

1. Company details

| | |
|-------------------|--|
| Name of entity: | Auctus Investment Group Limited |
| ABN: | 76 149 278 759 |
| Reporting period: | For the half-year ended 31 December 2023 |
| Previous period: | For the half-year ended 31 December 2022 |

2. Results for announcement to the market

| | | | | \$'000 |
|--|------|--------|----|---------|
| Revenues from ordinary activities | down | 103.0% | to | (330) |
| Profit/(loss) from ordinary activities after tax attributable to the owners of Auctus Investment Group Limited | down | 820.6% | to | (1,189) |
| Profit/(loss) for the half-year attributable to the owners of Auctus Investment Group Limited | down | 820.6% | to | (1,189) |

Comments

Financial performance

During the half-year period, the Company continued to work towards growing Assets Under Management (AUM) through its focus to set up new investment funds and capital raisings for current funds. AUM finished the half at \$525M, predominantly impacted by stronger Australian dollar, as approximately 65% of Auctus' AUM is in US dollar.

The loss for the consolidated entity after providing for income tax amounted to \$(1.19)M (31 December 2022: profit of \$0.17M). The loss before income tax for the period amounted to \$1.78M (31 December 2022: profit of \$2.29M). Decrease in profit is a result of a lower performance fee associated with PETstock fund than accrued (down \$3.84M), due to a lower enterprise value, a result of the ACCC's divestment package to approve the sale.

The Company realised its second exit and performance fee after generating an initial return on equity of 1.48x from the sale of its stake in Petspiration Group (PETstock). The sale announced on 15 December 2022, finalised on 14 December 2023 upon ACCC accepting PETstock's undertaking to divest 41 specialty pet retail stores, 25 co-located veterinary hospitals and two online retail stores. PETstock's divestment undertaking led to an adjustment to the anticipated enterprise value from \$1.3Bn to \$1.13Bn. As a result of the adjusted enterprise value, the Company's accrued performance fee, originally accrued on a basis of exit by 30 June 2023 of \$7.2M, reduced to \$3.3M.

Revenue from ordinary activities decreased from the previous period by \$11.5M to \$(0.33)M (31 December 2022: \$11.15M). During the half year period \$3.33M was recorded for management fees, up \$0.3M (11.5%) from the same period last year. Capital raising fees of \$0.19M and performance fees of \$(3.85)M reflecting a decrease in PETStock performance fee. Cash receipts from customers decreasing to \$4.06M (31 December 2022: \$5.64M).

The Company also recorded an unrealised gain on the fair value of both listed and unlisted investments amounting to \$0.96M, with most of the unrealised gain relating to the Company's investment in US Student Housing REIT (ASX: USQ). This is expected to gain further in the second half due to the delisting and movement back to net asset value.

Other expenditure has remained consistent with previous financial years.

Financial position

During the half-year period, the Company's net asset position decreased by (\$1.26M) to \$27.50M (30 June 2023: \$28.76M). The working capital balance of the Company decreased by \$3.33M to \$9.20M (30 June 2023: \$12.53M). The net assets of the Company decreased largely as a result of:

- The Company recognising a lower performance fee receivable by \$3.84M.
- The Company acquiring additional shares in US Student Housing REIT for \$0.37M.

The cash balance as at 31 December 2023 was \$4.51M (30 June 2023: \$6.13M). The decrease was a result of \$0.5m in investment activity and the balance relating to operating cashflows.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>31.97</u> | <u>38.69</u> |

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to profit/(loss) (where material) | |
|--|---------------------------------------|-------------------|--|-------------------------------------|
| | Reporting period % | Previous period % | Reporting period 31 December 2023 \$'000 | Previous period 30 June 2023 \$'000 |
| Gophr Limited | 21.0% | 21.0% | (79) | (583) |
| Impact Investment Partners Pty Ltd | 24.4% | 24.4% | (34) | (95) |
| Odyssey Group Limited | 9.9% | 9.9% | - | (164) |
| US Opportunities Limited | 5.5% | 6.2% | (81) | (185) |
| <i>Group's aggregate share of associates and joint venture entities' Loss (where material)</i> | | | | |
| Loss from ordinary activities before income tax | | | (194) | (1,027) |
| Income tax on operating activities | | | - | - |

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Auctus Investment Group Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Signed 

Date: 12 February 2024

Campbell McComb
Managing Director

Melbourne

Auctus Investment Group Limited

ABN 76 149 278 759

Interim Report - 31 December 2023

Auctus Investment Group Limited
Corporate directory
31 December 2023



| | |
|------------------------|--|
| Directors | Christine Christian (Non-executive Chair) Campbell McComb (Managing Director) Brian Delaney (Non-executive Director) |
| Company secretary | Justin Mouchacca |
| Registered office | Level 23, 101 Collins Street Melbourne VIC 3000 Phone: +61 3 8630 3321 |
| Share register | Computershare Investor Services Pty Limited Yarra Falls 45 Johnson Street Abbotsford VIC 3067 Telephone: 1300 850 505 (investors within Australia) |
| Auditor | Pitcher Partners Level 13, 664 Collins Street Melbourne, Victoria, 3008 Telephone: +61 3 8610 5000 |
| Stock exchange listing | Auctus Investment Group Limited shares are listed on the Australian Securities Exchange (ASX code: AVC) |
| Website | www.auctusinvest.com |

Auctus Investment Group Limited
Contents
31 December 2023



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The directors present their report, together with the Condensed Financial Report of the consolidated entity (referred to hereafter as the 'Company') consisting of Auctus Investment Group Limited (referred to hereafter as the 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 and the independent review report thereon.

Directors

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

Ms Christine Christian (Non-executive Chair)
Mr Campbell McComb (Managing Director)
Mr Brian Delaney (Non-executive Director)

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.

Review of operations

Financial performance

During the half-year period, the Company continued to work towards growing Assets Under Management (AUM) through its focus to set up new investment funds and capital raisings for current funds. AUM finished the half at \$525M, predominantly impacted by stronger Australian dollar, as approximately 65% of Auctus' AUM is in US dollar.

The loss for the Company after providing for income tax amounted to \$(1.19)M (31 December 2022: profit of \$0.17M). The loss before income tax for the period amounted to \$1.78M (31 December 2022: profit of \$2.29M). Decrease in profit is a result of a lower performance fee associated with PETstock fund than accrued (down \$3.84M), due to a lower enterprise value, a result of the ACCC's divestment package to approve the sale.

The Company realised its second exit and performance fee after generating an initial return on equity of 1.48x from the sale of its stake in Petspiration Group (PETstock). The sale announced on 15 December 2022, finalised on 14 December 2023 upon ACCC accepting PETstock's undertaking to divest 41 specialty pet retail stores, 25 co-located veterinary hospitals and two online retail stores. PETstock's divestment undertaking led to an adjustment to the anticipated enterprise value from \$1.3Bn to \$1.13Bn. As a result of the adjusted enterprise value, the Company's accrued performance fee, originally accrued on a basis of exit by 30 June 2023 of \$7.2M, reduced to \$3.3M.

Revenue from ordinary activities decreased from the previous period by \$11.5M to \$(0.3)M (31 December 2022: \$11.15M). During the half year period \$3.33M was recorded for management fees, up \$0.3M (11.5%) from the same period last year. Capital raising fees of \$0.19M and performance fees of \$(3.85)M reflecting a decrease in PETstock performance fee. Cash receipts from customers decreasing to \$4.06M (31 December 2022: \$5.64M), with lower capital raising fees in the period.

The Company also recorded an unrealised gain on the fair value of both listed and unlisted investments amounting to \$0.96M, with the majority of the unrealised gain relating to the Company's investment in US Student Housing REIT (ASX: USQ). This is expected to gain further in the second half due to the delisting and movement back to net asset value.

Other expenditure has remained consistent with previous financial years.

Financial position

During the half-year period, the Company's net asset position decreased by (\$1.26M) to \$27.50M (30 June 2023: \$28.76M). The working capital balance of the Company decreased by \$3.46M to \$9.07M (30 June 2023: \$12.53M). The net assets of the Company decreased largely as a result of:

- The Company recognising a lower performance fee receivable by \$3.84M.
- The Company acquiring additional shares in US Student Housing REIT for \$0.37M.

The cash balance as at 31 December 2023 was \$4.51M (30 June 2023: \$6.13M). The decrease was a result of \$0.5m in investment activity and the balance relating to operating cashflows.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial half-year, other than note below:

- On 3 November 2023, the Company announced its intention to delist US Student Housing REIT (USQ). Approval from members was granted on 22 December 2023 and delisted on 22 January 2024. As a result of delisting, fair value will be determined based off fund assets as determined by the fund manager with reference to supporting asset valuations.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years, other than noted below:

- The Company announced a final share placement of ~\$40M for US Opportunities Limited (USO) on 25 October 2023, which will take the total investment to \$100M. The raise had \$38M in commitments from investors at 31 December 2023. USO has an anticipated 2026 end date, with net profits and capital distributed to shareholders upon exit of each investment.
- PETstock performance fee received on January 2024 for \$3.34M.

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.

Dividends

There were no dividends paid, recommended or declared during the financial period.

There were no dividends paid, recommended or declared during the previous financial period.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Campbell McComb
Managing Director

12 February 2024

Melbourne

AUCTUS INVESTMENT GROUP LIMITED

ABN 76 149 278 759



**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUCTUS INVESTMENT GROUP LIMITED**

In relation to the independent auditor's review for the half-year ended 31 December 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 period.

N R BULL
Partner

12 February 2024

PITCHER PARTNERS
Melbourne

Auctus Investment Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | | 31 December | 31 December |
| | Note | 2023 | 2022 |
| | | \$'000 | \$'000 |
| Revenue | 5 | (330) | 11,145 |
| Share of profits/(loss) of associates accounted for using the equity method | 9 | (194) | (697) |
| Other income | 6 | (16) | 171 |
| Unrealised gain on investments | | 962 | - |
| Expenses | | | |
| Cost of sales | | (249) | (628) |
| Business development | | (416) | (344) |
| Compliance costs | | (222) | (350) |
| Computers and communication | | (39) | (47) |
| Employee benefits expenses | | (578) | (5,058) |
| Professional fees | | (153) | (63) |
| Occupancy expenses | | (73) | (73) |
| Depreciation and amortisation | | (337) | (280) |
| Unrealised (loss) on investments | | - | (1,402) |
| Other expenses | | (136) | (89) |
| Profit/(loss) before income tax expense | | (1,781) | 2,285 |
| Income tax benefit/(expense) | | 592 | (2,120) |
| Profit/(loss) after income tax expense for the half-year attributable to the owners of Auctus Investment Group Limited | | (1,189) | 165 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss when specific conditions are met</i> | | | |
| Foreign currency translation | | (71) | 5 |
| Other comprehensive income for the half-year, net of tax | | (71) | 5 |
| Total comprehensive income/(loss) for the half-year attributable to the owners of Auctus Investment Group Limited | | (1,260) | 170 |
| | | Cents | Cents |
| Basic earnings per share | 16 | (1.58) | 0.211 |
| Diluted earnings per share | 16 | (1.58) | 0.177 |

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

Auctus Investment Group Limited
Statement of financial position
As at 31 December 2023



| | | Consolidated | |
|---|-------------|--|------------------------------------|
| | Note | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 4,512 | 6,132 |
| Receivables | | 282 | 536 |
| Financial assets | 7 | 566 | 430 |
| Contract assets | 8 | 6,836 | 10,793 |
| Other | | 244 | 169 |
| Total current assets | | 12,440 | 18,060 |
| Non-current assets | | | |
| Investments accounted for using the equity method | 9 | 7,910 | 8,126 |
| Financial assets | 10 | 10,122 | 8,840 |
| Property, plant and equipment | | 498 | 543 |
| Right-of-use assets | | 1,686 | 1,921 |
| Intangibles | | 1,663 | 1,721 |
| Other | 11 | 376 | 359 |
| Deferred tax assets | | 1,527 | 1,997 |
| Total non-current assets | | 23,782 | 23,507 |
| Total assets | | 36,222 | 41,567 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables | | 704 | 1,007 |
| Employee benefits provision | 12 | 1,086 | 2,986 |
| Lease liabilities | | 442 | 421 |
| Contract liabilities | | 1,136 | 1,116 |
| Total current liabilities | | 3,368 | 5,530 |
| Non-current liabilities | | | |
| Employee benefits provision | 12 | 1,677 | 2,308 |
| Lease liabilities | | 1,351 | 1,579 |
| Deferred tax liabilities | | 2,329 | 3,392 |
| Total non-current liabilities | | 5,357 | 7,279 |
| Total liabilities | | 8,725 | 12,809 |
| Net assets | | 27,497 | 28,758 |
| Equity | | | |
| Issued capital | 13 | 42,264 | 42,264 |
| Reserves | | 7,602 | 7,673 |
| Accumulated losses | | (22,369) | (21,179) |
| Total equity | | 27,497 | 28,758 |

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

Auctus Investment Group Limited
Statement of changes in equity
For the half-year ended 31 December 2023



| Consolidated | Issued capital \$'000 | Foreign exchange translation reserve \$'000 | Share based payments reserve \$'000 | Accumulated losses \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|--|----------------------------------|--|--|--|---|--------------------------------|
| Balance at 1 July 2022 | 48,083 | (538) | 8,062 | (20,785) | (101) | 34,721 |
| Profit after income tax expense for the half-year | - | - | - | 165 | - | 165 |
| Other comprehensive income for the half-year, net of tax | - | 5 | - | - | - | 5 |
| Total comprehensive income for the half-year | - | 5 | - | 165 | - | 170 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Return of capital | (3,775) | - | - | - | - | (3,775) |
| Buy back of shares | (1,090) | - | - | - | - | (1,090) |
| Balance at 31 December 2022 | <u>43,218</u> | <u>(533)</u> | <u>8,062</u> | <u>(20,620)</u> | <u>(101)</u> | <u>30,026</u> |

| Consolidated | Issued capital \$'000 | Foreign exchange translation reserve \$'000 | Share based payments reserve \$'000 | Accumulated losses \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|---|----------------------------------|--|--|--|---|--------------------------------|
| Balance at 1 July 2023 | 42,264 | (389) | 8,062 | (21,179) | - | 28,758 |
| Loss after income tax expense for the half-year | - | - | - | (1,189) | - | (1,189) |
| Other comprehensive income for the half-year, net of tax | - | (71) | - | - | - | (71) |
| Total comprehensive income for the half-year | - | (71) | - | (1,189) | - | (1,260) |
| Balance at 31 December 2023 | <u>42,264</u> | <u>(460)</u> | <u>8,062</u> | <u>(22,369)</u> | <u>-</u> | <u>27,497</u> |

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

Auctus Investment Group Limited
Statement of cash flows
For the half-year ended 31 December 2023



| | Consolidated | |
|---|--|--|
| | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of GST) | 4,064 | 5,635 |
| Payments to suppliers and employees (inclusive of GST) | (4,999) | (3,978) |
| Interest received from deposits | 11 | 8 |
| Dividends received | 69 | 119 |
| Interest and other finance costs paid | (51) | (58) |
| Net cash from operating activities | (906) | 1,726 |
| Cash flows from investing activities | | |
| Payments for investments | (371) | (217) |
| Payments for property, plant and equipment | - | (242) |
| Proceeds from/(Payments for) investment loans | (150) | 725 |
| Proceeds from disposal of investments | - | 119 |
| Payment of security deposits | - | (359) |
| Net cash from/(used in) investing activities | (521) | 145 |
| Cash flows from financing activities | | |
| Payments for share buy-backs | - | (1,090) |
| Principal portion of lease payments | (207) | (158) |
| Payments for return of capital | - | (3,775) |
| Net cash used in financing activities | (207) | (5,023) |
| Net decrease in cash and cash equivalents | (1,634) | (3,271) |
| Cash and cash equivalents at the beginning of the financial half-year | 6,132 | 10,569 |
| Effects of exchange rate changes on cash and cash equivalents | 14 | (170) |
| Cash and cash equivalents at the end of the financial half-year | <u>4,512</u> | <u>7,128</u> |

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

Note 1. General information

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

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

Level 23, 101 Collins Street
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 February 2024.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These have not had a material impact on the financial report for the half year ended 31 December 2023.

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

Note 3. 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.

Note 3. Significant accounting judgements, estimates and assumptions (continued)

Performance fees accrued

Performance fees are variable consideration and are recognised to the extent that it is highly probable a significant reversal will not subsequently occur. Management are required to estimate this based on facts and circumstances at hand at each reporting period. Performance fees are payable upon satisfaction of the performance hurdle, which is usually at the time the relevant investment is exited.

Fair value measurement hierarchy

The Company 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.

Goodwill and other indefinite life intangible assets

The Company 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 its accounting policy. 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.

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The Company has provided for potential long-term incentive amounts which may be paid to employees in the event that certain performance fees are achieved. The timing of payment for these long-term incentives is subject to the successful exit of investments made followed by a specified employment retention period with the company for 3 years.

Note 4. Operating segments

Identification of reportable operating segments

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

Note 5. Revenue

| | Consolidated | |
|--------------------------------------|--|--|
| | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
| Capital and transaction raising fees | 186 | 545 |
| Management fees | 3,330 | 2,986 |
| Performance fees | (3,846) | 7,520 |
| Financial asset income | - | 94 |
| Revenue | <u>(330)</u> | <u>11,145</u> |

Performance fees

PETstock's divestment undertaking led to an adjustment to the anticipated enterprise value from \$1.3Bn to \$1.13Bn. As a result of the adjusted enterprise value, the Company's accrued performance fee, originally accrued on a basis of exit by 30 June 2023 of \$7.19M, reduced to \$3.34M.

Note 6. Other income

| | Consolidated | |
|----------------------------------|--|--|
| | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
| Dividend income | 69 | 119 |
| Interest revenue | 29 | 8 |
| Realised foreign exchange gain | 4 | - |
| Unrealised foreign exchange gain | (118) | 44 |
| | <u>(16)</u> | <u>171</u> |

Note 7. Current financial assets

| | Consolidated | |
|---|--|--------------------------------|
| | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
| Loans receivable – Odyssey Group Limited | 266 | 280 |
| Loans receivable – Impact Investment Partners Pty Ltd | 300 | 150 |
| | <u>566</u> | <u>430</u> |

Loans receivable consists of loans provided by the Company to other entities.

During the half year, the Company provided an additional loan to Impact Investment Partners Pty Ltd of \$150k. This was added to the \$150k from 2023 financial year. At the end of 12 months, the borrower can repay a value of 125% of the principal amount or if the borrower is unable to repay, the loan will convert into fully paid ordinary shares in the borrower at a repayment value of 150% of principal sum.

Note 8. Contract assets

| | Consolidated | |
|--------------------------|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Current | | |
| Performance fees accrued | 6,836 | 10,793 |

Note 9. Investments in associates

| | Ownership interest | | Consolidated | |
|--|---------------------------|-------------|---------------------|---------------------|
| | 2023 | 2022 | 31 December | 30 June 2023 |
| | 2023 | 2022 | 2023 | 2023 |
| | % | % | \$'000 | \$'000 |
| Investment in Gophr Limited | 21.0% | 21.0% | 245 | 331 |
| Investment in Impact Investment Partners Pty Ltd | 24.4% | 24.4% | 3,358 | 3,392 |
| Investment in Odyssey Group Limited | 9.9% | 9.9% | 362 | 377 |
| Investment in US Opportunities Limited | 5.5% | 6.2% | 3,945 | 4,026 |
| | | | 7,910 | 8,126 |

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

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

All investments are accounted for using equity accounting as the Company 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 reconciliation of the carrying value of the investments in associates is included below:

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Gophr Limited - reconciliation to carrying amount: | | |
| Opening balance | 331 | 450 |
| Additional investment | - | 464 |
| Impact of FX on investment balance | (7) | - |
| Share of (loss) for the half-year ended 31 December 2023 (full-year for the comparative 30 June 2023) | (79) | (583) |
| Closing carrying value | 245 | 331 |

Note 9. Investments in associates (continued)

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Impact Investment Partners Pty Ltd - reconciliation to carrying amount: | | |
| Opening balance | 3,392 | 3,367 |
| Additional investment during the year | - | 120 |
| Share of (loss) for the half-year ended 31 December 2023 (full-year for the comparative 30 June 2023) | (34) | (95) |
| Closing carrying amount | <u>3,358</u> | <u>3,392</u> |

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Odyssey Group Limited - reconciliation to carrying amount: | | |
| Opening balance | 377 | 541 |
| Impact of FX on investment balances | (15) | (14) |
| Impairment | - | (150) |
| Closing carrying amount | <u>362</u> | <u>377</u> |

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| US Opportunities Limited - reconciliation to carrying amount | | |
| Opening balance | 4,026 | 4,045 |
| Additional investment during the year | - | 167 |
| Share of (loss) for the half-year ended 31 December 2023 (full-year for the comparative 30 June 2023) | (81) | (185) |
| Closing carrying amount | <u>3,945</u> | <u>4,026</u> |

Note 10. Non-current financial assets

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Vendor loan receivable (a) | 2,179 | 2,227 |
| Investments - fair value through profit or loss (b) | 7,943 | 6,613 |
| | <u>10,122</u> | <u>8,840</u> |

Note 10. Non-current financial assets (continued)

(a) Vendor Finance – Key Terms

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

The vendor loans are also repayable (or relevant shares must be surrendered) within 180 days of the occurrence of a “Leaver Event” being, in summary, the director ceasing to be an employee of Gophr.

(b) Investments

Within Investments at fair value through profit and loss are investments in unlisted entities amounting to a value of \$2.65M at year end.

During the current financial year, the Company's subsidiary Auctus Investment Holdings Pty Ltd, increased the investments in listed in US Student Housing REIT (ASX: USQ) by \$371k.

Note 11. Other non-current assets

| | Consolidated | |
|------------------|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Security deposit | 376 | 359 |

Note 12. Employee benefits provision

| | Consolidated | |
|---------------------|---------------------|---------------------|
| | 31 December | 30 June 2023 |
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Current | | |
| Employee benefits | 624 | 634 |
| Incentive provision | 462 | 2,352 |
| | 1,086 | 2,986 |
| Non-current | | |
| Employee benefits | 171 | 161 |
| Incentive provision | 1,506 | 2,147 |
| | 1,677 | 2,308 |
| Total provisions | 2,763 | 5,294 |

Note 13. Issued capital

| | Consolidated | | | |
|------------------------------|--|--------------------------------|--|--------------------------------|
| | 31 December 2023 Shares | 30 June 2023 Shares | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
| Ordinary shares - fully paid | 75,531,741 | 75,531,741 | 42,264 | 42,264 |

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 on market buy-back facility ceased on 1 November 2023. The company bought back 3,000,000 shares under the buy-back facility in prior reporting periods.

Note 14. Commitments

The Company has no material commitments as at 31 December 2023 (31 December 2022: nil).

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 16. Earnings per share

| | Consolidated | |
|--|--|--|
| | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
| Profit/(loss) after income tax attributable to the owners of Auctus Investment Group Limited | (1,189) | 165 |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 75,531,741 | 77,207,276 |
| <i>Adjustments for the effects of dilutive potential ordinary shares:</i> | | |
| Options over ordinary shares | 2,365,450 | 17,950,000 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 77,897,201 | 95,157,276 |
| | Cents | Cents |
| Basic earnings per share | (1.58) | 0.21 |
| Diluted earnings per share | (1.58) | 0.17 |

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Campbell McComb
Managing Director

12 February 2024
Melbourne

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AUCTUS INVESTMENT GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year 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 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Auctus Investment Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Auctus Investment Group Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual 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 review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AUCTUS INVESTMENT GROUP LIMITED**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



N R BULL
Partner



PITCHER PARTNERS
Melbourne

12 February 2024