

**24 October 2022**

**ASX Announcement**

***September 2022 Quarter in Review – Appendix 4C***

**Key Points**

- **Strong cash receipts for September quarter of \$2.415M**
- **Assets Under Management (“AUM”) \$487M at 30 September 2022**
- **Achieved first realised exit and performance fee after generating an initial 50% return on equity and 18% p.a. IRR from the sale of esVolta, LP**
- **Cash on hand at the end of the quarter of \$6.75M (pre \$1.48m performance fee)**
- **\$3.78M (5c per Share) capital return paid during the September quarter**

Auctus Investment Group Limited (‘AVC’, ‘Auctus’ or ‘the Company’) is pleased to provide the following update in relation to activities for the September quarter of 2022.

**Auctus Asset Management Pty Ltd**

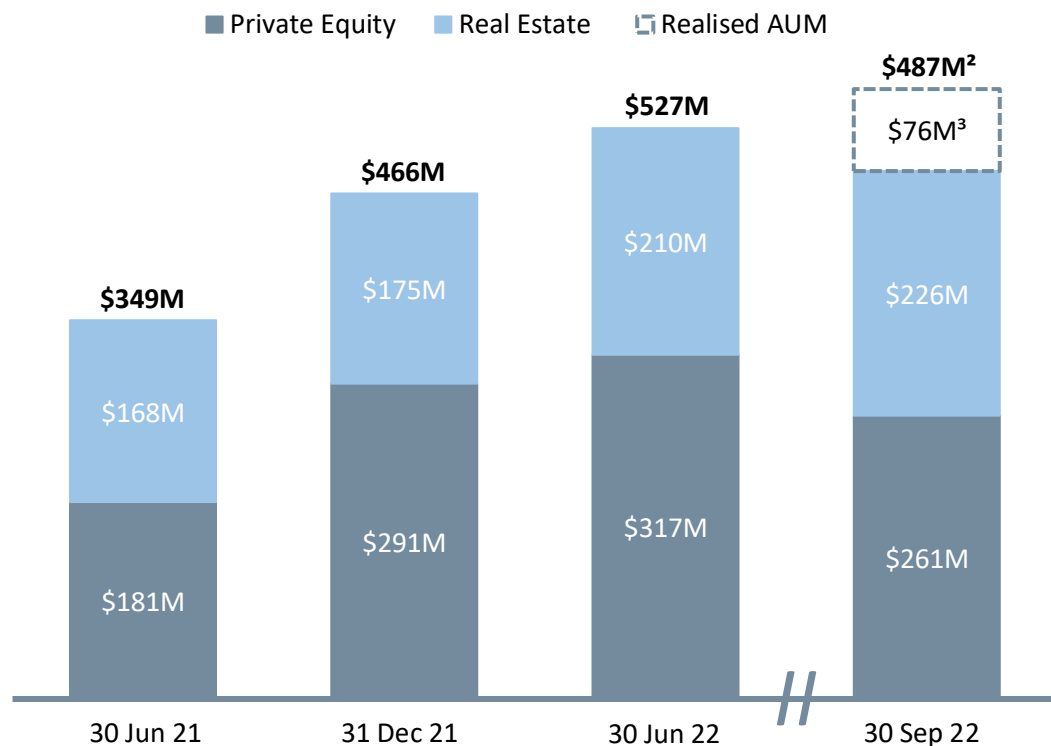
Auctus Asset Management (‘Auctus AM’) finished the September quarter with AUM of \$487M. The Company has now returned approximately \$117M to investors (\$76M original capital and \$41M of capital gains) from the sale of esVolta, LP which is highlighted in the AUM chart below. The return is net of fees and US taxes, and prior to any future earnouts.

We view this initial return as a strong outcome for Fund investors with an Internal Rate of Return (IRR) of 18% p.a.<sup>1</sup>, further highlighting the benefits of investing in private markets. As a result of this strong performance, we are seeing reinvestment back into US Opportunities Limited (‘USO’) for the current \$30M capital raise.

Approximately \$270M or 55% of the Company’s total AUM is perpetual capital underpinning recurring revenue.

<sup>1</sup> Past performance is not an indicator of future performance

## ASSETS UNDER MANAGEMENT (A\$ M)



AUD: USD exchange rate of 0.64 <sup>2</sup> Net of esVolta, LP as previously announced. Current AUM is \$487m. <sup>3</sup> Return of investors original capital in esVolta (excludes return on invested capital). // represents quarterly change in AUM.

### Cash Flow from Operations and Cash Position

Auctus generated \$2.415M in cash receipts from customers for the September 2022 Quarter with the majority of revenue from recurring management fees. Overall, Auctus generated a positive cash from operations of \$0.457M for the quarter. This is the Company's **fourth consecutive quarter of positive cash flow from operations** as we start to see the benefits of scale and strong asset performance.

All payments noted in Section 6 of the accompanying Appendix 4C for related party payments during the quarter relate to settlement of directors' fees and salaries, including payment of invoices and amounts due from prior periods.

### **Capital Return & Share Buy Back**

During the quarter, shareholders approved a \$0.05 (5 cents) per Share **capital return**, representing \$3.78M. The capital return was paid to shareholders on the 4<sup>th</sup> of August 2022.

The Company continued the **on-market share buy-back**, with \$0.65M of shares purchased during the September quarter. Since its commencement, Auctus has purchased approximately \$1.53M worth of shares and has the capacity to purchase an additional 4,604,752 shares as at the 24<sup>th</sup> of October 2022. These purchases will be conditional based on market conditions and balance sheet management.

### **Fund Updates**

#### **Luxury Escapes Fund**

During the quarter, Auctus closed the second tranche capital raise for Luxury Escapes which was oversubscribed closing at a total of \$95M.

The Luxury Escapes business outperformed our Information Memorandum (“IM”) forecasts in FY22 with the rebound in travel faster than anticipated. The business continues to perform well as the appetite for travel shows no signs of slowing.

#### **First Realised Exit (esVolta, LP)**

As previously advised, Auctus recently exited its investment in esVolta, LP. The sale of esVolta represents the Company’s first realised exit, delivering a **return on capital of approximately 50%**, which equates to a realised IRR of **18% p.a. for the Energy Storage Fund**, both net of fees and all US taxes, and prior to any future earnouts.

As announced on 20 September 2022, the Company has **materialised a performance fee of ~\$1.78M** (adjusted for currency and net of US taxes). Approximately \$0.30M of this was received during the September quarter. The second tranche of the performance fee of \$1.48M was received on the 3<sup>rd</sup> of October and will be reflected in the December 2022 quarter’s cashflow.

The majority of esVolta revenue received by Auctus AM was upfront during FY20 and therefore does not impact the Company’s recurring revenue.

**US Opportunities Limited**

USO provides investors with an exposure to short duration (late-stage and pre-IPO) private equity opportunities all exclusively sourced from the Company's strong relationships with its US based partners. The Company initially raised \$35M of seed capital during H1 FY22 with investors receiving 1 for 1 options with a total exercised value of a further \$35M. We anticipate these options being exercised up until the 31 January 2023 expiry date.

Auctus is currently undertaking an additional \$30M capital raise, that together with the seed capital and options, will make USO a ~\$100M investment vehicle by February of 2023. As the appointed investment manager for USO, Auctus will have a significant level of undeployed capital ("dry powder") to take advantage of current market conditions.

**Annual General Meeting & New Headquarters**

We look forward to providing further updates to shareholders at our AGM on Friday 25 November 2022 at 11:00am (AEDT).

As advised, the Company recently moved to new Melbourne headquarters. This move provides enhanced amenities for company presentations and the hosting of events whilst also helping to attract and retain talent.

We look forward to welcoming shareholders and investors to our new office at the upcoming AGM.

**- ENDS**

**This announcement has been authorised for release by the Board of AVC**

For all shareholder enquiries please contact:

Campbell McComb  
Managing Director

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## AUCTUS INVESTMENT GROUP LIMITED (ASX: AVC)

## Appendix 4C

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

## Name of entity

AUCTUS INVESTMENT GROUP LIMITED (ASX: AVC)

## ABN

76 149 278 759

## Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,415	2,415
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(310)	(310)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(889)	(889)
(f) administration and corporate costs	(761)	(761)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>457</b>	<b>457</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(236)	(236)
(d) investments	(97)	(97)
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	724	724
2.4	Dividends received (see note 3)	67	23
2.5	Other – payments for security deposits	(359)	(359)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>99</b>	<b>99</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings / payments for lease liabilities	(92)	(92)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid / Capital return	(3,775)	(3,775)
3.9	Other (On-market Share buy-back)	(646)	(646)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(4,513)</b>	<b>(4,513)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,569	10,569
4.2	Net cash from / (used in) operating activities (item 1.9 above)	457	457

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	99	99
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,513)	(4,513)
4.5	Effect of movement in exchange rates on cash held	137	137
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,749</b>	<b>6,749</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,749	10,569
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,749</b>	<b>10,569</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	170
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	457
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,749
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,749
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A		
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 October 2022

Authorised by: The Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.