AUCTUS
Investment Group

Annual Report 2023

Auctus provides wholesale, family office and sophisticated investors with access to a highly curated selection of private market investment opportunities.

Contents

About Auctus

Auctus Investment Group is a global investment manager focusing on opportunities across private equity, infrastructure, and private real estate. Our core investment thesis is investing in sectors with strong tailwinds and potential to scale.

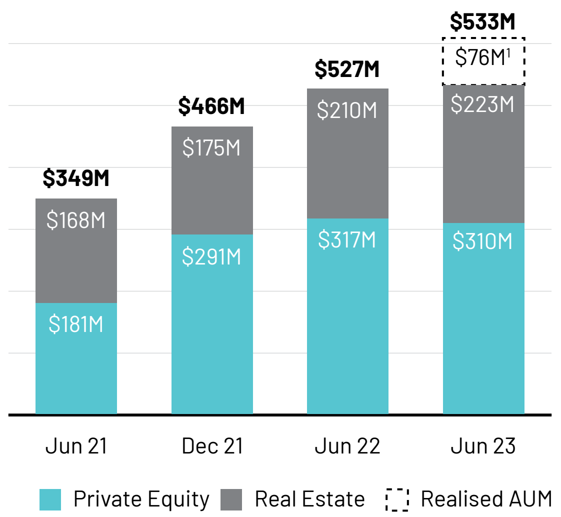
Established in 2018, the Group has built on its capabilities across mid-market domestic private equity, US pre-IPO and late stage private equity and operating real estate. Since our first fund investment in early 2019, the Company has grown Assets Under Management (AUM) to $533 million. The Company has returned $117 million to investors following its maiden exit.

By partnering with offshore investment specialists, Auctus is able to provide curated investment opportunities otherwise not available to Australian wholesale investors.

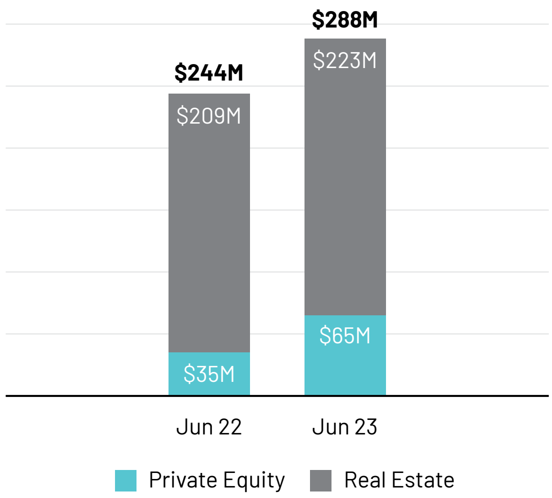
Our partnership approach, with investors, with private companies, and with other global asset managers is key to our success.

Highlights & Achievements

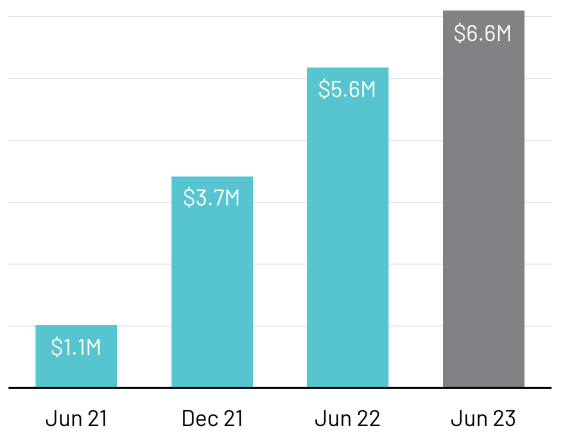
Total AUM



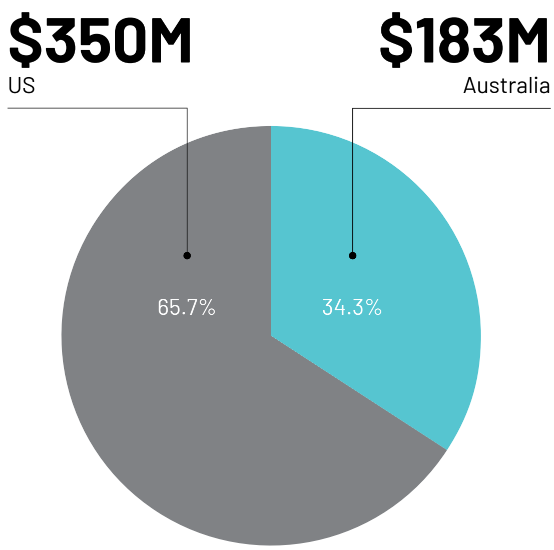
Perpetual Capital AUM



Annualised Recurring Revenue

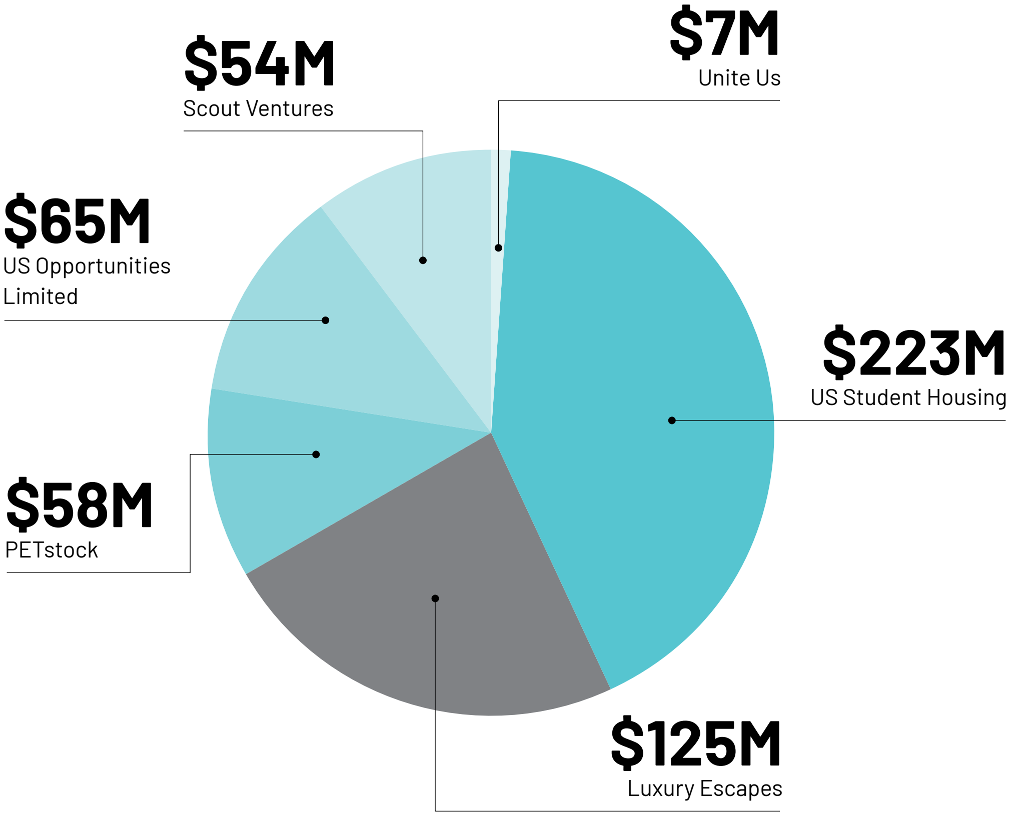


AUM Diversified by Region

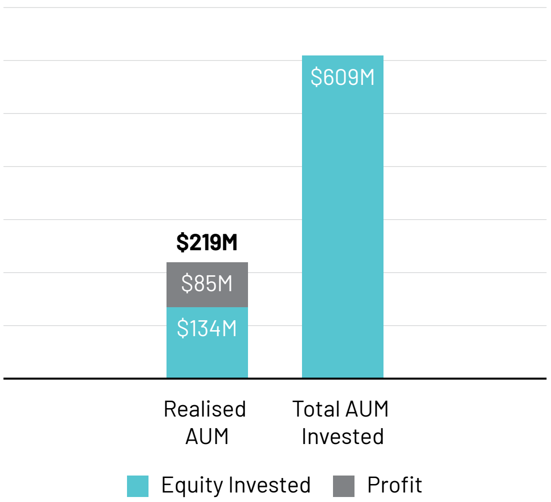


1. Return of investors original capital in esVolta (excludes return on invested capital).

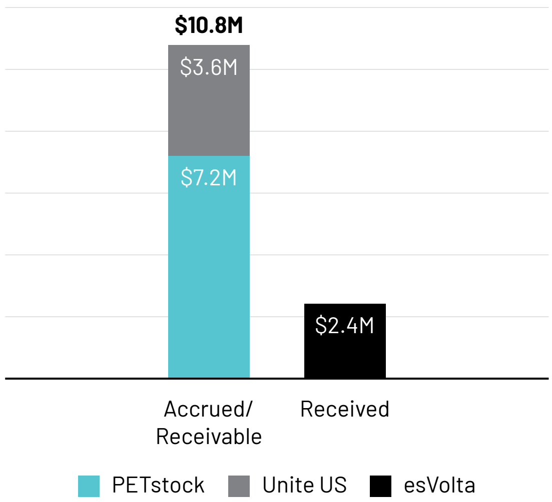
Investment Portfolio



Investment Track Record[2]



Performance Fees by Fund[3]



2. Includes estimated net return on PETstock investment. Transaction remains subject to customary closing conditions including ACCC 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).

Portfolio

Investment Timeline

2019

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

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

2020

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

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

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

Via USO, seed investment in Voyager Space Holdings investment in Voyager.

Awarded mandate on US Opportunities Limited (USO).

2021

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

2022

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

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

2023

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

Raised an additional $30M to invest in Lux Group, taking total Fund to $125M.

Our partnerships with specialist US asset managers provide proprietary deal flow typically unavailable to Australian investors. The Team has worked closely with each partner over many years establishing a rigorous investment process, and great trust in their ability to deliver strong outcomes for our investors and shareholders.

US Investment Partners

Private Equity

Scout Ventures and Cross Creek provide later-stage and pre-IPO opportunities to the Group's investors. These are usually follow-on opportunities in standout private companies they have invested in from early-stage or seed funding, where they have worked with management and held boards seats providing critical insight to the company and management.

Operating Real Estate

Joint Venture strategy to acquire a portfolio of off-campus properties at public 4-year universities via the US Student Housing REIT ASX:USQ).

Pushing frontiers. Supporting founders.

Austin-based early-stage venture capital firm that invests in frontier technologies built by founders from the military, intelligence community, and national labs.

Scout lead Seed rounds with US$1-2 million initial cheques and reserve capital for follow on investments up to Series B. They focus on sectors aligned to their experience serving in defence and building multi-billion dollar companies: AI/ML, quantum computing, robotics, advanced materials science, security, space and aerospace, and advanced energy.

Companies: Unite Us, ID.me and Voyager Space Holdings

Innovative. Collaborative. Connected.

Salt Lake City-based firm investing in venture-backed companies and venture funds. Since 2006, the Cross Creek team has taken a pioneering approach to venture investing.

Cross Creek cultivates strong partnerships with top tier venture-backed companies and venture funds. With their public equity DNA, they drive connectivity to their extensive network of public equity investors. These partnerships form the basis of their disciplined, data-driven approach to venture investing and proven results.

Companies: bill.com, DocuSign and Accolade

Delivering enriching experiences and exceptional results.

Atlanta-based student housing owner and operator founded in 2013.

- Student Quarters manage in excess of >US$1.1BN across off campus US Student Housing.
- Current portfolio represents 34 communities and 11,000+ beds at 22 universities in 17 US states.
- Student Quarters co-invest up to 10% in each asset as alignment capital alongside Auctus investors.
- Best in class operating and leasing experience for premier-located, pedestrian-friendly assets at major public universities.
- Track record – realised net IRR of 21.2% and a 2.0x net investor multiple since inception*.

* As at 31 December 2022 and including all realised asset sales since SQ inception in 2013.

Investment Overview

Asset Management – Private Equity

Auctus provides partnership capital to Australian businesses in the form of growth capital. This founder-friendly approach to private equity investing involves partnering with ownership and management via minority stakes and working with businesses to achieve their goals and ensure successful outcomes for investors. The Group undertakes a rigorous due diligence process with private companies looking for growth capital of $20 million to $150 million.

A$183 million AUM

PETstock

PETstock Pty Ltd ("PETstock") is Australia and New Zealand's largest private, family owned, omni-channel pet speciality retailer. Established in 1991 by the Young family with an acquisition of the first store "Ballarat Produce and Merchandise", the company rebranded as PETstock in 2002. Today, PETstock has over 2000 staff across 200+ stores, providing quality products and services for all pet owners.

Auctus raised the $50 million Pet Fund, providing Fund investors with a 10.65% equity stake in PETstock. This was the first time the company had taken external funding outside of its friends and family network in the 30-year history of the business.

Luxury Escapes

Lux Group is a leading online travel technology business and the owner of the Luxury Escapes Brand – one of the world's fastest growing travel technology businesses. Through their deep and long-standing partnerships with many of the world's most exclusive travel brands, Lux can secure a wide range of curated hotel and tour packages, experiences, and flights at exclusive rates.

Auctus raised $125 million, providing Fund investors with a 27% equity stake in Lux Group.

Asset Management – Operating Real Estate

The REIT is the only Australian-listed property trust with a primary strategy in investing in US student housing.

A$223 million AUM

US Student Housing REIT (ASX:USQ)

The US Student Housing REIT (Real Estate Investment Trust) was established in 2021 and is listed on the Australian Securities Exchange.

The REIT was established to acquire and manage high-quality purpose-built student housing assets located within close proximity to top-tier public universities across the United States, and drive value through operational strategy and capital upgrades.

The REIT is the only Australian-listed property trust with a primary strategy in investing in US student housing and is focused on achieving long-term returns through a combination of income through rental yields along with potential long-term capital growth.

The portfolio has a strong mix of assets owned and operated by joint venture partners Auctus and Student Quarters, a specialist US asset manager. US student housing continues to outperform as an alternative real estate asset class from both a rental growth and occupancy perspective.

Asset Management – US Private Equity

Auctus provides growth capital to a highly curated selection of later stage and pre-IPO private market opportunities in the US.

A$127 million invested, $A117 million returned to investors to date

esVolta

esVolta develops, owns and operates utility-scale battery energy storage projects across North America. Their projects connect directly to the electric grid, and provide essential services for utilities, grid operators and large energy users including on-demand capacity, energy arbitrage and ancillary grid support services.

esVolta's portfolio of operational plus utility-contracted backlog projects totals nearly 1.5 GWh, and they are developing a pipeline approaching 20 GWh of further large project opportunities, averaging about 500 MWh each.

Auctus raised $50 million in the Energy Storage Fund, which took a stake in esVolta in 2019. The Company achieved its 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 to Generate Capital (the Buyer').

US Opportunities Limited ('USO')

USO was established to invest in late-stage, growth private equity and pre-IPO opportunities across the USA. sourced through Auctus' longstanding and trusted US partners. USO provides non-US investors the opportunity to co-invest alongside leading US Institutions and Family Offices into unique, hard to access opportunities.

Mandated to identify unique opportunities in business-critical enterprise SaaS and proven technologies that are hard to access for non-US investors given competitive institutional demand and tight capital windows.

USO was launched in July 2021 as an unlisted public company.

Voyager Space Holdings

Voyager is a multi-national organisation specialising in the acquisition and operation of companies in space exploration and infrastructure industries. Services range from robotics to launch support to communications technology.

ID.me

ID.me is the next-generation digital identity platform that enables trusted and convenient interactions between individuals and organizations and has now signed multiple $1 billion + contracts including US Internal Revenue Service (IRS). ID.me has now reached a major milestone of 100 million users (over a quarter of the US population) signing a further 100,000 per day.

Unite Us

Unite Us is the nation's leading software company bringing sectors together to improve the health and well-being of communities. They drive the collaboration to predict, deliver, and pay for services that impact whole-person health. Unite Us continues to make strong progress and remains in an extremely good position to dominate the market. Management continues to focus on growing the business at a high rate, while improving operational efficiencies and profitability.

Performance Highlights FY23

The Company continues to mature with growing performance fee revenue expected over future periods. In addition, recurring revenue is growing in-line with AUM.

Performance fees realised during FY23 A$2.4 million

$2.4M

Accrued performance fees as at 30 June 2023 of $10.8 million including $7.2 million linked to PETstock exit[2]

$10.8M

Annualised recurring revenue as at 30 June 2023 of $6.6 million with quarterly management fees continuing to grow in-excess of fixed costs

$6.6M

2. PETstock transaction remains subject to customary closing conditions including ACCC approval.

The Group remains committed to delivering strong returns for fund investors which in turn will deliver strong shareholder returns over time.

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 (Energy Storage Fund) with the potential for future earnouts

50%

Paid the first capital return to shareholders of $3.8 million (5c per share)

$3.8M

Share buy back A$2.0 million

$2.0M*

* Buy-back for FY23 is $2.0M. Total buy-back to date of $2.9M.

Strategic Focus

Our strategy

- Auctus provides access to a highly curated selection of private market investment opportunities

- The Group's focus is on value accretive opportunities that consistently deliver strong investor returns over the long term

Outcomes

- Opportunities where Auctus and co-investors deploy between

$20M to $150M

Auctus provides partnership capital to Australian businesses in the form of growth capital.

- Private mid-market investment opportunities with strong management, a proven product, strong customer and revenue streams
- Access to compelling opportunities not readily accessible to other investors
- Highly curated investment offering with a focus on quality as opposed to quantity of opportunities

Independent Chair's Letter

On behalf of the Board, I would like to extend my thanks to the team at Auctus for their hard work and commitment, and for what they have achieved over the past few years, in building Auctus to the scalable platform that it is today.

On behalf of the Board and the team at Auctus, I am pleased to present the Annual Report for Financial Year 2023.

The past year has seen continued growth for Auctus, despite the challenges posed by the global macro environment. We have grown funds under management, recurring revenue and permanent capital, are on the cusp of another successful investment exit, and provided shareholders with an inaugural capital return. We extend our gratitude to all our shareholders for their continued support and trust.

Governance

In addition to our commitment to delivering shareholder value, we recognize that strong corporate governance is essential for building and maintaining the trust of our shareholders, investors, and partners. As a majority independent Board, we continue to uphold the highest standards of governance, guided by transparency, accountability, and ethical practices. Our commitment to sound governance principles saw the Board undertake the following over the past year:

Remuneration Policy: We engaged an independent party to undertake a comprehensive remuneration review, benchmarked to the broader market, and with which we have established a robust framework for employee compensation and incentives. Our compensation structure is designed to further align the interests of our executive team with those of our shareholders. Performance-based incentives are tied to key financial and non-financial metrics, and structured for employee retention. The aim is to further promote growth, responsible decision-making, and a strong corporate culture. An overview of the remuneration policy can be found on page 24.

Looking Ahead

As we move into a new financial year, we are well positioned for growth. We are proud of the loyal investor base we have cultivated, and our trusted investment and company partnerships both here and overseas. We look forward to continuing to bring highly curated investment opportunities to the Australian market.

On behalf of the Board, I would like to extend my thanks to the Auctus team for their hard work and commitment, and for what they have achieved over the past few years, in building Auctus to the scalable platform that it is today.

To our partners, the investors in our funds, and to our shareholders – thank you for your continued support.

Christine Christian
Independent Chair

Managing Director's Letter

These two private market opportunities are fantastic examples of the highly curated and differentiated investments Auctus is providing to its investors.

The 2023 Financial Year was certainly one that threw up numerous challenges and uncertainties. With unprecedented interest rate tightening, the macro environment and geopolitical risks, we maintained a cautious approach to capital allocation and investment strategy throughout the year.

With over $10m in cash on balance sheet at 30 June 2022, we rewarded our loyal shareholders with a capital return of $0.05 per share in August 2022. This was combined with the establishment of an on-market buy-back program as part of our overall capital management plan.

In the September quarter Auctus achieved its first investment exit, with the sale of esVolta, LP generating a 1.5x money multiple and an 18% IRR for investors. This Fund returned a combined $117M of capital and gains during financial year 2023, with investors maintaining a stake in a longer dated performance earnout.

In December, Auctus announced our intention to sell our Fund's stake in Petspiration Group (PETstock) to Woolworths Group. As and when this transaction achieves the customary closing conditions it is expected to generate a 1.8x money multiple and a gross IRR of approximately 30%.

We continue to scale our US footprint and expand our relationships with groups such as Scout Ventures and Student Quarters. Our US based assets now account for approximately 65% of our total AUM and we see this continuing to build over coming years.

As we have outlined in previous announcements, our focus is on continuing to build our Assets Under Management (AUM), in particular our perpetual capital AUM. During the financial year the Company's perpetual capital grew by over 17%, driven by our second half capital raise for US Opportunities Ltd.

Over the coming twelve months I believe there will continue to be significant tailwinds in the private markets investing space, and we are well positioned to leverage them. The team at Auctus have spent the last few years building the solid foundations of this business. We now have both the team and the track record as an investment group to capitalise for the benefit of both our Fund investors and our Auctus shareholders.

I would like to take this opportunity to thank the Auctus team for all their hard work during the year. Equally, thank you to our clients and shareholders for their support and to the Auctus Board for its ongoing council.

Campbell McComb
Managing Director

Financial Report

Contents

Directors' report

30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as "the Consolidated entity" or "Auctus") consisting of Auctus Investment Group Limited (referred to hereafter as 'the Company' or 'the Parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

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 Brian Delaney (Non-Executive Director)
Mr Campbell McComb (Managing Director)

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 paid an amount of $0.05 (5 cents) as a return of capital to shareholders.

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) of $533M. Whilst up only slightly on the June 2022 AUM ($527M), a return of $76M in investors capital relating to the sale of esVolta occurred during the period. When factoring this in, AUM improved approximately 18% driven by follow on raisings for both US Opportunities Ltd and Lux Group Ltd.

Revenue from ordinary activities was $16.1M, an increase of $4.6M or 40% compared to $11.5M for the previous period. This growth is consistent with the 41% revenue growth achieved in FY22. The increase was a result of higher management fees of $6.2M (30 June 2022: $4.0M) and performance fees accrued to 30 June 2023 of $8.0M. The performance fee accrued has been accounted for based on the unit price performance of the Funds, including the Pet Fund, post external review.

Profit before income tax expense is $1.8M (30 June 2022: loss of $2.1M).

The loss for the Consolidated entity after providing for income tax amounted to $(0.3)M (30 June 2022: loss of $2.1M), which includes a tax expense of $0.9M related to deferred tax assets/liabilities not previously brought to account.

Financial position

During the financial year, the Consolidated entity net asset position decreased by $5.9M to $28.8M at 30 June 2023 (30 June 2022: $34.7M). This was primarily resulting from the combined $5.8M allocated to the share buy-back ($2.0M) and the return of capital ($3.8M).

The cash balance as at 30 June 2023 was $6.1M (30 June 2022: $10.6M).

Directors' report continued

Significant changes in the state of affairs

During the financial year, the Company cancelled 3,000,000 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$2.4M gross of taxes had been achieved of which approximately A$1.4M had been accrued as at 30 June 2022 based in information available at that date.
- On 15 December 2022 the Company announced that Woolworths Group Limited had announced the acquisition of a 55% interest in Petspiration Group for cash consideration of $586M. Upon completion of the transaction, Auctus will sell the Pet Fund's entire stake of 10.22% in Petspiration, which is expected to generate a gross IRR of approximately 30% p.a. and a money multiple of 1.8x for Pet Fund Investors. Auctus has accounted for a performance fee amounting to $6.7M in this financial year for this exit.
- During June 2023 the Company raised a further $30 million for the Luxury Escapes Fund in follow on capital.

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

There has been no matter or circumstance since 30 June 2023 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 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. 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 operational risks that have the potential to 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 due diligence 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. Many 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.

Directors' report continued

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 Lux Group Limited, 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:	5,282,379 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

Directors’ report continued

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, Selfwealth Ltd and Lonsec. 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. 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:	Selfwealth Ltd (ASX: SWF)
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

Directors' report continued

Name:	**Mr Brian Delaney**
Title:	Independent Non-Executive Director
Qualifications:	Fellow of ASFA, FAICD
Experience and expertise:	Mr Delaney is a non-executive director and has more than 35 years of global funds management experience across Strategy, M & A and Business Development with a focus across Private Equity, Infrastructure, Real Estate and Listed Markets. His most recent executive 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 Los Angeles. Mr Delaney is a graduate of the Harvard Business School Executive Education Program, 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 (AICD). Mr Delaney serves as a Director of the Trawalla Group, Armitage and Assoc, Qualitas (QAL) as well as the Chair of the Fund Executives Association Limited (FEAL). His previous director roles include Basketball Australia and Lonsec Financial Group.
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

'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

Name:	**Mr Justin Mouchacca**
Qualifications:	CA, BBus, FGIA
Experience:	Mr Mouchacca is a Chartered Accountant and Fellow of the Governance Institute of Australia with over 16 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.

Directors' report continued

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
Ms Christine Christian	9	9	2	2
Mr Campbell McComb	9	9	–	–
Mr Brian Delaney	9	9	2	2

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.

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.

Directors' report continued

Options issued to Directors during the financial year

There were no options over unissued ordinary shares granted during or since the end of the financial year to Directors.

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

No shares of Auctus Investment Group Limited were issued on exercise of options.

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 (Including Independence Standards)* 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.

Directors’ report continued

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

17 August 2023

Remuneration report (audited)

The remuneration report details the non-executive directors, executive directors and 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 Consolidated entity, directly or indirectly, including any directors.

The remuneration report forms part of the directors' report and has been prepared and audited in accordance with the requirements of the *Corporations Act 2001.*

The Remuneration report is presented under the following sections:

- Key management personnel
- Remuneration principles
- Remuneration framework
- Non-Executive director's remuneration
- Group performance
- Service contracts and compensation agreements
- Remuneration for the financial year
- Share-based compensation
- Equity instruments held by key management personnel
- Other transactions with key management personnel
- Remuneration consultants
- Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

1. Key management personnel

The names and details of non-executive directors, executive directors and other key management personnel covered by the remuneration report are as follows:

Directors

Name	Position held
Christine Christian	Non-Executive Chair
Brian Delaney	Non-Executive Director
Campbell McComb	Managing Director

2. Remuneration principles

Auctus recognise the importance of retaining key talent and aligning remuneration with the interest of shareholders and those who invest in its Funds. The remuneration policy seeks to be market competitive and align with key strategic drivers of the business and the creation of sustainable value within the Funds over the long-term.

Key principles that guide the reward structures are as follows:

(a) ensuring alignment with Auctus's vision, values, and strategy, and encourage appropriate behaviours;

(b) aligning the interests of Employees and Directors with company performance and achievement of business goals (both, financial and non-financial), without rewarding misconduct, or conduct negatively impacting Auctus's reputation;

(c) promoting diversity and equality;

(d) ensuring easy to understand and transparent, remuneration policies and practices designed to attract, retain and motivate Employees and Directors;

(e) including risk gateways to ensure participants act within agreed risk parameters;

(f) balancing competitiveness, with economical value to shareholders and recognising that for truly critical talent, generous packages should be favoured, but weighted to the long-term; and

(g) meeting high standards of governance and complying with all relevant legal and regulatory provisions, including having regard for the expectations of an ASX listed entity.

3. Remuneration framework

The key components of the Auctus remuneration framework are summarised below:

Component	Objective
Fixed Remuneration Cash based, comprising: • Base salary • Statutory benefits	Primary reward for performing duties of job and defined according to role, experience, criticality of role. Positioned at, or around the median against relevant peer group of companies to attract and retain talent.
Short-Term Incentives Cash based rewards. Conditional on achievement of financial and non-financial measures within a defined period.	Reward for achieving key financial and non-financial priorities that progress strategic objectives.
Long-Term Incentive Cash based rewards. Share of performance fees linked to the performance of a Fund, or other investment vehicle on maturity. Vests over three years.	Incentivise employees to maximise performance of funds managed, aligning with shareholder interests. Retention of employees.

4. Non-executive director's remuneration

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 cap, which is periodically recommended for approval by shareholders. The fee cap currently stands at $400,000 per annum for Non-Executive Directors.

Variable remuneration may be awarded and be delivered as issue of shares or share options with or without vesting conditions, carried interest or other remuneration.

Directors' report continued

5. Group performance

	2023	2022	2021	2020	2019
Revenue ($'000)	16,139	11,531	8,160	2,979	411
Profit after tax attributable to owners of Auctus ($'000)	(294)	(2,091)	1,786	(3,286)	(3,015)
Basic earnings per share (cents per share)	(0.39)	(2.74)	3.05	(8.53)	(11.50)
Return of capital	0.05	–	–	–	–
Share price as at 30 June	0.89	1.07	1.09	0.25	0.36
Total remuneration*	**7,421,645**	**9,577,372**	**4,583,583**	**3,669,845**	**2,029,501**
Total performance remuneration*	**4,499,688**	**6,445,943**	**1,971,240**	**1,945,843**	**639,525**

* Remuneration includes long-term incentive accruals on funds in progress, aligned with performance fees accrued. Payment of the long-term incentive is dependent upon successful exit of the investment and final valuation.

6. Service contracts and compensation arrangements

Details of the terms of employment of the named KMPs are set out below:

Campbell McComb

Managing Director

Employment period:	5 March 2018
Term:	No term specified.
Fixed remuneration:	$500,000 per annum plus superannuation at the greater of 10.5% and statutory minimum requirements.
Discretionary incentives:	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.
Required notice period:	Six months.
Termination entitlements:	Statutory entitlements and so much of the total fixed remuneration as is due and owing on the date of termination. Any short-term incentive will not be paid. Long-term incentive not vested may be paid or granted at the discretion of the Board.

Christine Christian

Non-Executive Chair

Employment period:	5 March 2021
Term:	No term specified.
Fixed remuneration:	$100,000 per annum plus superannuation.
Termination entitlements:	Statutory entitlements and so much of the total fixed remuneration as is due and owing on the date of termination. Any short-term incentive will not be paid.

Brian Delaney

Non-Executive Director

Employment period:	1 November 2021
Term:	No term specified.
Fixed remuneration:	$80,000 per annum plus superannuation.
Termination entitlements:	Statutory entitlements and so much of the total fixed remuneration as is due and owing on the date of termination. Any short-term incentive will not be paid.

7. Remuneration for the financial year

		Short-term benefits		Post-employment benefits	Long-term benefits		Share-based payments		
		Salary and fees[1] $	Short-term[2] incentive $	Super-annuation $	Long service leave[1] $	Long-term incentive[3]	Equity-settled $	Total	Perfor-mance related %
Non-executive directors									
Christine Christian	**2023**	**100,000**	**–**	**10,500**	**–**	**–**	**–**	**110,500**	**–**
	2022	100,000	–	10,000	–	–	–	110,000	–
Brian Delaney	**2023**	**80,000**	**–**	**8,400**	**–**	**–**	**–**	**88,400**	**–**
	2022	53,333	–	5,333	–	–	360,087	418,753	–
Brad Harrison[5]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	62,953	–	–	–	–	–	62,953	–
Executive directors									
Campbell McComb	**2023**	**515,429**	**182,500**	**25,532**	**4,767**	**733,443**	**–**	**1,461,671**	**63%**
	2022	601,696	150,000	23,568	12,376	–	1,047,660	1,835,300	65%
Michael Hynes[6]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2022	130,081	–	7,856	4,573	–	–	142,510	–
Total	**2023**	**695,429**	**182,500**	**44,432**	**4,767**	**733,443**	**–**	**1,660,571**	**55%**
	2022	**948,063**	**150,000**	**46,757**	**16,949**	**–**	**1,407,747**	**2,569,516**	**61%**

2023	**Short-term[2] incentive $**	**Long-term incentive[3] $**	**Amount included in remuneration $**	**Percentage vested in the financial year %**	**Percentage at risk in the financial year[4] %**
Christine Christian	–	–	–	–	–
Brian Delaney	–	–	–	–	–
Campbell McComb	182,500	733,443	915,943	19%	62%

1. Amounts for annual leave (included in Salary and fees) and long service leave relate to the amounts accrued during the financial year.
2. Short-term incentive incurred during the current and previous financial year were discretionary.
3. Long-term incentive reflects amounts paid/accrued in relation to performance fees. For amounts accrued, there is no up-front benefit to employee. Final amount payable in future years is dependent upon successful exit and the final valuation of the fund.
4. Percentage of long-term incentive estimated to be paid in future years.
5. Resigned 31 May 2022.
6. Resigned as an Executive Director on 1 November 2021 and no longer classified as key management personnel.

8. Share-based compensation

Issue of shares

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

Options

There were no options granted to key management personnel during the financial year.

Performance rights

There were no performance rights granted to key management personnel during the financial year.

9. Equity instruments held by key management personnel

Information about ordinary shares held by key management personnel is outlined in the following table:

	Number of ordinary shares at 1 July 2022	Number of ordinary shares granted as remuneration during the year	Number of ordinary shares received on the exercise of options during the year	Disposals/ other	Number of ordinary shares at 30 June 2023
Ordinary shares					
Christine Christian	–	–	–	–	–
Brian Delaney	–	–	–	–	–
Campbell McComb	5,677,379	–	–	(395,000)	5,282,379

Information about share options held by key management personnel is outlined in the following table:

	Number of options (vested and unvested) at 1 July 2022	Number of options granted as remuneration during the year	Number of options exercised during the year	Number of options lapsed during the year	Number of options at 30 June 2023	Number of options vested and exercisable at 30 June 2023	Number of options vested and unexercisable at 30 June 2023
Options over ordinary shares							
Christine Christian	1,000,000	–	–	–	1,000,000	–	1,000,000
Brian Delaney	650,000	–	–	–	650,000	–	650,000
Campbell McComb	3,500,000	–	–	–	3,500,000	2,000,000	1,500,000

Directors' report continued

10. Other transactions with key management personnel

There are no other transactions involving equity instruments with directors, executives or key management personnel for the year ended 30 June 2023.

11. Remuneration consultants

Auctus may engage remuneration consultants. Such information is used to inform decision making.

No remuneration recommendations were provided to Auctus by external providers during the reporting period. Consultants were engaged for benchmarking purposes.

12. Voting and comments made at the 2022 Annual General Meeting ('AGM')

No comments were made and considered on the remuneration report for the financial year ended 30 June 2022 (prior financial year) at the Company's 2022 annual general meeting.

A resolution that the remuneration report for the financial year ended 30 June 2022 (prior financial year) be adopted was put to the vote at the Company's 2022 annual general meeting, and 100% of votes cast were in favour of the adoption of that remuneration report.

This concludes the remuneration report, which has been audited.

Signed in accordance with a resolution of the directors:

Campbell McComb
Managing Director

17 August 2023

Christine Christian
Non-Executive Director

17 August 2023

Auditor’s independence declaration

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 2023, 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.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

17th August 2023

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

Adelaide Brisbane Melbourne Newcastle Sydney Perth

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Total revenue	6	16,139	11,531
Share of profits/(losses) of associates accounted for using the equity method	7	(862)	(348)
Other income	8	551	1,198
Expenses			
Capital raising costs		1,382	2,776
Business development		673	364
Compliance costs		686	510
Computers and communication expenses		94	87
Employee benefits expense	9	7,644	3,796
Professional fees		309	144
Occupancy expenses		205	–
Share based payments expense		–	5,921
Depreciation and amortisation	10	631	123
Impairment expenses	11	150	254
Unrealised loss on investments		2,011	304
Other expenses		204	193
Profit/(loss) before income tax expense		**1,839**	**(2,091)**
Income tax expense	12	(2,133)	–
Profit/(loss) after income tax expense for the year attributable to the owners of Auctus Investment Group Limited		**(294)**	**(2,091)**
Other comprehensive income			
Will be reclassified subsequently to profit or loss when specific conditions are met			
Foreign currency movement		151	(5)
Other comprehensive income for the year, net of tax		151	(5)
Total comprehensive income for the year attributable to the owners of Auctus Investment Group Limited		**(143)**	**(2,096)**
		Cents	Cents
Basic earnings per share	38	(0.39)	(2.74)
Diluted earnings per share	38	(0.39)	(2.74)

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

Consolidated statement of financial position

As at 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	13	6,132	10,569
Receivables and contract assets	14	11,329	5,176
Financial assets	15	430	1,129
Other		169	151
Total current assets		18,060	17,025
Non-current assets			
Investments accounted for using the equity method	16	8,126	8,403
Financial assets	17	8,840	9,985
Property, plant and equipment	18	543	390
Right-of-use assets	19	1,921	2,353
Intangibles	20	1,721	1,841
Other	21	359	–
Deferred tax assets	12	1,997	–
Total non-current assets		23,507	22,972
Total assets		41,567	39,997
Liabilities			
Current liabilities			
Payables and contract liabilities	22	2,123	2,152
Employee benefits provision	23	2,986	629
Lease liabilities	24	421	352
Total current liabilities		5,530	3,133
Non-current liabilities			
Employee benefits provision	23	2,308	142
Lease liabilities	24	1,579	2,001
Deferred tax liabilities	12	3,392	–
Total non-current liabilities		7,279	2,143
Total liabilities		**12,809**	**5,276**
Net assets		**28,758**	**34,721**
Equity			
Issued capital	25	42,264	48,083
Reserves	26	7,673	7,524
Accumulated losses		(21,179)	(20,785)
Equity attributable to the owners of Auctus Investment Group Limited		28,758	34,822
Non-controlling interest		–	(101)
Total equity		**28,758**	**34,721**

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

Consolidated statement of changes in equity

For the year ended 30 June 2023

Consolidated	Issued capital $'000	Foreign exchange translation reserves $'000	Share based payment reserve $'000	Accum-ulated 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 26)	–	–	5,921	–	–	5,921
Transfer of performance rights converted during the year into equity	268	–	(268)	–	–	–
Expiry of options	–	–	(752)	752	–	–
Buy back of shares	(890)	–	–	–	–	(890)
Balance at 30 June 2022	48,083	(538)	8,062	(20,785)	(101)	34,721

Consolidated	Issued capital $'000	Foreign exchange translation reserves $'000	Share based payment reserve $'000	Accum-ulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	48,083	(538)	8,062	(20,785)	(101)	34,721
Adjustment of removing non-controlling interest	–	–	–	(101)	101	–
Restated opening balance	**48,083**	**(538)**	**8,062**	**(20,885)**	**–**	**34,721**
Profit/(loss) after income tax expense for the year	–	(2)	–	(294)	–	(296)
Other comprehensive income for the year, net of tax	–	151	–	–	–	151
Total comprehensive income for the year	**–**	**149**	**–**	**(294)**	**–**	**(145)**
Transactions with owners in their capacity as owners:						
Return of capital (note 25)	(3,775)	–	–	–	–	(3,775)
Buy back of shares (note 25)	(2,044)	–	–	–	–	(2,044)
Balance at 30 June 2023	**42,264**	**(389)**	**8,062**	**(21,179)**	**–**	**28,758**

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

Consolidated statement of cash flows

For the year ended 30 June 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,709	10,910
Payments to suppliers and employees (inclusive of GST)		(7,467)	(6,793)
Interest received		11	56
Dividends received		301	23
Withholding taxes paid		(738)	(115)
Net cash provided by operating activities	37	2,816	4,081
Cash flows from investing activities			
Payments for investments		(1,449)	(12,051)
Payments for property, plant and equipment		(240)	(345)
Payments for loans provided		(150)	(3,715)
Proceeds from repayment of loans		839	3,518
Interest paid		(112)	–
Net cash used in investing activities		(1,112)	(12,593)
Cash flows from financing activities			
Proceeds from issue of shares	25	–	5,008
Payments for share buy-backs		(2,045)	(791)
Payments for return of capital		(3,775)	–
Share issue transaction costs		–	(33)
Principal portion of lease payments		(352)	–
Net cash (used in)/provided in financing activities		(6,172)	4,184
Net (decrease) in cash and cash equivalents		(4,468)	(4,328)
Cash and cash equivalents at the beginning of the financial year		10,569	14,538
Effects of exchange rate changes on cash and cash equivalents		31	359
Cash and cash equivalents at the end of the financial year	13	6,132	10,569

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

Notes to the consolidated financial statements

30 June 2023

Note 1. Reporting entity

Auctus Investment Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Auctus Investment Group Limited is a for-profit entity for the purpose of preparing the financial report.

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.

Note 2. Basis of preparation

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.

This financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report also complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 August 2023. The directors have the power to amend and reissue the financial statements.

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.

Functional and presentation currency

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

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 $0.3M (June 2022: loss of $2.1M) and a net cash in-flows from operating activities of $2.8M (June 2022: $4.1M in-flow).

As at 30 June 2023, the Consolidated entity had working capital of $12.5M (June 2022: $13.9M). 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 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.

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 2023. 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. Significant accounting policies

The significant 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.

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 comprise of the financial statements of Auctus Investment Group Limited ('company' or 'parent entity') and all of the entities the parent entity controls, as at 30 June 2023. Auctus Investment Group Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity'.

The Parent entity controls an entity when the parent 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.

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, its 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.

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 4. Significant 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, accounting for the terms and conditions upon which the instruments were granted.

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 3. 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 16. 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 including a vendor loan receivable, as detailed at note 17 . Significant judgment is required in determining the recoverability and repayment of these balances.

Notes to the consolidated financial statements continued

Note 5. 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 6. Revenue

	Consolidated	
	2023 $'000	2022 $'000
Capital and transaction raising fees	1,880	4,760
Management fees	6,242	3,982
Performance fees accrued	8,017	769
Interest and other income on loans provided	–	2,020
Total revenue	16,139	11,531

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 accounts for estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations based on 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 earned 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 or it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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

	Consolidated	
	2023 $'000	2022 $'000
Share of profit/(loss) – associates	(862)	(348)

Refer to note 16 for further details on equity investment in associates.

Note 8. Other income

	Consolidated	
	2023 $'000	2022 $'000
Interest income (i)	11	349
Foreign exchange gain/(loss)	239	826
Dividend income (ii)	301	23
	551	1,198

(i) Interest income

Interest income relates to interest on bank account balances and term deposits.

The prior financial year include amounts relating to a vendor loan held by the subsidiary Auctus Investment Holdings Pty Ltd. The loan was discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue recognised over the term of the vendor loan (note 17).

(ii) Dividend Income

During the year ended 30 June 2023, the Consolidated entity received $0.3M in dividends of which $0.26M is from the US Student Housing investment.

Notes to the consolidated financial statements continued

Note 9. Employment expenses

	Consolidated	
	2023 $'000	2022 $'000
Contractors and consultants	60	61
Superannuation guarantee contributions	190	188
Other employment related costs	7,394	3,547
	7,644	3,796

Note 10. Depreciation and amortisation expense

	Consolidated	
	2023 $'000	2022 $'000
Property, plant and equipment depreciation	80	6
Right-of-use assets depreciation	431	43
Intangible amortisation expense	120	74
	631	123

Note 11. Impairment expenses

	Consolidated	
	2023 $'000	2022 $'000
Impairment expense	150	254

Following a review of Odyssey Group Limited, the Company impaired the carrying amount of the investment in this entity to 250k USD.

Note 12. Income tax expense

	Consolidated	
	2023 $'000	2022 $'000
Components of tax expense		
Current tax expense	738	–
Deferred tax expense	1,395	–
	2,133	
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Accounting profit/(loss) before income tax expense	1,839	(2,091)
Tax at the statutory tax rate of 25%	460	(523)
Add/(less) tax effect of:		
Permanent differences:		
– Unrealised loss on investments	503	76
– Accounting share of associates	228	8
– Non-assessable foreign income	(45)	–
– Impairment expense	37	63
– Other	26	1,446
Transferred tax losses not brought to account	571	–
Losses used in the year/(not previously recognised)	238	(810)
Movement in temporary differences not recognised		(145)
Foreign tax credits (lost)/recognised	115	(115)
Income tax expense attributable to profit	2,133	–
Deferred tax balances		
Deferred tax assets comprise:		
– Accruals & provisions	1,136	206
– Tax losses	62	869
– Deferred revenue	279	213
– Lease liability	500	–
– Blackhole expenditure s.40-880	13	23
– Other	7	–
Total deferred tax assets	1,997	1,311
Deferred tax liabilities comprise:		
– Intangibles	(140)	–
– Right-of-use assets	(480)	–
– Accrued performance fees & unrealised FX gains	(2,772)	(1,311)
Total deferred tax assets	(3,392)	(1,311)
Net deferred tax balances	**(1,395)**	**–**

Notes to the consolidated financial statements continued

Deferred tax assets not brought to account

Transferred tax losses with a gross value of $2.3M (June 2022: $2.3M) and capital losses with a gross value of $5.8M (June 2022: $5.8M) have not been brought to account.

Note 13. Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Cash at bank	6,132	10,569

Accounting policy for cash and cash equivalents

Cash and cash equivalents include 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 14. Receivables and contract assets

	Consolidated	
	2023 $'000	2022 $'000
Accrued performance fees	10,793	5,075
Trade and other receivables	536	101
	11,329	5,176

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. Refer note 6 for further detail on revenue recognition policy.

Note 15. Current financial assets

	Consolidated	
	2023 $'000	2022 $'000
Loans receivable – Odyssey Group Limited	280	290
Loans receivable – RBP Partners	–	839
Loans receivable – Impact Investment Partners Pty Ltd	150	–
	430	1,129

During the financial year, the Company provided a loan to Impact Investment Partners Pty Ltd amounting to $150k. The loan was provided on interest free terms and is repayable to the Company within 6 months from being provided.

During the 2022 financial year, the Company provided a loan to Odyssey Group Limited amounting to US $0.2M, repaid quarterly by offsetting trail commissions.

Note 16. Investments in associates

	Ownership interest		Consolidated	
	2023 %	2022 %	2023 $'000	2022 $'000
Investment in Gophr Limited	21.0%	20.9%	331	450
Investment in Odyssey Group Limited	9.9%	9.9%	377	541
Investment in Impact Investment Partners Pty Ltd	24.0%	24.0%	3,392	3,367
Investment in US Opportunities Limited	6.2%	9.6%	4,026	4,045
			8,126	8,403

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

- Gophr Ltd, a company incorporated in the UK;
- Odyssey Group Limited, an entity incorporated in Hong Kong;
- Impact Investment Partners Pty Ltd, an entity incorporated in Australia; and
- 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.

Gophr Limited

Summarised financial information of Gophr Limited is set out below:

	Consolidated	
	2023 $'000	2022 $'000
Summarised financial position		
Current assets	3,605	4,657
Non-current assets	109	1,870
Current liabilities	(1,952)	(2,730)
Non-current liabilities	(679)	(504)
Net assets/(deficiency)	1,083	3,293
Summarised financial performance		
Revenue	23,613	30,009
Expenses	(25,336)	(33,347)
Net profit/(loss)	(1,723)	(3,338)
Reconciliation of interest		
Opening balance	450	1,146
Additional investment during the year	464	
Share of profit/(loss)	(583)	(696)
Closing carrying amount of investment	331	450

US Opportunities Limited

Summarised financial information of US Opportunities Limited is set out below:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Summarised financial position		
Current Asset	2,375	1,249
Non-current Asset	62,230	40,450
Current Liabilities	(18)	(37)
Non-current Liabilities	(2,108)	–
Net assets	62,479	41,662
Summarised financial performance		
Revenue	1,062	7,458
Expense	(798)	(325)
Net profit/(loss)	264	7,133
Reconciliation of interest		
Opening balance	4,045	3,360
Additional investment during the year	167	–
Share of profit/(loss)	(185)	685
Closing carrying amount of investment	4,027	4,045

Impact Investment Partners Pty Ltd

Summarised financial information of Impact Investment Partners Pty Ltd is set out below:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Summarised financial position		
Current assets	482	364
Non-current assets	361	324
Current Liabilities	(469)	(177)
Net assets	374	511
Summarised financial performance		
Revenue	582	284
Expenses	(933)	(1,256)
Net profit/(loss)	(351)	(972)
Reconciliation of interest		
Opening balance	3,367	1,050
Additional investment during the year	120	2,550
Share of profit/(loss)	(95)	(233)
Closing carrying amount of investment	3,392	3,367

Notes to the consolidated financial statements continued

Odyssey Group Limited

Summarised financial information of Odyssey Group Limited is set out below:

	Consolidated	
	2023 $'000	2022 $'000
Summarised financial position		
Current assets	4,078	1,268
Non-current assets	1,707	532
Current liabilities	(6,744)	(4,601)
Non-current liabilities	(1,145)	(790)
Net assets/(deficiency)	(2,104)	(3,591)
Summarised financial performance		
Revenue	1,096	1,294
Expenses	(1,423)	(2,324)
Net profit/(loss)	(327)	(1,030)
Reconciliation of interest		
Opening balance	541	644
Share of profit/(loss)	–	(103)
Impact of FX on investment balances	(14)	
Impairment	(150)	
Closing carrying amount of equity accounted investment	377	541

The Company has impaired the investment in Odyssey Group Limited based on expected market valuation.

Note 17. Non-current financial assets

	Consolidated	
	2023 $'000	2022 $'000
Vendor loan receivable	2,227	2,062
Investments – fair value through profit or loss	6,613	7,923
	8,840	9,985
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	9,985	3,530
Interest charges on loan	–	182
Additions	697	7,627
Revaluation decrements	(1,842)	(304)
Transfer to equity accounted investment	–	(1,050)
Closing balance	8,840	9,985

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

(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.

(b) Investments

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 $2.6M 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 $0.7M. A total of $0.6M was invested in Luxury Escapes and $0.1M in US Student Housing REIT (ASX:USQ).

Note 18. Property, plant and equipment

	Consolidated 2023 $'000	Consolidated 2022 $'000
Computer equipment – at cost	188	18
Less: Accumulated depreciation	(36)	(12)
	152	6
Office equipment – at cost	401	21
Less: Accumulated depreciation	(43)	(14)
	358	7
Leasehold improvements – at cost	36	377
Less: Accumulated depreciation	(3)	–
	33	377
	543	390

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment 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**
Carrying amount at 1 July 2021	9	10	–	19
Additions	–	–	377	377
Depreciation expense	(3)	(3)	–	(6)
Carrying amount at 30 June 2022	**6**	**7**	**377**	**390**
Additions	178	62	–	240
Transfers	–	341	(341)	–
Depreciation expense	(31)	(45)	(3)	(80)
Disposals	–	(7)	–	(7)
Carrying amount at 30 June 2023	**152**	**358**	**33**	**543**

Notes to the consolidated financial statements continued

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 19. Right-of-use assets

	Consolidated	
	2023 $'000	2022 $'000
Buildings – right-of-use	2,353	2,353
Less: Accumulated depreciation	(432)	–
	1,921	2,353

During the 2022 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 lease commenced 1 August 2022 and includes an option for a further 5 years.

Reconciliations

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

	Consolidated	
	Buildings $'000	Total $'000
Carrying amount at 1 July 2021	43	43
Additions	2,353	2,353
Depreciation expense	(43)	(43)
Carrying amount at 30 June 2022	**2,353**	**2,353**
Depreciation expense	(432)	(432)
Carrying amount at 30 June 2023	**1,921**	**1,921**

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 20. Intangibles

	Consolidated	
	2023 $'000	2022 $'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	(446)	(326)
	564	684
	1,721	1,841

(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 years 2024 and 2025 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:

- Discount rate of 15% pre-tax;
- Revenue growth of FY24-FY25 is based on recent activity levels; and
- Revenue (cash in-flows) and expenses are estimated to increase by 5% each year and 2.5% on the terminal value.

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

Based on this value-in-use calculation, it was concluded that the recoverable amount the CGU was greater than the carrying amount at 30 June 2023 and accordingly no impairment loss was identified.

(ii) Contractual right to cashflows from management

During the 2018 financial year the Company entered into an agreement to invest up to $1.0M USD to acquire a 10% economic interest in Scout Fund III GP.

The Scout Fund III GP was closed during the 2021 financial year and the 10% economic interest in Scout Fund III GP allows the Consolidated entity a minimum 10% of the performance fees earned by the fund and management fees of 80bps on funds raised by Auctus. 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
Carrying amount at 1 July 2021	1,157	758	1,915
Amortisation expense	–	(74)	(74)
Carrying amount at 30 June 2022	**1,157**	**684**	**1,841**
Amortisation expense	–	(120)	(120)
Balance at 30 June 2023	**1,157**	**564**	**1,721**

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 21. Other assets

	Consolidated	
	2023 $'000	2022 $'000
Security deposit	359	–
	359	–

Note 22. Payables and contract liabilities

	Consolidated	
	2023 $'000	2022 $'000
Trade payables	315	450
Other payables	692	851
Contract liabilities	1,116	851
	2,123	2,152

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 23. Employee benefits provision

	Consolidated	
	2023 $'000	2022 $'000
Current		
Employee benefits	634	629
Incentive provision	2,352	–
	2,986	629
Non-current		
Employee benefits	161	142
Incentive provision	2,147	–
	2,308	142
Total provisions	5,294	771

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 Consolidated entity 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.

(iii) Incentive provision

The incentive provision is expected to be paid over 3 years, commencing from the assumed date of exit to each fund. Expected future payments are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

Note 24. Lease liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current lease liabilities	421	352
Non-current lease liabilities	1,579	2,001
Total lease liabilities	2,000	2,353

During the prior 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.

A bank guarantee to the sum of $359k was provided by the Company to the lessor in relation to the lease.

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 25. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares – fully paid	75,531,741	78,531,741	42,264	48,972
Ordinary shares bought back during the year, not yet cancelled	-	(878,037)	–	(889)
	75,531,741	77,653,704	42,264	48,083

Notes to the consolidated financial statements continued

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 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 bought back during the year	15 July 2022	(1,038,637)	–	(1,062)
Capital return	4 August 2022	–	–	(3,775)
Ordinary shares bought back during the year	30 September 2022	(220,057)	–	(237)
Ordinary shares bought back during the year	25 October 2022	(279,943)	–	(286)
Ordinary shares bought back during the year	21 November 2022	(400,000)	–	(394)
Ordinary shares bought back during the year	3 March 2023	(150,878)	–	(134)
Ordinary shares bought back during the year	6 March 2023	(139,284)	–	(127)
Ordinary shares bought back during the year	7 March 2023	(69,563)	–	(62)
Ordinary shares bought back during the year	16 March 2023	(45,197)	–	(39)
Ordinary shares bought back during the year	17 March 2023	(54,803)	–	(50)
Ordinary shares bought back during the year	24 March 2023	(121,509)	–	(112)
Ordinary shares bought back during the year	27 March 2023	(58,491)	–	(54)
Ordinary shares bought back during the year	8 May 2023	(7,355)	–	(6)
Ordinary shares bought back during the year	9 May 2023	(15,257)	–	(13)
Ordinary shares bought back during the year	10 May 2023	(27,388)	–	(25)
Ordinary shares bought back during the year	11 May 2023	(35,000)	–	(30)
Ordinary shares bought back during the year	12 May 2023	(50,000)	–	(44)
Ordinary shares bought back during the year	15 May 2023	(50,000)	–	(44)
Ordinary shares bought back during the year	17 May 2023	(100,000)	–	(90)
Ordinary shares bought back during the year	19 May 2023	(50,000)	–	(45)
Ordinary shares bought back during the year	2 June 2023	(86,638)	–	(77)
Balance	**30 June 2023**	**75,531,741**		**42,264**

Notes to the consolidated financial statements continued

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. As at 30 June 2023, the Company has bought back 3,000,000 shares.

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 2022 Annual Report.

Note 26. Reserves

	Consolidated	
	2023 $'000	2022 $'000
Foreign currency reserve	(389)	(538)
Share-based payments reserve	8,062	8,062
	7,673	7,524

Foreign currency reserve

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

Notes to the consolidated financial statements continued

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 currency translation reserve $'000	Share based payments reserve $'000	Total $'000
Balance at 1 July 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**
Foreign currency translation	149	–	149
Share based payments	–	–	–
Balance at 30 June 2023	**(389)**	**8,062**	**7,673**

Note 27. Equity – dividends and capital returns

During the financial year the Company completed a Return of Capital amounting to $0.05 (5 cents) per share to shareholders as at a record date in July 2022. 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 Consolidated entity's activities expose it to financial risks such as market risk (foreign currency risk and price risk), liquidity risk and credit risk. The Consolidated entity'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 Consolidated entity. The Consolidated entity uses different methods to measure different types of risk to which it is exposed.

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

The Consolidated entity's does not speculate in the trading of derivative instruments.

Notes to the consolidated financial statements continued

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

2023	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-interest Bearing $'000	2023 Total $'000	Weighted average effective interest rate %
Financial Asset					
Cash and cash equivalents	6,132	–	–	6,132	1.06
Trade and other receivables	–	–	11,329	11,329	–
Financial assets – Loans	–	–	430	430	–
Financial assets – Vendor loans and investments	–	–	8,840	8,840	–
Prepayments	–	–	149	149	–
Total Financial Assets	**6,132**	**–**	**20,748**	**26,880**	
Financial Liabilities					
Trade and other payables	–	–	(1,007)	(1,007)	–
Contract liabilities	–	–	(1,116)	(1,116)	–
Lease Liabilities	–	(2,000)	–	(2,000)	5.50
Total Financial Liabilities	**–**	**(2,000)**	**(2,123)**	**(4,123)**	
	6,132	**(2,000)**	**18,625**	**22,757**	

2022	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-interest Bearing $'000	2022 Total $'000	Weighted average effective interest rate %
Financial Asset					
Cash and cash equivalents	10,569	–	–	10,569	0.00
Trade and other receivables	–	–	5,176	5,176	–
Financial assets – Loans	–	839	290	1,129	–
Financial assets – Vendor loans and investments	–	2,062	7,923	9,985	–
Prepayments	–	–	151	151	–
Total Financial Assets	**10,569**	**2,901**	**13,540**	**27,010**	
Financial Liabilities					
Trade and other payables	–	–	(1,301)	(1,301)	–
Contract liabilities	–	–	(851)	(851)	–
Lease Liabilities	–	(2,353)	–	(2,353)	5.50
Total Financial Liabilities	**–**	**(2,353)**	**(2,152)**	**(4,505)**	
	10,569	**548**	**11,388**	**22,505**	

Notes to the consolidated financial statements continued

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.

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 immaterial. The Consolidated entity's maximum credit risk exposure is limited to the carrying value of its financial assets as per the table on page 43.

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. Performance fees are charged upon satisfaction of the performance hurdle which is usually at the time the relevant investment is exited or it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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.

(a) Contractual Maturities

2023	Within 1 Year ($'000)	Greater Than 1 Year ($'000)	Total contractual cashflow ($000)	Carrying amount ($000)
Financial liabilities due for payment				
Trade and other payables	(1,007)	–	(1,007)	(1,007)
Lease liabilities	(519)	(1,715)	(2,234)	(2,000)
Total contractual outflows	**(1,526)**	**(1,715)**	**(3,241)**	**(3,007)**

2022	Within 1 Year ($'000)	Greater Than 1 Year ($'000)	Total contractual cashflow ($000)	Carrying amount ($000)
Financial liabilities due for payment				
Trade and other payables	(1,301)	–	(1,301)	(1,301)
Lease liabilities	(460)	(2,234)	(2,694)	(2,353)
Total contractual outflows	**(1,761)**	**(2,234)**	**(3,995)**	**(3,654)**

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 the impact of interest rates on the Consolidated entity's financial assets is immaterial.

(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.

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	2023 $'000	2022 $'000	2023 $'000	2022 $'000
US dollars in cash and cash equivalents	3,326	3,554	–	–
US dollars Accrued Performance fees	3,607	4,818	–	–
US dollars Managed investments	101	337	–	–
US dollars Loans receivable	280	1,129	–	–
British pound denominated Vendor loan receivable	2,227	2,062	–	–
	9,541	11,900	–	–

The Consolidated entity held cash denominated in foreign currencies and other assets of $9.5M (2022: $11.9M). 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 Analysis

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.

	Profit $'000	**Equity $'000**
(a) Interest rates		
Year ended 30 June 2023		
±100 basis points change in interest rates	± 61	± 61
Year ended 30 June 2022		
±100 basis points change in interest rates	± 106	± 106
(b) Foreign exchange		
Year ended 30 June 2023		
±10% of Australian dollar strengthening/weakening against the USD	± 460	± 485
Year ended 30 June 2022		
±10% of Australian dollar strengthening/weakening against the USD	± 894	± 894
Year ended 30 June 2023		
±10% of Australian dollar strengthening/weakening against the GBP	± 0	± 134
Year ended 30 June 2022		
±10% of Australian dollar strengthening/weakening against the GBP	± 187	± 187

Notes to the consolidated financial statements continued

(c) 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.

	2023			2022		
	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%	± 331	± 331	± 5%	± 396	± 396

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.

Note 29. Fair value measurement

Fair value hierarchy

The fair values of financial assets and financial liabilities are presented in the table in note 28 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 – 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Managed investments – Mobilicom (ASX:MOB)	14	–	–	14
Managed investments – US Student Housing REIT (ASX:USQ)	3,960	–	–	3,960
Managed investments – Other	–	–	2,639	2,639
Total assets	3,974	–	2,639	6,613

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

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, and discounted cash-flows. There has been no change to the valuation techniques used in fair value measurements of Level 3 items.

Management has assessed the value of these managed funds to be reasonable, as they are in line with 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:

Christine Christian	Non-Executive Chair
Brian Delaney	Non-Executive Director
Campbell McComb	Managing Director

Compensation

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

	Consolidated	
	2023 $'000	2022 $'000
Short-term employee benefits	877	1,098
Long-term employee benefits	784	64
Share-based payments	–	1,408
	1,661	2,570

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	
	2023 $'000	2022 $'000
Audit services – Pitcher Partners		
Audit or review of the financial statements	186	87

Note 32. Contingent liabilities

There are no contingent liabilities for the year ended 30 June 2023.

Note 33. Related party transactions

During the year ended 30 June 2023, the Consolidated entity had the following transactions entities over which the Consolidated entity has significant influence:

- Impact Investment Partners: Interest free loan of $150k, repayable after 6 months.
- Gophr Limited: Additional investment of $464k.
- US Opportunities Limited: Additional investment of 167k and management fees of $927k paid from USO to Auctus Asset Management.
- Revenue earned in capacity of fund manager $16.1M (30 June 2022 $9.5M).

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	
	2023 $'000	2022 $'000
Loss after income tax	(10,261)	(9,387)
Total comprehensive income	(10,261)	(9,387)

Statement of financial position

	Parent	
	2023 $'000	2022 $'000
Total current assets	756	5,329
Total assets	6,115	18,823
Total current liabilities	(3,659)	(2,166)
Total liabilities	(7,546)	(4,179)
Equity		
Issued capital	42,264	48,084
Reserves	7,751	7,745
Accumulated losses	(51,446)	(41,185)
Total equity	(1,431)	14,644

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 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated entity, as disclosed in note 3, 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.

Notes to the consolidated financial statements continued

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 3:

		Ownership interest	
Name	**Principal place of business/Country of incorporation**	2023 %	2022 %
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%
Auctus Pty Ltd	Australia	100.00%	100.00%
Auctus RBP LLC	United States	100.00%	100.00%

Note 36. Events after the reporting period

There has not been any matter or circumstance since 30 June 2023 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	
	2023 $'000	2022 $'000
Profit/(loss) after income tax expense for the year	(294)	(2,091)
Adjustments for:		
Depreciation and amortisation	631	123
Impairment of investments	150	254
Non-cash interest on loans receivable	–	(293)
Share-based payments	–	5,921
Share of associates profit or loss	862	348
Unrealised loss on investments	2,011	304
Unrealised foreign exchange gains and losses	(233)	(643)
Loss on disposal of non-financial assets	7	–
Interest on leases	112	–
Change in operating assets and liabilities:		
Decrease in deferred revenue	265	387
(Increase)/decrease in trade and other receivables	(436)	(1,124)
(Increase)/decrease in other receivable and prepayments	(5,736)	(34)
Increase/(decrease) in trade and other payables	(290)	621
Increase/(decrease) in provisions	4,523	285
Increase/(decrease) in deferred tax assets/liabilities	1,395	–
FX movement through other comprehensive income	(151)	–
Net cash from/(used in) operating activities	2,816	4,058

Note 38. Earnings per share

	Consolidated	
	2023 $'000	2022 $'000
Profit/(loss) after income tax attributable to the owners of Auctus Investment Group Limited	(294)	(2,091)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	76,238,810	76,407,012
Adjustments for the effects of dilutive potential ordinary shares:		
Options over ordinary shares	2,512,518	17,950,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	78,751,328	94,357,012

	Cents	Cents
Basic earnings per share	(0.39)	(2.74)
Diluted earnings per share	(0.39)	(2.74)

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	
	2023 $'000	2022 $'000
Share-based payment expense	–	5,921

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.

Notes to the consolidated financial statements continued

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

2023

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
18/05/2020	18/05/2024	$0.30	4,150,000	–	–	–	4,150,000
29/06/2020	25/05/2024	$0.30	1,500,000	–	–	–	1,500,000
29/06/2020	25/05/2024	$0.40	1,750,000	–	–	–	1,750,000
05/03/2021	05/03/2024	$1.20	1,000,000	–	–	–	1,000,000
17/08/2021	17/08/2025	$1.65	4,650,000	–	–	–	4,650,000
01/11/2021	01/11/2024	$1.65	650,000	–	–	–	650,000
19/11/2021	19/11/2024	$1.70	1,250,000	–	–	–	1,250,000
24/11/2021	17/08/2025	$1.65	3,000,000	–	–	–	3,000,000
			17,950,000	–	–	–	17,950,000

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.

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

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 table for 2022.

Share based payments recognised in profit or loss

Director and employee options

No options were issued in the financial year.

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 2021 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.

Directors' declaration

30 June 2023

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 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that Auctus Investment Group Limited 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

17 August 2023

Christine Christian
Non-Executive Director

17 August 2023

Independent auditor's report

to the members of Auctus Investment Group Limited

AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 76 149 278 759

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 2023, 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 2023 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.

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

Adelaide Brisbane Melbourne Newcastle Sydney Perth

AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 76 149 278 759

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 6	
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.

AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 76 149 278 759

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 20	
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 continued

AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 76 149 278 759

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 2023, 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

AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 76 149 278 759

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

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.

AUCTUS INVESTMENT GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 76 149 278 759

PITCHER PARTNERS

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 24 to 29 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Auctus Investment Group Limited, for the year ended 30 June 2023, 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

17th August 2023

Shareholder information

30 June 2023

The shareholder information set out below was applicable as at 28 July 2023.

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	135	0.06	–	–
1,001 to 5,000	94	0.34	–	–
5,001 to 10,000	47	0.46	–	–
10,001 to 100,000	151	8.21	–	–
100,001 and over	92	90.93	10	100.00
	519	100.00	10	100.00
Holding less than a marketable parcel	94	–	–	–

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	10,084,007	13.34
Citicorp Nominees Pty Ltd	9,685,045	12.82
Riversdale Capital Pty Ltd	7,183,654	9.51
Mr John Charles Plummer	5,325,000	7.05
Camac Investments Pty Ltd	4,872,379	6.45
Pebble Bay Capital Pte Limited	1,686,010	2.23
BNP Paribas Noms Pty Ltd (DRP)	1,356,857	1.80
Jensz Investment Company Pty Ltd	1,211,144	1.60
R & G Zagame Superannuation Pty Ltd (The R&G Zagame S/F A/C)	1,080,000	1.43
DCRT Superannuation Pty Ltd (DCRT S/F A/C)	909,937	1.20
SBY Holdings Pty Ltd (Shane Young Super Fund A/C)	850,000	1.13
Peter Cunningham Investments Pty Ltd (The Peter Cunningham S/F A/C)	834,002	1.10
Pabasa Pty Ltd (Kehoe Family Super Fund)	800,000	1.06
Elkayam 101 Ltd	763,579	1.01
Bosft Pty Ltd (Bosft A/C)	750,000	0.99
LJ & S Investments Pty Ltd (The Siapantas Family A/C)	750,000	0.99
Invia Custodian Pty Limited (Kuarka A/C)	698,999	0.93
Ms Sarah Wong	696,929	0.92
MJB & JLB Nominees Pty Ltd (Matthew W Bailey Family A/C)	686,667	0.91
Longma Investments Pty Ltd (M & K Ajjaoui Family A/C)	684,000	0.91
	50,908,209	67.40

Shareholder information continued

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)	7,183,654	9.51
Wolf Capital Pty Ltd	6,901,080	9.14
John Plummer	5,325,000	7.05
Camac Investments Pty Ltd	4,872,379	6.45

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.

Corporate directory

30 June 2023

Directors	Christine Christian (Non-Executive Chair) Brian Delaney (Non-Executive Director) Campbell McComb (Managing Director)
Company secretary	Justin Mouchacca
Notice of annual general meeting	The Company will hold its Annual General Meeting on Tuesday 28 November 2023. 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 Telephone: +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 VIC 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/

AUCTUS
Investment Group

auctusinvest.com