	42
Current liabilities	(818)	(1)
Non-current liabilities	-	(718)
Net assets / (deficiency)	(19)	4

	Consolidated 2022 $'000	Consolidated 2021 $'000
RBP Partners - summarised financial performance		
Revenue	2,445	1,991
Expenses	(2,445)	(1,991)
Share of profit/(loss)	-	-

	Consolidated 2022 $'000	Consolidated 2021 $'000
RBP Partners - reconciliation of interest		
Opening carrying amount of investment	253	253
Impairment expense	(253)	-
Closing carrying amount of investment	-	253

Odyssey Group Limited

In March 2021, the Company announced that it had executed binding agreements to make an initial investment of US $0.5M (paid via a cash payment) in Odyssey Group Limited (OGL) in exchange for a 9.9% stake in ODY (First Tranche). The initial investment funds will be used as working capital by Odyssey as is continues to grow across Asia.

The Company had an option to move to 100% following satisfaction of certain conditions precedent and different staged acquisitions. During the financial year the Company decided not to proceed with further investment into OGL.

Below is a summary of the financial performance and position of Odyssey Group Limited since the Company acquired its interest.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Odyssey Group Limited - summarised financial position		
Current assets	1,268	3,070
Non-current assets	532	3
Current liabilities	(4,601)	(4,425)
Non-current liabilities	(790)	-
Net assets / (deficiency)	(3,591)	(1,352)

Note 15. Non-current assets - investments accounted for using the equity method (continued)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Odyssey Group Limited - summarised financial performance		
Revenue	1,294	350
Expenses	(2,324)	(364)
Net profit/(loss)	(1,030)	(14)

	Consolidated 2022 $'000	Consolidated 2021 $'000
Odyssey Group Limited - reconciliation of interest		
Opening carrying amount of investment	644	-
Initial investment made during the year	-	643
Share of profit/(loss)	(103)	1
Closing carrying amount of equity accounted investment	541	644

<u>Impact Investment Partners Pty Ltd</u>

	Consolidated 2022 $'000	Consolidated 2021 $'000
Impact Investment Partners - summarised financial position		
Current assets	364	-
Non-current assets	324	-
Current Liabilities	(177)	-
Net assets	511	-

	Consolidated 2022 $'000	Consolidated 2021 $'000
Impact Investment Partners - summarised financial performance		
Revenue	284	-
Expenses	(1,256)	-
Net profit/(loss)	(972)	-

	Consolidated 2022 $'000	Consolidated 2021 $'000
Impact Investment Partners - reconciliation of interest		
Transfer from financial assets	1,050	-
Investments made/payment	2,550	-
Share of profit/(loss)	(233)	-
Closing carrying amount of investment	3,367	-

Note 15. Non-current assets - investments accounted for using the equity method (continued)

US Opportunities Limited

	Consolidated 2022 $'000	Consolidated 2021 $'000
US Opportunities Limited - summarised financial position		
Current Asset	1,249	-
Non-current Asset	40,450	-
Current Liabilities	(37)	-
Net assets	41,662	-

	Consolidated 2022 $'000	Consolidated 2021 $'000
US Opportunities - summarised financial performance		
Revenue	7,458	-
Expense	(325)	-
Net profit/(loss)	7,133	-

	Consolidated 2022 $'000	Consolidated 2021 $'000
US Opportunities - reconciliation of interest		
Initial investment made during the year	3,360	-
Share of profit/(loss)	685	-
Closing carrying amount of investment	4,045	-

Note 16. Non-current assets - Financial assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Vendor loan receivable - amortised cost	2,062	1,881
Investments - fair value through profit or loss	7,923	1,649
	9,985	3,530

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Opening fair value	3,530	2,151
Interest charges on loan	182	306
Additions	7,627	1,189
Revaluation decrements	(304)	(116)
Transfer to equity accounted investment	(1,050)	-
Closing fair value	9,985	3,530

Refer to note 29 for further information on fair value measurement.

Note 16. Non-current assets - Financial assets (continued)

(a) Vendor Finance – Key Terms

The vendor loan is interest free and secured by a first ranking charge over the shares the subject of the sale. The vendor loans are repayable upon the earlier of an “Exit Event” or “Cash Event” which, in summary, are triggered upon the sale or transfer of the purchaser’s Gophr shares (in which case the repayment obligation is several and proportionate to the number of shares sold), a listing of Gophr on a stock exchange, a change in control of Gophr (subject to certain exceptions) or satisfaction of certain capital raising milestones.

The vendor loans are also repayable (or relevant shares must be surrendered) within 180 days of the occurrence of a “Leaver Event” being, in summary, the director ceasing to be an employee of Gophr. The vendor loan has been discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue to be recognised over the term of the vendor loan

(b) Investments

(1) Unlisted investments within Investments at fair value through profit or loss

Within Investments at fair value through profit and loss are investments in unlisted entities amounting to a value of $2.107M at year end.

During the financial year, the Company's subsidiary Auctus Investment Holdings Pty Ltd, acquired investments in listed and unlisted entities amounting to the value of $7.339M. A total of $1.5M was invested in Luxury Escapes and the carrying value of the Company's investment in US Student Housing REIT (ASX:USQ) as at the end of the financial year was $5.742M.

(2) Impact Investment Partners

On 23 December 2020 the Company announced it had executed a binding Implementation Deed and a binding Share Subscription Agreement with Impact Investment Partners Pty Ltd in respect of the acquisition of up to a 24% interest in Impact Investment Partners. Under the Subscription Agreement, Auctus acquired 7.8% as on 18 March 2021 for total consideration of $1.05M.

On 21 July 2021 a further investment of $1.05M was acquired and a share swap was executed which increased the Group’s share of Impact Investment Partners to approximately 24%. This investment was transferred to an equity accounted investment during the year.

During the year the investment in Impact Investment Partners Pty Ltd increased to a threshold whereby the consolidated entity is considered to have significant influence and as such, the Investment has been transferred into Note 15 – Investments accounted for under the equity method.

Note 17. Non-current assets - property, plant and equipment

	Consolidated	
	2022 $'000	**2021 $'000**
Leasehold improvements - at cost	377	-
Computer equipment - at cost	18	18
Less: Accumulated depreciation	(12)	(9)
	6	9
Office equipment - at cost	21	21
Less: Accumulated depreciation	(14)	(11)
	7	10
	390	19

Note 17. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer equipment - at cost $'000	Office equipment - at cost $'000	Leasehold improvements - at cost $'000	Total $'000
Balance at 1 July 2020	1	13	-	14
Additions	10	-	-	10
Depreciation expense	(2)	(3)	-	(5)
Balance at 30 June 2021	9	10	-	19
Additions	-	-	377	377
Depreciation expense	(3)	(3)	-	(6)
Balance at 30 June 2022	6	7	377	390

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer equipment	2-5 years
Office equipment	2-5 years
Leasehold improvements	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Depreciation is only charged once an asset is brought into use.

Note 18. Non-current assets - right-of-use assets

	Consolidated	
	2022 $'000	2021 $'000
Land and buildings - right-of-use	2,353	155
Less: Accumulated depreciation	-	(112)
	2,353	43

During the financial year the consolidated entity entered into a lease in Australia for a new head office with an initial term of 5 years which is the term applied within the right of use asset. The commencement date of the lease is 1 August 2022 and the lease includes an option for a further 5 years.

Note 18. Non-current assets - right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Landing and buildings $'000	Total $'000
Balance at 1 July 2020	102	102
Depreciation expense	(59)	(59)
Balance at 30 June 2021	43	43
Additions	2,353	2,353
Depreciation expense	(43)	(43)
Balance at 30 June 2022	2,353	2,353

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 19. Non-current assets - intangibles

	Consolidated 2022 $'000	Consolidated 2021 $'000
Goodwill - acquisition (i)	1,157	1,157
Contractual right to cashflows from management fees - at cost (ii)	1,010	1,010
Less: Accumulated amortisation	(326)	(252)
	684	758
	1,841	1,915

(i) Goodwill on acquisition

In accordance with AASB 136, impairment testing has been undertaken for CGUs with indefinite intangibles, being the goodwill associated with FUM.

The recoverable amount has been determined based on value-in-use calculations which uses cash flow projections based on financial forecasts covering a five-year period, including non-cash adjustments. Cash flows are extrapolated using estimated growth rates beyond the five-year period. Key assumptions used in the value-in-use calculations for the Auctus Asset Management (AAM) CGU are based on management’s latest forecast for financial year 2023 and a combination of FUM and management fee growth as well as long-term average revenue growth for the latter years.

The key assumptions used in the value in use calculations for the CGU are as follows:

Note 19. Non-current assets - intangibles (continued)

- Discount rate of 15%.
- Revenue growth of FY23-FY24 is based on specific projects targeted, with FY23 revenue growth forecasted to be similar to FY22;
- Post FY23, revenue (cash in-flows) for FY24 and FY25 are estimated to increase by 5% each year and following FY26 have been extrapolated at a growth rate of 2.5% and expenses (cash out-flows) have been extrapolated at a growth rate of 2.5%.

No reasonable change in the key assumptions of the value in use calculations would result in impairment.

No impairment was noted as a result of the value-in-use calculations.

(ii) Contractual right to cashflows from management

During the 2018 financial year the Company entered into an agreement to invest up to $1,000,000 USD to acquire a 10% economic interest in Scout Fund III GP.

The Scout Fund III GP was closed during the previous financial year and the 10% economic interest in Scout Fund III GP allows the consolidated entity a minimum of 10% of the management fees earned by the fund once it closes, increasing based on the size of the capital commitments at close. The fund has a life of 10 years from incorporation, and the intangible asset is accordingly being amortised over this life.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Contractual right $'000	Total $'000
Balance at 1 July 2020	1,157	600	1,757
Purchase consideration	-	297	297
Amortisation expense	-	(139)	(139)
Balance at 30 June 2021	1,157	758	1,915
Amortisation expense	-	(74)	(74)
Balance at 30 June 2022	1,157	684	1,841

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 20. Current liabilities - trade and other payables

	Consolidated	
	2022 $'000	2021 $'000
Trade payables	450	266
Other payables	851	414
Contract liabilities	851	464
	2,152	1,144

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 21. Current liabilities - employee benefits provision

	Consolidated	
	2022 $'000	2021 $'000
Employee provisions	629	403

Accounting policy for employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

Note 22. Current liabilities - lease liabilities

	Consolidated	
	2022 $'000	2021 $'000
Lease liabilities	352	33

During the financial year, the Company entered into a Lease Agreement for its new head office. The Lease is for an initial term of 5 years which is the term applied within the lease liability with an option to extend for a further 5 years at the end of the initial term. As at 30 June 2022, the Company was in the process of completing a fit out on the Leased office.

Subsequent to year end the company has paid for a bank guarantee to the sum of $359k for the new office commencing 1 August 2022.

Accounting policy for lease liabilities

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 23. Non-current liabilities - employee benefits provision

	Consolidated	
	2022 $'000	2021 $'000
Employee provisions	142	83

Note 24. Non-current liabilities - lease liabilities

	Consolidated	
	2022 $'000	2021 $'000
Lease liabilities	2,001	-

Note 25. Equity - issued capital

	Consolidated			
	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares - fully paid	78,531,741	70,933,891	48,972	42,230
Treasury shares - On market buyback	(878,037)	-	(889)	-
	77,653,704	70,933,891	48,083	42,230

Note 25. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2020	44,341,391		26,593
Conversion of performance rights	2 July 2020	2,107,142	-	825
Conversion of performance rights	20 July 2020	342,858	-	63
Conversion of performance rights	21 August 2020	500,000	-	77
Issue of shares for capital raising	24 August 2020	10,000,000	$0.40	4,000
Issue of Share Purchase Plan Shares	18 September 2020	1,642,500	$0.40	657
Issue of loan funded shares	2 December 2020	2,000,000	-	-
Conversion of performance rights	30 December 2020	500,000	-	65
Issue of shares for capital raising	23 June 2021	9,500,000	$1.06	10,070
Capital raising costs		-	-	(120)
Balance	30 June 2021	70,933,891		42,230
Issue of shares for acquisition of interest in Impact	17 August 2021	1,415,071	$1.06	1,500
Exercise of unlisted options	17 August 2021	1,150,000	$0.60	690
Exercise of unlisted options	17 September 2021	27,800	$1.00	28
Exercise of unlisted options	6 October 2021	75,000	$1.00	75
Exercise of unlisted options	29 October 2021	1,086,779	$1.00	1,087
Exercise of unlisted options	23 November 2021	275,000	$0.60	165
Exercise of unlisted options	23 November 2021	2,143,200	$1.00	2,143
Exercise of unlisted options	7 December 2021	25,000	$1.20	30
Exercise of unlisted options	7 December 2021	225,000	$1.00	225
Exercise of unlisted options	7 December 2021	525,000	$0.60	315
Exercise of unlisted options	16 December 2021	250,000	$1.00	250
Transfer from options reserve		400,000	-	268
Transaction costs relating to share issues		-	-	(34)
Balance	30 June 2022	78,531,741		48,972

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
The company currently has an on market buy back facility in place for a total of 6,143,389 shares. As at 30 June 2022, the company bought back 878,037 shares which were subsequently cancelled on 15 July 2022.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2021 Annual Report.

Note 26. Equity - reserves

	Consolidated 2022 $'000	Consolidated 2021 $'000
Foreign currency reserve	(538)	(533)
Share-based payments reserve	8,062	3,161
	7,524	2,628

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign Exchange Translation Reserve $'000	Share based payments reserve $'000	Total $'000
Balance at 1 July 2020	(503)	2,746	2,243
Foreign currency translation	(30)	-	(30)
Share based payments	-	1,446	1,446
Transfer of performance rights converted into shares during the year	-	(1,031)	(1,031)
Balance at 30 June 2021	(533)	3,161	2,628
Foreign currency translation	(5)	-	(5)
Share based payments	-	5,921	5,921
Transfer of performance rights converted into shares during the year	-	(268)	(268)
Expiry of share based payments	-	(752)	(752)
Balance at 30 June 2022	(538)	8,062	7,524

Note 27. Equity - dividends and capital returns

During the financial year the Company announced a proposed Return of Capital amounting to $0.05 (5 cents) per share to shareholders as at a record date in July 2022 and subject to shareholder approval. The Return of Capital was approved by shareholders of the Company at a general meeting of shareholders on 25 July 2022 and paid to shareholders on 4 August 2022.

There were no other dividends paid, recommended or declared during the current or previous financial year.

Note 28. Financial instruments

Financial Risk Management Policies

The Group's activities expose it to financial risks such as market risk (foreign currency risk and price risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts payable and receivable and lease liabilities.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-interest Bearing $'000	2022 Total $'000	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-interest Bearing $'000	2021 Total $'000
Financial Asset								
Cash and cash equivalents	10,569	-	-	10,569	14,538	-	-	14,538
Trade and other receivables	-	-	5,176	5,176	-	-	4,052	4,052
Financial assets - Loans	-	839	290	1,129	-	717	-	717
Financial assets - Vendor loans and investments	-	2,062	7,923	9,985	-	1,881	1,649	3,530
Prepayments	-	-	151	151	-	-	117	117
Total Financial Assets	**10,569**	**2,901**	**13,540**	**27,010**	**14,538**	**2,598**	**5,818**	**22,954**
Financial Liabilities								
Financial liabilities at amortised cost								
Trade and other payables	-	-	(1,301)	(1,301)	-	-	(680)	(680)
Contract liabilities	-	-	(851)	(851)	-	-	(464)	(464)
Lease Liabilities	-	(2,353)	-	(2,353)	-	(33)	-	(33)
Total Financial Liabilities	**-**	**(2,353)**	**(2,152)**	**(4,505)**	**-**	**(33)**	**(1,144)**	**(1,177)**
	10,569	**548**	**11,388**	**22,505**	**14,538**	**2,565**	**4,674**	**21,777**

Specific Financial Risk Exposures and Management
The main risk the consolidated entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the consolidated entity's risk profile. This includes assessing, monitoring and managing risks for the consolidated entity and setting appropriate risk limits and controls. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

Note 28. Financial instruments (continued)

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the consolidated entity.

The objective of the consolidated entity is to minimise the risk of loss from credit risk. The consolidated entity trades only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is insignificant. The consolidated entity's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The consolidated entity establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Impairment losses

The consolidated entity has performance fees which are accrued at the end of each financial year depending on the likelihood of a performance fee being achieved. The consolidated entity reviews the performance fees accrued on a regular basis to determine whether they are recoverable.

Liquidity risk

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the consolidated entity. Due to the nature of the consolidated entity's activities, being to assess, invest in, develop, and accelerate early stage companies in the technology and media sectors, the consolidated entity does not have ready access to credit facilities, with the primary source of funding being equity raisings.

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

Typically, the consolidated entity ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the consolidated entity are confined to trade and other payables and lease liabilities as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

Note 28. Financial instruments (continued)

a. Contractual Maturities

	Within 1 Year 2022 ($'000)	Greater Than 1 Year 2022 ($'000)	Total 2022 ($000)	Within 1 Year 2021 ($'000)	Greater Than 1 Year 2021 ($'000)	Total 2021 ($000)
Financial liabilities due for payment						
Trade and other payables	(1,301)	-	(1,301)	(680)	-	(680)
Deferred revenue	(851)	-	(851)	(464)	-	(464)
Lease liabilities	(502)	(2,192)	(2,694)	(33)	-	(33)
Total contractual outflows	**(2,654)**	**(2,192)**	**(4,846)**	**(1,177)**	**-**	**(1,177)**
Financial assets						
Cash and cash equivalents	10,569	-	10,569	14,538	-	14,538
Trade and other receivables	101	5,075	5,176	-	4,052	4,052
Financial assets - Loans	1,129	-	1,129	-	717	717
Financial assets – Vendor loans and investments	-	9,985	9,985	-	3,530	3,530
Total anticipated inflows	**11,799**	**15,060**	**26,859**	**14,538**	**8,299**	**22,837**
Net inflow/(outflow) on financial instruments	**9,145**	**12,868**	**22,013**	**13,361**	**8,299**	**21,660**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the consolidated entity’s exposure currency and interest rate risk.

a. Interest rate risk
period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The consolidated entity is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the consolidated entity as no debt arrangements have been entered into, and movement in interest rates on the consolidated entity's financial assets is not material.

b. Foreign exchange risk
Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the consolidated entity holds financial instruments which are other than the Australian dollar (AUD) presentation currency of the consolidated entity.

With instruments being held by overseas operations, fluctuations in foreign currencies (namely British pounds (GBP) and United States dollar (USD)) may impact on the consolidated entity's financial results. The consolidated entity's exposure to foreign exchange is reviewed by the Board regularly.

c. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Note 28. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
US dollars in cash and cash equivalents	3,554	2,638	-	-
Accrued Performance fees	4,818	4,026	-	-
Managed investments	337	337	-	-
Loans receivable	1,129	717	-	-
British pound denominated Vendor loan receivable	2,062	1,881	-	-
	11,900	9,599	-	-

The consolidated entity held cash denominated in foreign currencies and other assets of $11.9M (2021: $9.6M). Had the Australian dollar weakened by 10% / strengthened by 10% against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been varied by the amounts detailed within the sensitivity table below.

Sensitivity Analyses

The following tables illustrate sensitivities to the consolidated entity's exposures to changes in the relevant risk variable. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

a. Interest rates	**Profit $'000**	**Equity $'000**
Year ended 30 June 2022		
±100 basis points change in interest rates	± 106	± 106
Year ended 30 June 2021		
±100 basis points change in interest rates	± 145	± 145

b. Foreign exchange	**Profit $'000**	**Equity $'000**
Year ended 30 June 2022		
±10% of Australian dollar strengthening/weakening against the USD	± 894	± 894
Year ended 30 June 2021		
±10% of Australian dollar strengthening/weakening against the USD	± 702	± 702
Year ended 30 June 2022		
±10% of Australian dollar strengthening/weakening against the GBP	± 187	± 187
Year ended 30 June 2021		
±10% of Australian dollar strengthening/weakening against the GBP	± 171	± 171

Note 28. Financial instruments (continued)

Price risk
The consolidated entity is exposed to price risk through the value of its investments held through fair value and provide and loss.

The table below provides a sensitivity analysis and assumes a movement of 5% up or down on the price of the Company's investments.

	2022			2021		
	Average price Movement			Average price Movement		
	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
Investments - fair value through profit and loss	± 5%	± 396	± 396	± 5%	± 82	± 82

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 29. Fair value measurement

Fair value hierarchy
The fair values of financial assets and financial liabilities are presented in the table in note 29 and can be compared to their carrying values as presented in the statement of financial position.

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value. The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Managed investments - Mobilicom (ASX:MOB)	74	-	-	74
Managed investments - US Student Housing REIT (ASX:USQ)	5,742	-	-	5,742
Managed investments - Other	-	-	2,107	2,107
Total assets	5,816	-	2,107	7,923

Note 29. Fair value measurement (continued)

Consolidated - 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Managed investments - Mobilicom (ASX:MOB)	89	-	-	89
Managed investments - Other	-	-	1,560	1,560
Total assets	89	-	1,560	1,649

There were no transfers between levels during the financial year.

Certain managed investments have been classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including the last capital raise price, discounted cash-flows, and independent valuations. There has been no change to the valuation techniques used in fair value measurements of Level 3 items.

Management is comfortable with the value of these managed funds as they include investments from third parties or from other independent sources. Management is also not aware of any conditions of the underlying businesses which have not been incorporated into the inputs used.

Accounting policy for fair value measurement
Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 30. Key management personnel disclosures

Directors
The following persons were directors of Auctus Investment Group Limited during the financial year:

Campbell McComb	Managing Director
Christine Christian	Non-executive Chair
Brad Harrison	Non-executive Director (resigned 31 May 2022)
Michael Hynes	Executive Director (resigned 1 November 2021)
Brian Delaney	Non-executive Director (appointed 1 November 2021)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2022 $’000	**2021 $’000**
Short-term employee benefits	1,098	1,243
Long-term benefits	64	66
Share-based payments	1,408	1,346
	2,570	2,655

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the company:

	Consolidated	
	2022 $'000	**2021 $'000**
Audit services - Pitcher Partners		
Audit or review of the financial statements	87	93

Note 32. Contingent liabilities

There are no contingent liabilities for the year ended 30 June 2022.

Note 33. Related party transactions

Transactions with related parties

During the year ended 30 June 2022 the following related party transactions occurred:

- Bradley Harrison Ventures LLC, a related entity of Mr. Bradley Harrison was paid $0.063M in total for director fees.
- During the previous financial year the Company paid US$0.214M following closure of Scout Fund III reaching $35.72M in capital commitments to Brad Harrison Ventures LLC.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $'000	**2021 $'000**
Loss after income tax	(9,387)	(22,663)
Total comprehensive income	(9,387)	(22,663)

Note 34. Parent entity information (continued)

Statement of financial position

	Parent 2022 $'000	Parent 2021 $'000
Total current assets	5,329	10,434
Total assets	18,823	13,761
Total current liabilities	(2,166)	(697)
Total liabilities	(4,179)	(781)
Equity		
Issued capital	48,084	42,230
Reserves	7,745	2,548
Accumulated losses	(41,185)	(31,798)
Total equity	14,644	12,980

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Beyond Media Limited	United Kingdom	80.00%	80.00%
Auctus Asset Management Pty Ltd	Australia	100.00%	100.00%
Quintessential Resources (PNG) Ltd	Papua New Guinea	90.00%	90.00%
Auctus Investment Holdings Pty Ltd	Australia	100.00%	100.00%
Yonder and Beyond Ltd	United Kingdom	100.00%	100.00%
Auctus Pty Ltd	Australia	100.00%	100.00%
Auctus RBP LLC	United States	100.00%	100.00%

Note 36. Events after the reporting period

On 15 July 2022, the Company cancelled 1,038,637 fully paid ordinary shares which were previously bought back through the Company's On-market buy back facility.

On 25 July 2022, shareholders approved a Return of Capital amounting to $0.05 (5 cents) per share to shareholders who were registered on the Company's share register at 7pm on 28 July 2022. The Return of Capital was processed to shareholders on 4 August 2022.

On 20 September 2022, the Company announced that the buyer of esVolta LP has confirmed that the condition for a transactional earnout had been achieved. As a result, a performance fee of approximately A$2.41M gross of taxes had been achieved of which approximately A$1.43M had been accrued as at 30 June 2022 based in information available at that date.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 37. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2022 $'000	2021 $'000
Profit/(loss) after income tax expense for the year	(2,091)	1,786
Adjustments for:		
Depreciation and amortisation	123	188
Impairment of investments	254	364
Non-cash interest on loans receivable	(293)	(323)
Share-based payments	5,921	1,446
Share of associates profit or loss	348	(27)
Unrealised loss on investments	304	
Unrealised foreign exchange gains and losses	(643)	-
Change in operating assets and liabilities:		
Decrease in deferred revenue	387	464
(Increase)/decrease in trade and other receivables	(1,124)	(4,050)
(Increase)/decrease in other receivable and prepayments	(34)	(6)
Increase/(decrease) in trade and other payables	621	(207)
Increase/(decrease) in provisions	285	288
Net cash from/(used in) operating activities	4,058	(77)

Note 38. Earnings per share

	Consolidated	
	2022 $'000	2021 $'000
Profit/(loss) after income tax attributable to the owners of Auctus Investment Group Limited	(2,091)	1,786
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	76,407,012	58,547,668
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	17,950,000	18,920,885
Performance rights	-	400,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	94,357,012	77,868,553

Note 38. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(2.74)	3.05
Diluted earnings per share	(2.74)	2.29

No options or performance rights have been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS for the current financial year, as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity generated a loss during the financial year.

Note 39. Share-based payments

The Company has established an employee share option plan (ESOP). The ESOP is designed to provide eligible participants with an ownership in the Company and to provide additional incentives for eligible participants to increase profitability and returns to shareholders.

The summary and key terms of the ESOP are set out below for the information of potential investors in the Company.

	Consolidated 2022 $'000	Consolidated 2021 $'000
Share-based payment expense	5,921	1,446

Eligibility and Grant of Incentive Options	The Board may grant Incentive Options to any full or part time employee of the Company or an associated body corporate. Incentive Options may be granted by the Board at any time.
Consideration	Each Incentive Option issued under the Plan will be issued for nil cash consideration.
Conversion	Each Incentive Options is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
Exercise Price and Expiry Date	To be determined by the Board prior to the grant of the Incentive Options.
Exercise Restrictions	The Incentive Options may be subject to conditions on exercise as may be fixed by the Directors prior to grant.
Share Restriction Period	Shares issued on the Exercise of Incentive Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a Restriction Period has expired, as specified in the Offer for the Incentive Options.

Note 39. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/09/2017	01/12/2021	$0.60	1,775,000	-	(1,775,000)	-	-
19/09/2017	01/12/2021	$1.20	1,875,000	-	-	(1,875,000)	-
19/09/2017	01/12/2021	$2.20	2,225,000	-	-	(2,225,000)	-
24/10/2018	24/12/2021	$1.00	1,335,357	-	(1,335,357)	-	-
21/11/2018	21/11/2021	$1.00	3,000,000	-	(2,143,200)	(856,800)	-
29/11/2018	14/12/2021	$1.00	310,000	-	(310,000)	-	-
29/11/2018	27/12/2021	$1.00	22,250	-	(22,250)	-	-
18/05/2020	18/05/2024	$0.35	4,150,000	-	-	-	4,150,000
29/06/2020	25/05/2024	$0.35	1,500,000	-	-	-	1,500,000
29/06/2020	25/05/2024	$0.45	1,750,000	-	-	-	1,750,000
05/03/2021	05/03/2024	$1.25	1,000,000	-	-	-	1,000,000
17/08/2021	17/08/2025	$1.70	-	4,650,000	-	-	4,650,000
01/11/2021	01/11/2024	$1.70	-	650,000	-	-	650,000
19/11/2021	19/11/2024	$1.75	-	1,250,000	-	-	1,250,000
24/11/2021	17/08/2025	$1.70	-	3,000,000	-	-	3,000,000
			18,942,607	9,550,000	(5,585,807)	(4,956,800)	17,950,000

Subsequent to the end of the financial year on 4 August 2022, the Company completed a return of capital amounting to 5 cents per share, as such the exercise price of options on issue also reduced by 5 cents per share. The adjustment of 5 cents per share has not been included in the above or below tables.

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/09/2017	01/12/2021	$0.60	1,775,000	-	-	-	1,775,000
19/09/2017	01/12/2021	$1.20	1,875,000	-	-	-	1,875,000
19/09/2017	01/12/2021	$2.20	2,225,000	-	-	-	2,225,000
24/10/2018	24/12/2021	$1.00	1,335,357	-	-	-	1,335,357
21/11/2018	21/11/2021	$1.00	3,000,000	-	-	-	3,000,000
29/11/2018	14/12/2021	$1.00	310,000	-	-	-	310,000
29/11/2018	27/12/2021	$1.00	22,250	-	-	-	22,250
18/05/2020	25/05/2024	$0.35	4,150,000	-	-	-	4,150,000
29/06/2020	25/05/2024	$0.35	1,500,000	-	-	-	1,500,000
29/06/2020	25/05/2024	$0.45	1,750,000	-	-	-	1,750,000
05/03/2021	05/03/2024	$1.25	-	1,000,000	-	-	1,000,000
			17,942,607	1,000,000	-	-	18,942,607

Share based payments recognised in profit or loss

Director and employee options

During the current financial year, the Company issued 4,650,000 unlisted options to employees, 3,650,000 unlisted options to Directors and 1,250,000 options to consultants of the Company. A summary of the options issues is noted below:

Note 39. Share-based payments (continued)

Number under option	Date of expiry	Exercise price	Vesting terms	Fair value of options	Share based payment expense in profit or loss $'000
4,650,000	17 August 2025	$1.70	Immediately upon issue	$0.58354	2,714
650,000	1 November 2024	$1.70	Immediately upon issue	$0.55398	360
1,250,000	19 November 2024	$1.75	Immediately upon issue	$0.60166	752
3,000,000	17 August 2025	$1.70	Immediately upon issue	$0.69844	2,095
					5,921

For the options granted during the current financial year the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/08/2021	17/08/2025	$1.12	$1.70	85.00%	-	0.12%	$0.58354
01/11/2021	01/01/2024	$1.20	$1.70	85.00%	-	0.62%	$0.55398
19/11/2021	19/11/2024	$1.30	$1.75	83.29%	-	0.54%	$0.60166
24/11/2021	17/08/2025	$1.32	$1.70	83.29%	-	0.54%	$0.69844

Loan funded shares

On 2 December 2020, the Company issued 2,000,000 loan funded shares to the Company's Managing Director following shareholder approval granted at the Company's 2020 Annual General Meeting (AGM). The loan is a non-recourse loan and repayable at any time or is repayable immediately if the Managing Director ceases to be an employee. If the employee sells the shares, the shares are payable on the date of receipt of the funds. A share based payment expense amounting to $938,100 has been recorded in the previous financial year relating to issue of loan funded shares.

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Campbell McComb
Managing Director

21 September 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Auctus Investment Group Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES**

Key Audit Matter	**How our audit addressed the key audit matter**
Revenue Recognition Refer to Note 5	
The Group's revenue is primarily derived from the provision of capital raising services and fund management services. Certain customers are invoiced in advance of the provision of services and this amount is recognised as a liability until the Group has provided, and the customer consumes, the benefits of the services. Other customers are invoiced in arrears of the provision of services and this amount is recognised as an asset, to the extent that the customer has already consumed the benefits of the services. The accurate recording of revenue is dependent on information which supports the amount and timing of the benefit provided and consumed by the customer. We consider revenue as a key audit matter because of its significance to profit.	Our procedures included, amongst others: • Obtaining an understanding of and evaluating the design and implementation of the controls and systems relevant to revenue recognition. • Reviewing the general journals impacting revenue • For a sample of revenue transactions, testing to supporting documentation including fee agreements, supporting calculations, fund registers, fund financial statements, invoices and receipt of customer payments • For sampled revenue transactions, assessing whether revenue has been recognised in the correct period • Assessing the adequacy of disclosure in the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES**

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Intangible Assets Refer to Note 19	
The Group's Intangible Assets include both goodwill and a contractual right to cashflows. The goodwill is in relation to one cash generating unit ("CGU") whereas the contractual right has its own contractual independent cashflows. We believe due to the significance of the intangible assets balance, that the carrying value is a key audit matter. Specifically, the key matter was whether the Group's value in use model for impairment included appropriate consideration and support for significant estimates and judgements and the selection of key external and internal inputs. Management's assessments of impairment of the Group's intangible balances incorporated significant estimates and judgements in respect of factors such as forecast: • revenues; • expenses, and; • economic assumptions in the cash flow model such as, discount rates, growth rates and terminal growth rate	Our procedures included, amongst others: • Assessing managements determination of the CGU based on our understanding of the nature of the Group's business and the economic environment in which it operates • Understanding and evaluating the design and implementation of management's process and controls regarding the valuation of the Group's intangible assets, to determine any asset impairment including procedures around the preparation and review of the forecasts • Challenging Management's significant estimates and judgements used to determine the recoverable value of its assets • Checking the mathematical accuracy of the cash flow model and agreeing relevant data to the latest Board approved forecasts of the Group • Performing sensitivity analysis in relation to the forecast revenue, expenses, discount rate, growth rate and terminal growth rate assumptions • Assessing the adequacy of disclosure in the financial statements

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Auctus Investment Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

21 September 2022

The shareholder information set out below was applicable as at 31 August 2022.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	138	0.07	-	-
1,001 to 5,000	107	0.38	-	-
5,001 to 10,000	48	0.47	-	-
10,001 to 100,000	162	8.66	-	-
100,001 and over	93	90.42	10	100.00
	548	100.00	10	100.00
Holding less than a marketable parcel	80	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	11,572,011	14.93
Riversdale Capital Pty Ltd (Riversdale Capital A/C)	8,394,798	10.83
National Nominees Limited	7,870,000	10.16
Camac Investments Pty Ltd	5,317,379	6.86
Mr John Charles Plummer	5,125,000	6.61
Petstock Investments Pty Ltd	2,500,000	3.23
Pebble Bay Capital Pte Limited	1,686,010	2.18
BNP Paribas Noms Pty Ltd (DRP)	1,356,857	1.75
Mr Michael Hynes	1,300,000	1.68
LJ & S Investments Pty Ltd (The Siapantas Family A/C)	1,000,000	1.29
DCRT Superannuation Pty Ltd (DCRT S/F A/C)	992,544	1.28
Invia Custodian Pty Limited (Kuarka A/C)	900,000	1.16
Peter Cunningham Investments Pty Ltd (The Peter Cunningham S/F A/C)	834,002	1.08
Pabasa Pty Ltd (Kehoe Family Super Fund A/C)	800,000	1.03
Elkayam 101 Ltd	763,579	0.99
Bospt Pty Ltd (Bosft A/C)	750,000	0.97
Ms Sarah Wong	696,929	0.90
Longma Investments Pty Ltd (M & K Ajjaoui Family A/C)	684,000	0.88
Mr Louis Ghirardello	550,000	0.71
Vaben Pty Ltd (The Vaben Superannuation A/C)	537,173	0.69
	53,630,282	69.21

Unquoted equity securities
- The Company has 17,950,000 options on issue in accordance with the Shares under option section of the Directors' Report.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Riversdale Capital Pty Ltd (Riversdale Capital A/C)	8,394,798	10.83
Wolf Capital Pty Ltd	7,751,080	10.00
Campbell McComb	5,677,379	7.33
John Plummer	5,155,000	6.65

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.