



Auctus Investment Group Limited (ASX: AVC)

H1 FY23 FINANCIAL RESULTS

24 February 2023

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AGENDA

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AUCTUS INVESTMENT GROUP LIMITED



AUM

\$484M¹

Net of \$76M capital return and \$41M profit on esVolta, LP (+20% fund inflows on PCP)



CASH RECEIPTS

Up 17% to \$5.64M
H1 FY22 \$4.68M



ADJUSTED EBITDA²

Up 26% to \$4.66M
H1 FY22 \$3.69M



NET CASH FLOW

\$1.61M
5 consecutive quarters of positive cash flow from operations
Annualised recurring revenue now \$6.06M³



STRONG BALANCE SHEET

Net Assets of \$30.03M
No debt



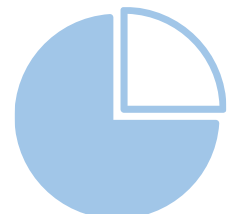
PERPETUAL CAPITAL AUM

Up 677% to \$272M
H1 FY22 \$35M



PERFORMANCE FEES

Anticipate in excess of \$7.5M during FY23
\$6M+ linked to PETstock exit in H2⁴



CURRENT CASH

Ending FY cash balance of \$7.13M

All figures in AUD unless otherwise stated.

¹ AUD: USD exchange rate of 0.6815. Net of esVolta, LP. +20% fund inflows is post currency adjustments

² Excludes share of profits / (losses) from associates, unrealised investment gains / (losses) on investments, depreciation and amortisation and non-cash share-based payments expense during H1 FY22

³ Annualised recurring revenue at 31 December 2022

⁴ Transaction remains subject to customary closing conditions including ACCC and NZCC approvals

FINANCIAL SUMMARY

	H1 FY23	H1 FY22	MOVEMENT
Revenue	\$11.14M	\$6.54M	Up 68%
Expenses	(\$6.48M) ¹	(\$2.85M) ²	Up 80%
Adjusted EBITDA ²	\$4.66M	\$3.69M	Up 26%
Cash Flow From Operations	\$1.61M	\$2.00M	Down 19%

- Annualised recurring revenue has increased substantially up 64% to \$6.06M on PCP
- Cash receipts from customers up 17% to \$5.64M on PCP
- Management fee revenue up 122% to \$2.89M on PCP
- Net cash flow of \$1.61M down on PCP due to \$3.73M transaction revenue in H1 FY22 – majority Luxury Escapes initial tranche
- Fixed remuneration in-line with PCP demonstrating strong cost control

REVENUE BREAKDOWN

	H1 FY23	H1 FY22
Cash Receipts	\$5.64M	\$4.68M
Management Fees	\$2.89M	\$1.30M
Transaction Revenue	\$0.51M	\$3.73M
New Accrued Performance Fees ³	\$6.54M	\$0.77M
Cash Performance Fees Received	\$1.76M	\$0.00M
Annual Recurring Revenue ⁴	\$6.06M	\$3.70M

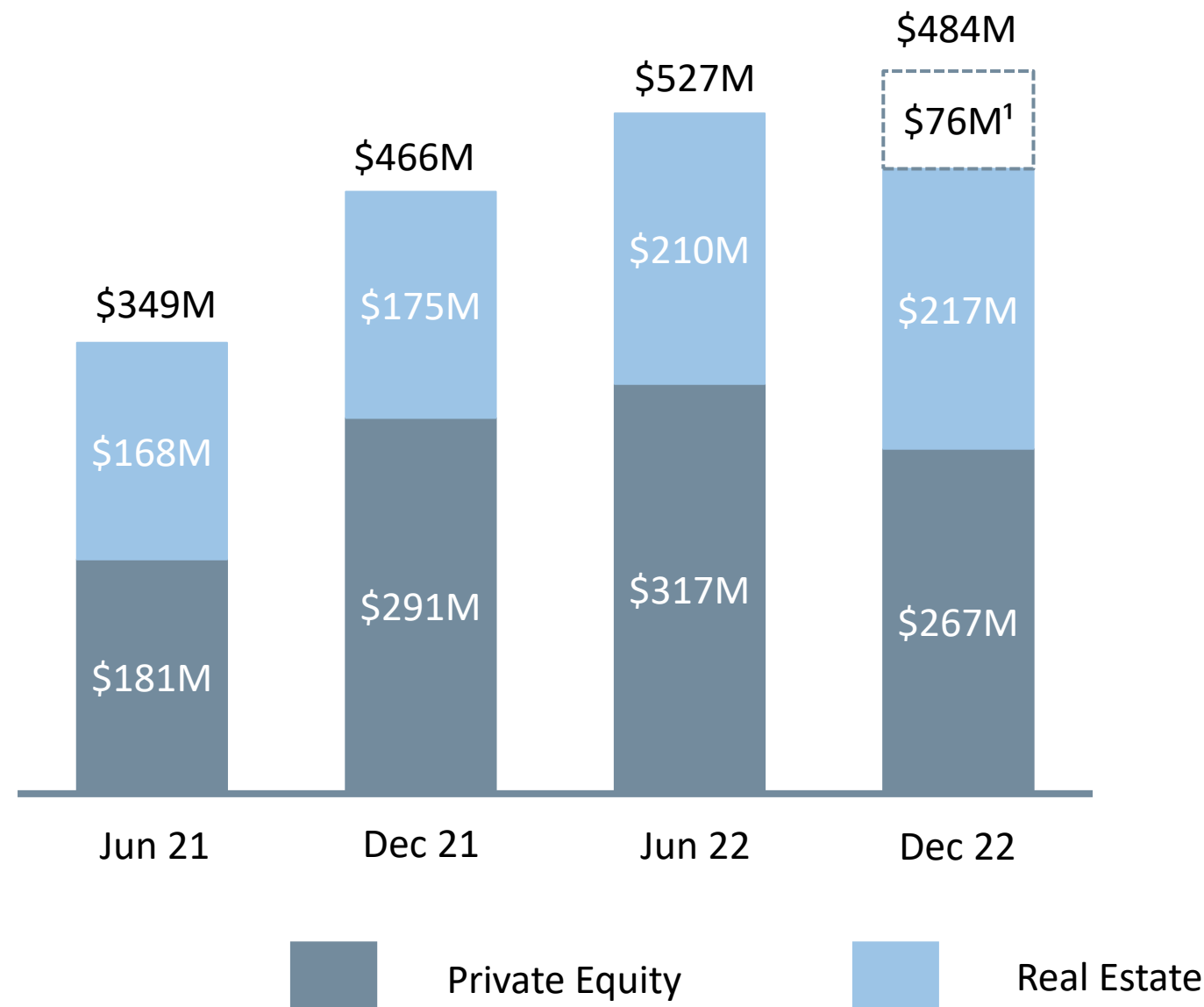
Recurring revenue growth coincides with increase in AUM over the period.

All figures in AUD unless otherwise stated.
¹ Includes bonus accrual of \$3.49M following the implementation of a long-term incentive structure (payable over 3 years). This amount has not been paid to employees and will only be paid following the achievement of certain performance criteria.
² Excludes share of profits / (losses) from associates, unrealised investment gains / (losses) on investments, depreciation and amortisation and non-cash share-based payments expense during H1 FY22
³ Based on independent valuations of portfolio companies including transactions. Total performance fee receivable of \$10.25M (non-cash and adjusted for FX)
⁴ Annualised recurring revenue at 31 December 22

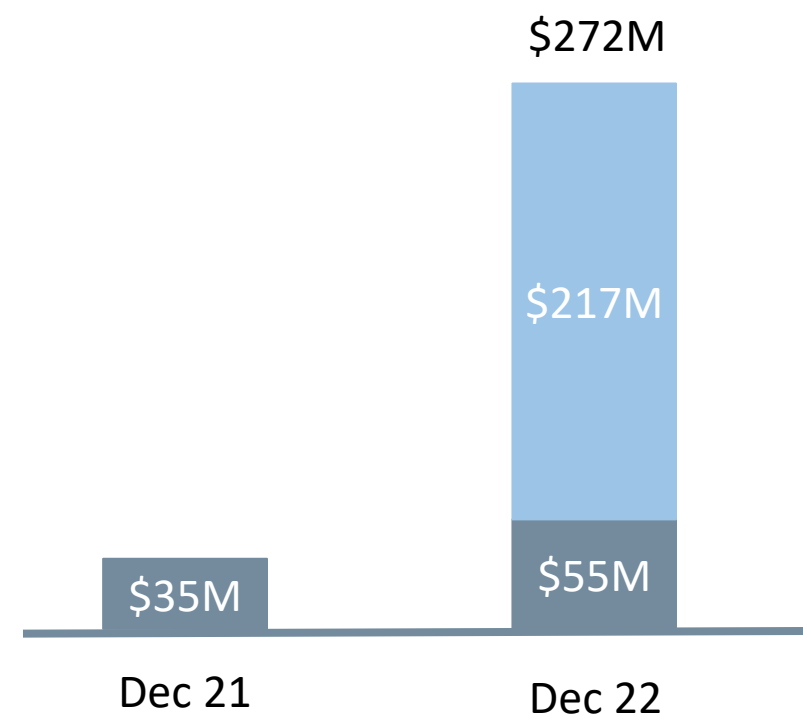
ASSETS UNDER MANAGEMENT

- Total AUM increased to \$484M, net of \$76M capital return on esVolta **(+20% fund inflows on PCP)**
- **Perpetual capital AUM up 677% on PCP to \$272M** with further fund flows into US Opportunities Limited
- **AUM diversified** across asset classes, funds (6) and sectors

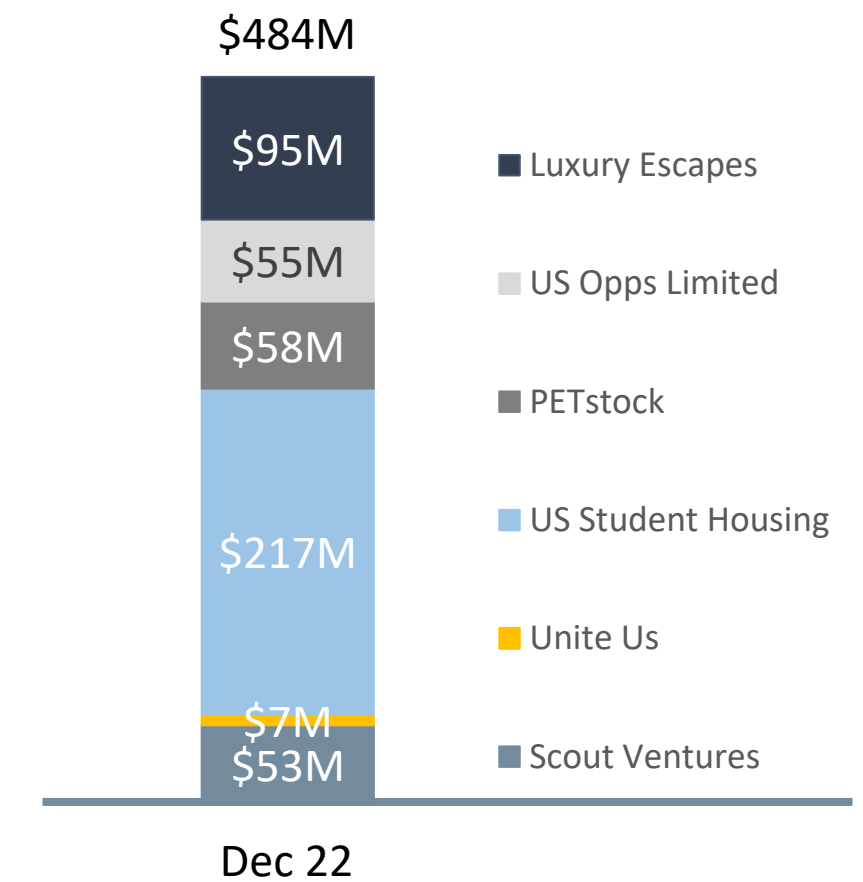
TOTAL AUM



PERPETUAL CAPITAL AUM



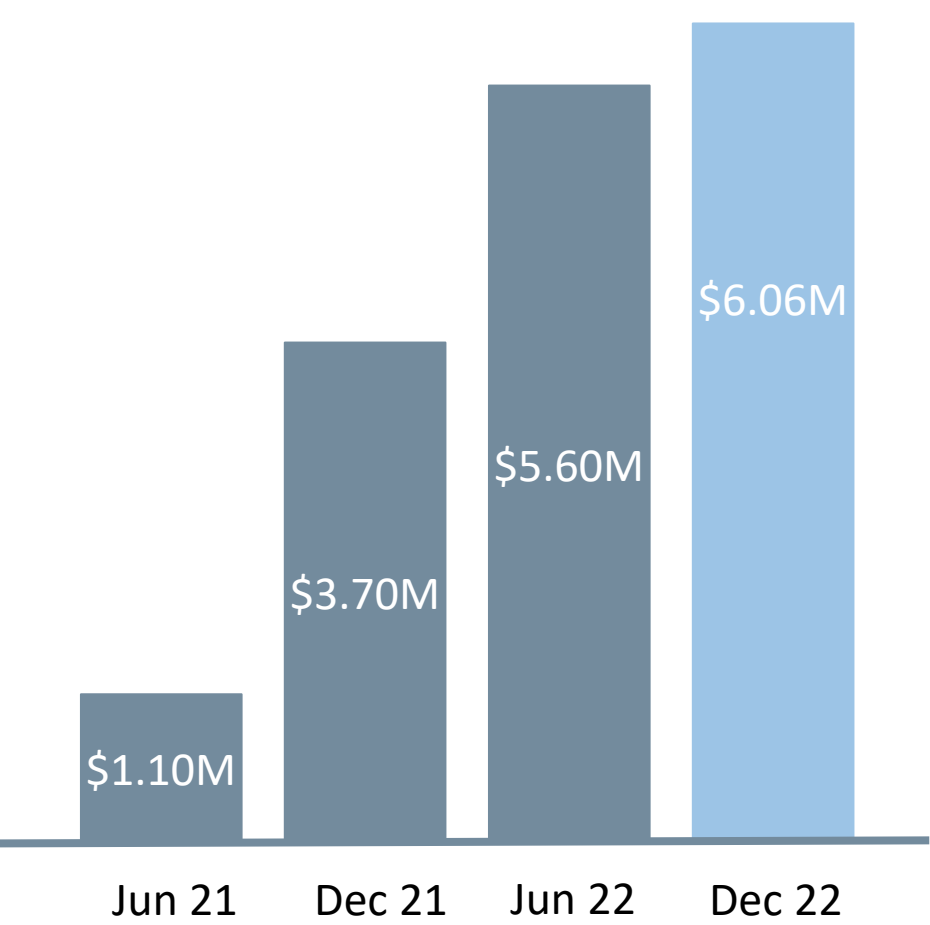
AUM DIVERSIFIED BY FUND



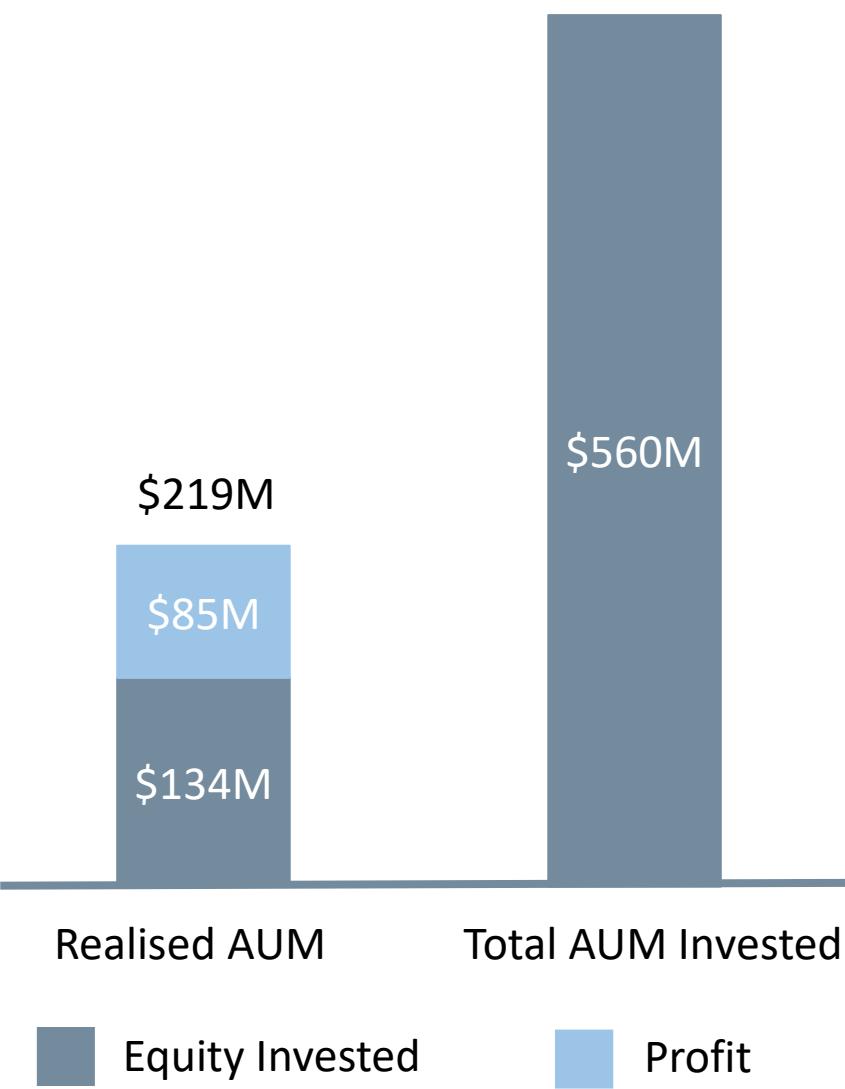
BUSINESS CONTINUES TO EVOLVE

- **Annualised recurring revenue continues to grow** year-on-year as AUM grows with perpetual capital underpinning future recurring income
- **Investment track record:** realised track record building with two significant transactions announced in H1 FY23 delivering strong investor returns
- **Performance fees:** realisation as investment portfolio matures (\$6.67M PETstock PF anticipated to be received during H2 FY23 and has been accrued in H1 accounts)³

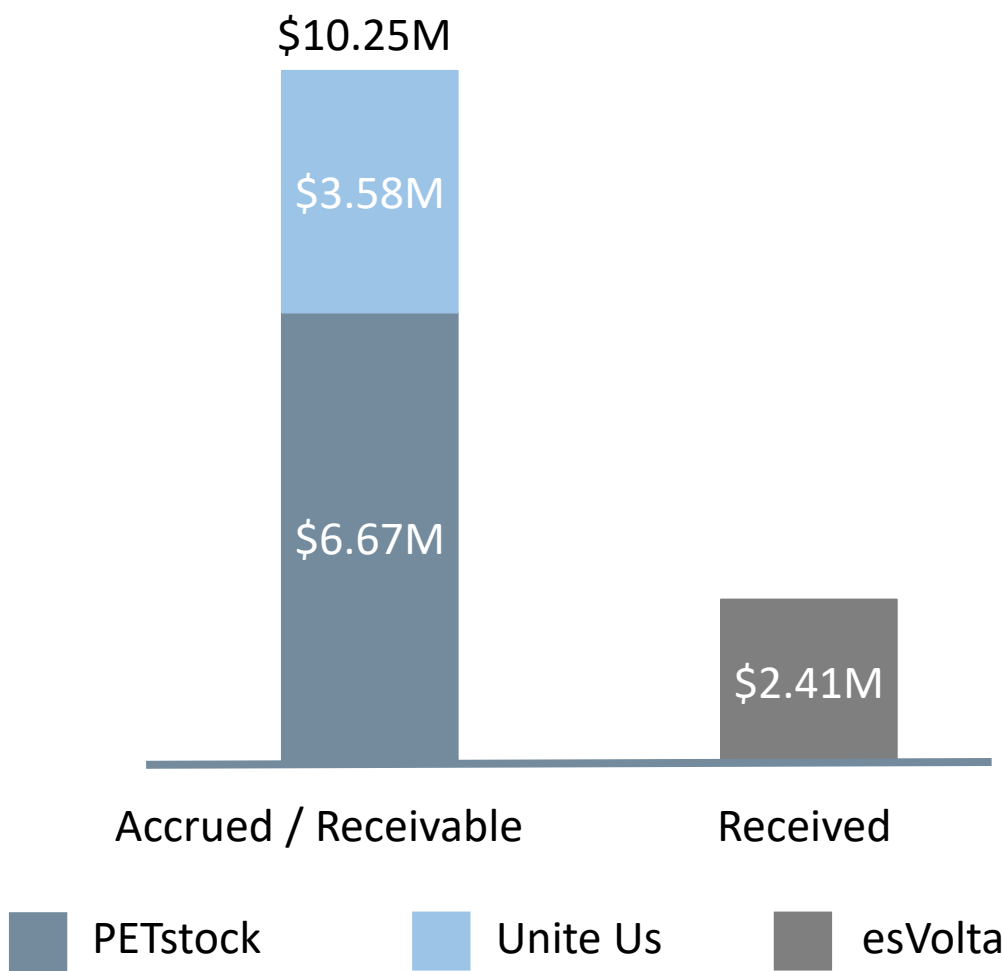
ANNUALISED RECURRING REVENUE¹



INVESTMENT TRACK RECORD²



PERFORMANCE FEES BY FUND³



¹ Annualised recurring revenue as at 31 December 2022
² Includes estimated net return on Petstock investment. Based on a 30 June 2023 close. Transaction remains subject to customary closing conditions including ACCC and NZCC approvals. Excludes future earnouts linked to the esVolta sale to Generate Capital.
³ Performance fees gross of tax for comparison purposes (esVolta performance fee net of tax is \$1.76M of which \$1.4M was accrued in previous financial years)

INVESTOR RETURNS

- Completed **first major exit with the sale of 100% of the equity in esVolta, LP** to Generate Capital, a US based sustainable infrastructure investment and operating platform (process run by Citigroup NY).
 - Delivered initial 18% p.a. return for investors with the potential for future earnouts
- **Announced sale of stake in Petspiration Group (PETstock) to Woolworths Group (ASX: WOW)** which is expected to generate a gross IRR of approximately 30% p.a. and money multiple of 1.8x for Pet Fund Investors¹

STRONG CASH FLOW

- **Annualised recurring revenue of \$6.06M** with quarterly management fees covering fixed costs²
- **Five consecutive positive cashflow quarters with \$272M of current AUM perpetual capital**
- As a result of our first two exits, the Company anticipates **cash performance fees in excess of \$7.5M during FY23**
- Solid platform upon which to build on already positive cash flow with potential for one-off performance fees across the portfolio

STRONG BALANCE SHEET

- Cash and investments of \$30.03M
- **No debt**

CAPITAL MANAGEMENT INITIATIVES

- **Paid \$3.78M (5c per share) capital return to shareholders** on 4 August 2022
- **Continued on-market share buy-back** with \$1.98M worth of shares bought back as at 31 December 2022

NEW HEADQUARTERS

- Moved into new Melbourne headquarters providing enhanced amenities for company presentations and the hosting of events whilst also helping to attract and retain talent

All figures in AUD unless otherwise stated

¹ Transaction remains subject to customary closing conditions including ACCC and NZCC approvals. Excludes future earnouts linked to the esVolta sale to Generate Capital.

² Annualised recurring revenue at 31 December 2022

DEAL ORIGINATION	STRATEGIC FOCUS	
	<ul style="list-style-type: none">Auctus has a track record of delivering curated offshore and onshore investment opportunities (e.g., <i>esVolta</i>, <i>LP</i> and <i>Unite Us</i> in the United States and strong brand names in <i>PETstock</i> and <i>Luxury Escapes</i> in Australia)Continue to identify high quality, niche opportunities for our investorsStrong deal flow coming from our US partners, Scout Ventures and Cross CreekRemain patient to ensure deal quality and build on current strong track record	
	<hr/>	
	<ul style="list-style-type: none">Continue to grow annual recurring revenueBuilding on our two scalable perpetual platforms (USO & USQ) and delivering returns to investors and therefore shareholders is our highest priorityAnticipate closing current raise in mid 2023 with the aim of making USO a \$100M evergreen US late-stage private equity vehicleStrategically look at accretive acquisition opportunities that will scale the US student housing portfolio and improve liquidity on market	
GROW RECURRING REVENUE	<hr/>	
GROW INVESTOR BASE	<ul style="list-style-type: none">Grow investor channels in the US whilst continuing to broaden our presence in AustraliaContinued investment in brand awareness, distribution capabilities & marketing	
	<hr/>	
FIND ACCRETIVE BALANCE SHEET OPPORTUNITIES	<ul style="list-style-type: none">Explore new asset management opportunities and strategic partners	

INVESTMENT TIMELINE



First transaction that raised US\$4.8M to invest in Unite Us a NYC based healthcare technology company

Raised US\$10M fund to invest in Scout Ventures Fund III

SCOUT
VENTURES



Raised \$58M fund to invest in Australia & New Zealand's largest private, family owned, omni-channel pet specialty retailer PETstock

Raised \$95M fund to invest in Lux Group, a leading online travel technology business and the owner of the Luxury Escapes brand

LUXURY ESCAPES

ID.me

Via USO, invested US\$10M in ID.me further diversifying the portfolio

MAY 2019

JUN 2020

MAR 2021

SEP 2021

NOV 2022

JAN 2020

OCT 2020

JUN 2021

MAR 2022

esVOLTA

Raised US\$33.5M for North American utility scale battery storage company



STUDENT QUARTERS

Commenced off-campus US student housing joint venture with Student Quarters, LLC (Atlanta, Georgia)



US OPPORTUNITIES



VOYAGER
SPACE HOLDINGS

Awarded mandate on US Opportunities Limited (USO) in June 2021. Seed investment in Voyager

CROSS CREEK

JV with Cross Creek, US venture capital investor based in Salt Lake City, Utah



US STUDENT HOUSING REIT

Established and listed US Student Housing REIT (ASX: USQ) to grow the off-campus US student housing portfolio in JV with Student Quarters

SELECT PORTFOLIO UPDATES

2 SCALABLE PLATFORMS



- Continued capital raise for USO in difficult market conditions
- Anticipate closing current raise in mid 2023 with the aim of making **USO a \$100M evergreen US late-stage private equity vehicle**
- Settled US\$10M investment in ID.me during November
- Current portfolio performing well with significant portions protected by government contracts



- All properties in the USQ portfolio valued by CBRE as at 31 December 2022
- Gross Asset Valuation ('GAV') of the total portfolio **increased to US\$147.7M (A\$217M), up from US\$144.6 million (for the 6-month period to 31 December 2022).**
- NTA per unit (unaudited) as at 31 December 2022 is US\$1.06 (A\$1.54¹), up from US\$1.02 (A\$1.50) at 30 June 2022
- **Forecasted rental increases in excess of 10.5% for the 2023-2024 academic year** after achieving 8% for the current 2022-2023 academic year
- December quarter cash distribution of AUD 1.59 cents per unit¹ (US 1.10 cents per unit) – **highest quarterly distribution paid since IPO**



- Post-Covid rebound delivering **extraordinary Total Transaction Value (TTV) and EBITDA growth**
- **Record month in January 2023**
- Recent sector M&A activity demonstrating sector tailwinds and strength of Luxury Escapes business

DIVERSIFIED PORTFOLIO

6
INVESTMENT
FUNDS

9
PROPERTIES

5
PORTFOLIO
COMPANIES

SECTOR &
GEOGRAPHIC
DIVERSIFICATION

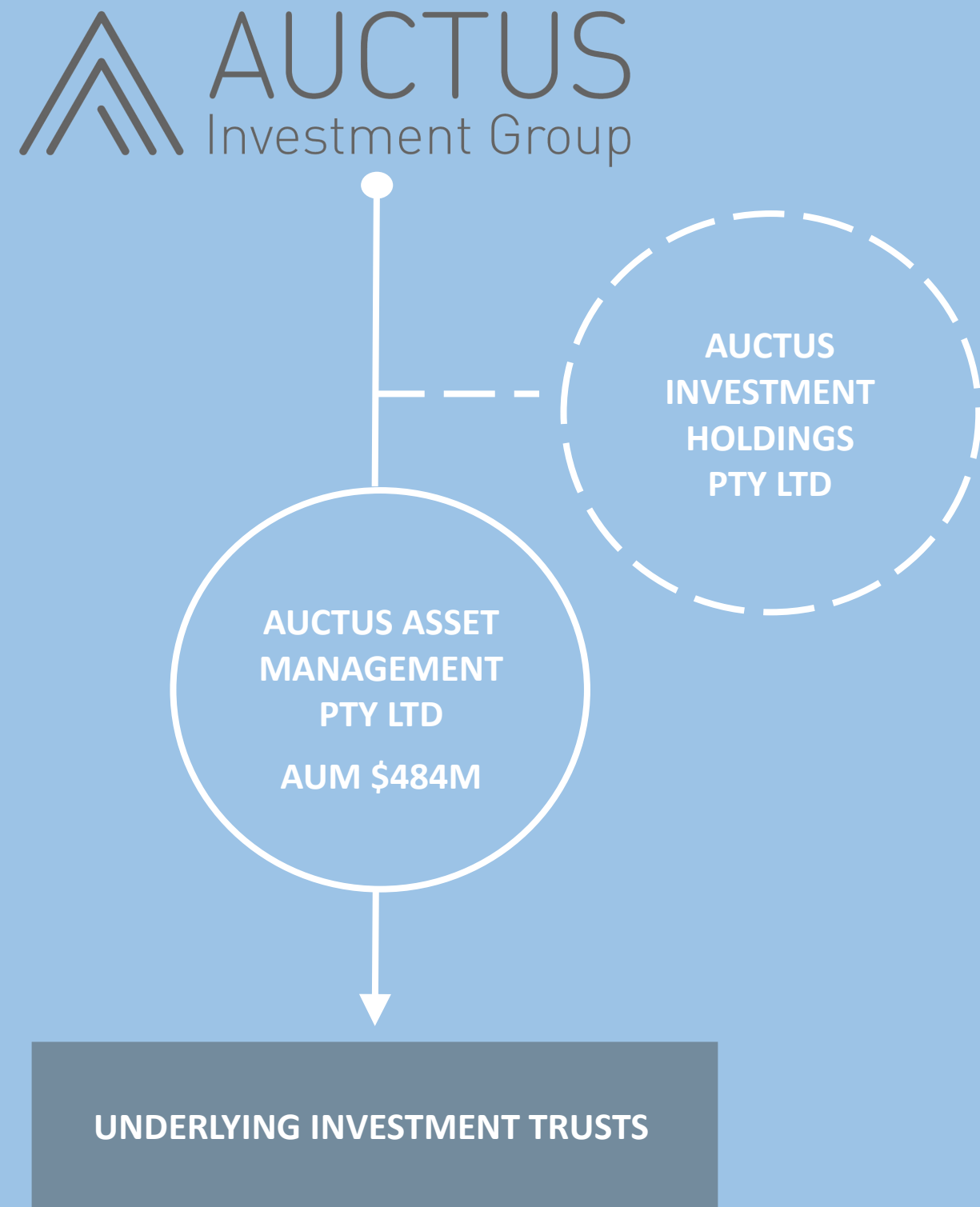
3
US JV PARTNERSHIPS

2
EXITS²

All figures in AUD unless otherwise stated

¹ Assuming AUD | USD estimated exchange rate of 0.69. Actual AUD cents per unit conversion will be based on prevailing exchange rates. Net of 15% withholding tax

² PETstock transaction remains subject to customary closing conditions including ACCC and NZCC approvals. Anticipated close in FY23.



AUCTUS INVESTMENT GROUP LIMITED

Auctus Asset Management Pty Ltd

- Generates revenue for Auctus Investment Group via ongoing management, transaction and performance fees on investments. These fees are charged as a percentage of AUM
- Our goal is to deliver strong investment performance, translating into strong shareholder returns over time

Auctus Investment Holdings

- Holds balance sheet co-investments in growth assets on behalf of Auctus Investment Group
- Group Net Asset backing of \$30.03M
- No debt

Strong Shareholder Base

- Top 20 shareholders = 64.5%¹ with strong employee representation and alignment

OUR PARTNERS

Our asset management partnerships provide proprietary deal flow typically unavailable to Australian investors



Scout Ventures is based in Austin, Texas, and invest in standout, frontier technologies built by hard-to-access founders that are making the world a better, safer place. Partnership with Scout has generated proprietary opportunities including Unite Us, ID.me & Voyager Space Holdings.

CROSS CREEK

Cross Creek is a US venture capital investor based in Salt Lake City, Utah, with deep networks and an extensive track record of successful venture investments and exits including Docusign and Bill.com. USO has invested in Cross Creek Capital III Fund with late-stage opportunities out of Cross Creek's stable under due diligence.



STUDENT QUARTERS

Student Quarters (SQ) is an Atlanta, Georgia based specialist student housing asset manager with a demonstrated track record of value generation and execution. Joint venture agreement announced in July 2020. SQ has \$1.1bn in gross assets under management, 34 properties across 17 states, >11,000 beds at 22 campuses and a realised net IRR of 21.4%¹.



Impact Investment Partners (IIP) is an Australian based investment manager focussed on identifying and building essential infrastructure and social infrastructure assets in and for Australia's Indigenous communities through their Indigenous Infrastructure Investment Fund (IIIF). Auctus holds a 24% stake in IIP.

¹ As at 31 December 2022

GOVERNANCE

- Governance across all levels of the business is the highest priority
- Auctus outsource trustee, administration and custodial services to independent and respected third-party organisations
- These trusted third-parties provide additional oversight to our Fund investors
- Outsourcing these elements of “back office” provides our business with scalability in operations and ensures we are focused on delivering high quality investment opportunities to our investors
- During the period, the Remuneration Committee comprising the Company’s two Non-Executive Directors engaged a globally recognised remuneration consulting firm to formalise a short and long-term incentive scheme to incentivise, attract and retain employees
 - As a result, an LTI accrual was booked for the half-year in accordance with the Employee Incentive Plan linked to performance fees achieved (cash) and previously accounted for (non-cash) during the period





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