

ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)

Acumentis[®]

DECISION CERTAINTY

28 October 2021

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By E-Lodgement

QUARTERLY ACTIVITY REPORT (APPENDIX 4C)

Acumentis Group Limited (“Acumentis” or “the Company”) is pleased to release its Quarterly Activity Report and associated Appendix 4C (Quarterly Cash Flow Report) to the market.

Highlights

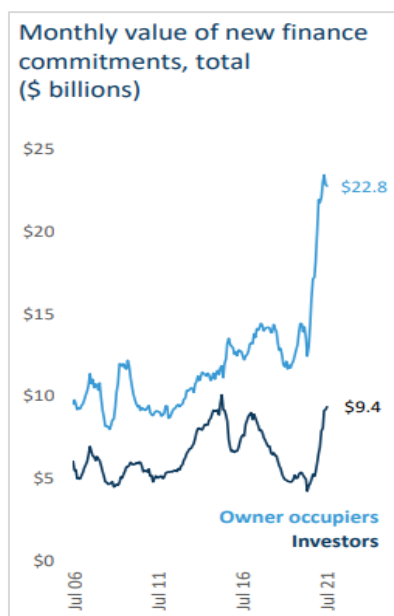
- 34% growth in quarterly revenues to \$13.6M vs prior corresponding period of which \$1.8M related to the WA associated company acquired 1 July 2021
- 17% increase in “like for like” quarterly revenues
- EBITDA for the quarter of \$0.5M (prior corresponding quarter EBITDA was \$Nil excluding JobKeeper receipts)
- Acumentis’ business development activities into non-finance related services delivering an increase in revenues from these sources
- Generated \$0.5M cash from operating activities
- Closing cash of \$3.0M
- Completed acquisition of balance of WA associated company on 1 July 2021

Overview of Acumentis’ operating environment

Demand for Acumentis’ services remains strong across all regions although the impacts of lockdowns in Greater Sydney and Melbourne have adversely affected revenues and profitability in those areas. In line with the rebound experienced in 2020, we anticipate that as lockdowns ease in late 2021 we will see stronger revenues in these locations.

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Source: CoreLogic, ABS

The success of Acumentis' business development activities in relation to non-finance related services is resulting in an increase in volumes for these services.

The elevated lending volumes continue to drive demand in the residential sector and this is expected to continue for the medium term.

Interest rates remain at historic lows and are anticipated to remain low for the medium term, supporting elevated transaction volumes.

Whilst the Australian Prudential Regulation Authority (APRA) has recently increased the benchmark rate used to assess borrower's maximum borrowing capacity, this is not expected to have a material impact on the level of valuation instructions related to financing.

Business Activities for the Quarter

The business activities of the Company remained unchanged during the quarter to September 2021.

With the acquisition of the remaining 57.8% of Acumentis WA on 1 July 2021, the results and cashflows for the quarter ended 30 September 2021 now consolidate the results and cashflows for Acumentis WA (previously this was accounted for as an associated entity with dividends received recorded in cashflows and 42.2% of profits recorded in the profit and loss account). The WA business contributed \$1.8M of revenue and \$0.2M EBITDA for the quarter.

The September 2021 quarter saw group revenues (on a "like for like" basis) increase 17% compared to the comparable September 2020 quarter.

We continue to generate elevated revenues from financial institutions and our focus on corporate and private clients is seeing an increase in revenues from these sources.

Staff costs for the quarter were \$9.9M compared to \$7.4M for the comparable September 2020 quarter, reflecting the investment in additional staff via the acquisition of Acumentis WA, expansion in Tasmania and continued recruitment to support business growth and demand for our services. Staff costs as a percentage of fee income continues to fall as we achieve efficiencies of scale.

Headcounts have increased 31% over the last year reflecting the strong investment in the business to support continued growth and deliver efficiencies of scale that will support increased EBITDA in the future.

Cash expenditure on overheads was in line with expectations, continues to be well controlled and is falling as a percentage of revenues.

Quarterly cash generated from operating activities was \$0.5M compared to consumption of \$0.3M of cash in the comparable September 2020 quarter.

At 30 September 2021, the Company has cash balances of \$3.0M, term loan balances of \$2.6M and an unused overdraft facility of \$1.7M.

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Acquisition of Acumentis (WA) Holdings Pty Ltd (section 2.1(a) of Appendix 4C)

Section 2.1(a) of the Appendix 4C reports net cash outflows of \$573,000 in relation to the acquisition of the remaining 47.8% of Acumentis (WA) Holdings Pty Ltd effective 1 July 2021. This comprises payments made of \$1,833,000 less cash acquired of \$1,260,000.

Acumentis Group Limited previously held a 42.2% equity investment in this company and reported its share of profits prior to 30 June 2021 whereas from 1 July 2021 the full results, cashflows and balance sheet of this company are now incorporated in the group results.

Dividend Paid (section 3.8 of Appendix 4C)

Section 3.8 of the Appendix 4C reports a dividend paid of \$110,000. This was the final FY2021 dividend, paid in July 2021, by Acumentis (WA) Holdings Pty Ltd to its shareholders as at 30 June 2021.

The \$110,000 represents the net amount paid to the pre-acquisition shareholders of Acumentis (WA) Holdings Pty Ltd (the gross dividend paid was \$190,000 but \$80,000 was received by Acumentis Group Limited as a 42.2% shareholder of Acumentis (WA) Holdings Pty Ltd as at 30 June 2021).

Payments to Associates (refer section 6 of Appendix 4C)

During the current quarter, director's fees totalling \$79,500 were paid to non-executive directors of the Company in line with their employment contracts.

By order of the Board.

John Wise

Company Secretary

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About Acumentis

Acumentis is entrusted to provide commercial and residential valuations, research and property advice to many thousands of homeowners, investors, developers and lenders. The company offers property valuation, insurance valuation and advisory services to clients including major banks and financial institutions, property developers, property trusts, government, lawyers, accountants, real estate agents and major and independent retailers. With 40 offices and more than 300 staff in metropolitan and regional locations around the country, Acumentis is Australia's only independent, locally owned, ASX-listed property valuation company.