

1. Company details

Name of entity:	Auctus Investment Group Limited
ABN:	76 149 278 759
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	41.3% to	11,531
Loss from ordinary activities after tax attributable to the owners of Auctus Investment Group Limited	down	217.1% to	(2,091)
Loss for the year attributable to the owners of Auctus Investment Group Limited	down	217.1% to	(2,091)

Comments

Financial performance

Auctus closed the financial year with Assets Under Management (AUM) in excess of \$525M, an improvement of over 50% on the same time last year.

Revenue from ordinary activities was \$11.5M which was an increase of \$3.4M compared to \$8.2M for the previous period. The increase was a result of the launch of new funds during the financial year and accounting for performance fee accrued to 30 June 2022 of \$0.77M. The performance fee accrued has been accounted for following external review of the unit price of the fund in question.

Profit before non-cash share-based payment expenses and income tax expense is \$3.8M.

A non-cash share based payment expense amounting to \$5.9M (30 June 2021: \$1.4M) was accounted for during the financial year. The majority of this non-cash expense which represented the issue of options to Directors and employees with an exercise price on those options of \$1.70 per option.

The consolidated entity increased its workforce during the financial year and as a result the employee benefits expense increased from \$3.2M in the previous corresponding period to \$3.8M during the financial year.

The loss for the consolidated entity after providing for income tax amounted to (\$2.1M) (30 June 2021: profit of \$1.8M).

Financial position

During the financial year, the Company net asset position increased by \$9.4M to \$34.7M at 30 June 2022 (30 June 2021: \$25.3M).

The cash balance as at 30 June 2022 was \$10.6M (30 June 2021: \$14.5M).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>32.88</u>	<u>32.92</u>

4. Control gained over entities

Not applicable.

5. Dividends

Current period

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

During the financial year the Company announced a proposed Return of Capital amounting to \$0.05 (5 cents) per share to shareholders as at a record date in July 2022 and subject to shareholder approval. 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.

Previous period

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

6. Dividend reinvestment plans

Not applicable.

7. 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 \$'000	Previous period \$'000
RBP Partners LLC	30.00%	30.00%	-	-
Gophr Limited	20.88%	20.88%	(697)	25
Odyssey Group Limited	9.89%	9.89%	(103)	1
Impact Investment Partners Pty Ltd	24.00%	-	(233)	-
US Opportunities Limited	9.61%	-	685	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(348)	26
Income tax on operating activities			-	-

During the financial year, the consolidated entity acquired a 9.61% interest in US Opportunities Limited, an unlisted public Company incorporated in Australia, for consideration of \$3.36M.

The Company also acquired a further 17% interest in Impact Investment Partners Pty Ltd through a cash payment of \$1.05 million and issue of fully paid ordinary shares in the Company with a deemed value of \$1.5 million.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The financial statements are in the process of being audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Preliminary financial Report of Auctus Investment Group Limited for the year ended 30 June 2022 is attached.

11. Signed

Signed



Christine Christian
Non-executive Chair

Date: 31 August 2022

For personal use only

Auctus Investment Group Limited & Controlled entities

ABN 76 149 278 759

Preliminary Financial Report - 30 June 2022

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Auctus Investment Group Limited & Controlled entities
Corporate directory
30 June 2022



Directors	Christine Christian (Non-executive Chair) Campbell McComb (Managing Director) Brian Delaney (Non-Executive Director)
Company secretary	Justin Mouchacca
Registered office	Level 7, 90 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) +61 3 9415 4000 (Outside Australia)
Auditor	Pitcher Partners Level 13, 664 Collins Street Docklands, 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 & Controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022



	Note	Consolidated 2022 \$'000	2021 \$'000
Total revenue	3	11,531	8,160
Share of profits/(losses) of associates accounted for using the equity method	4	(348)	27
Other income	5	1,198	516
Expenses			
Impairment expenses		(254)	(364)
Capital raising costs		(2,776)	(869)
Business development		(364)	(80)
Compliance costs		(510)	(385)
Computers and communication expenses		(87)	(17)
Depreciation and amortisation		(123)	(188)
Employment expenses		(3,796)	(3,187)
Professional fees		(144)	(237)
Share based payments expense		(5,921)	(1,446)
Unrealised loss on investments		(304)	(116)
Other expenses		(193)	(28)
Profit/(loss) before income tax expense		(2,091)	1,786
Income tax expense		-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Auctus Investment Group Limited		(2,091)	1,786
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency movement		(5)	(30)
Other comprehensive income for the year, net of tax		(5)	(30)
Total comprehensive income for the year attributable to the owners of Auctus Investment Group Limited		(2,096)	1,756
		Cents	Cents
Basic earnings per share	16	(2.74)	3.05
Diluted earnings per share	16	(2.74)	2.29

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

Auctus Investment Group Limited & Controlled entities
Consolidated statement of financial position
As at 30 June 2022



	Note	Consolidated 2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		10,569	14,538
Trade and other receivables	6	5,176	4,052
Financial assets	7	1,129	717
Other		151	117
Total current assets		<u>17,025</u>	<u>19,424</u>
Non-current assets			
Investments accounted for using the equity method	8	8,403	2,043
Financial assets	9	9,985	3,530
Property, plant and equipment		390	19
Right-of-use assets	10	2,353	43
Intangibles		1,841	1,915
Total non-current assets		<u>22,972</u>	<u>7,550</u>
Total assets		<u>39,997</u>	<u>26,974</u>
Liabilities			
Current liabilities			
Trade and other payables		2,152	1,144
Employee benefits provision		629	403
Lease liabilities	11	352	33
Total current liabilities		<u>3,133</u>	<u>1,580</u>
Non-current liabilities			
Employee benefits provision		142	83
Lease liabilities	12	2,001	-
Total non-current liabilities		<u>2,143</u>	<u>83</u>
Total liabilities		<u>5,276</u>	<u>1,663</u>
Net assets		<u>34,721</u>	<u>25,311</u>
Equity			
Issued capital	13	48,083	42,230
Reserves		7,524	2,628
Accumulated losses		(20,785)	(19,446)
Equity attributable to the owners of Auctus Investment Group Limited		34,822	25,412
Non-controlling interest		(101)	(101)
Total equity		<u>34,721</u>	<u>25,311</u>

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

Auctus Investment Group Limited & Controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2022



Consolidated	Issued capital \$'000	Foreign exchange translation reserves \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2020	26,593	(503)	2,746	(21,232)	(101)	7,503
Profit after income tax expense for the year	-	-	-	1,786	-	1,786
Other comprehensive income for the year, net of tax	-	(30)	-	-	-	(30)
Total comprehensive income for the year	-	(30)	-	1,786	-	1,756
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 13)	14,606	-	-	-	-	14,606
Share-based payments	-	-	1,446	-	-	1,446
Transfer of performance rights converted during the year into equity	1,031	-	(1,031)	-	-	-
Balance at 30 June 2021	<u>42,230</u>	<u>(533)</u>	<u>3,161</u>	<u>(19,446)</u>	<u>(101)</u>	<u>25,311</u>
Consolidated	Issued capital \$'000	Foreign exchange translation reserves \$'000	Share based payment reserve \$'000	Accumulated 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)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (Note 13)	6,475	-	-	-	-	6,475
Share-based payments	-	-	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 (Note 13)	(890)	-	-	-	-	(890)
Balance at 30 June 2022	<u>48,083</u>	<u>(538)</u>	<u>8,062</u>	<u>(20,785)</u>	<u>(101)</u>	<u>34,721</u>

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

Auctus Investment Group Limited & Controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2022



	Note	Consolidated	
		2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,910	4,818
Payments to suppliers and employees (inclusive of GST)		(6,793)	(5,088)
Interest received		56	52
Withholding taxes paid		(115)	-
Government grants received		-	141
Net cash from/(used in) operating activities		4,058	(77)
Cash flows from investing activities			
Payments for investments		(12,051)	(1,693)
Payments for property, plant and equipment		(345)	(10)
Payments for intangibles		-	(297)
Loans provided		(3,715)	(729)
Proceeds from repayment of loans		3,518	-
Dividends received		23	-
Net cash used in investing activities		(12,570)	(2,729)
Cash flows from financing activities			
Proceeds from issue of shares	13	5,008	14,727
Payments for share buy-backs		(791)	-
Share issue transaction costs		(33)	(120)
Proceeds from repayment of convertible notes		-	1,006
Payments for lease liabilities		-	(74)
Net cash from financing activities		4,184	15,539
Net increase/(decrease) in cash and cash equivalents		(4,328)	12,733
Cash and cash equivalents at the beginning of the financial year		14,538	1,819
Effects of exchange rate changes on cash and cash equivalents		359	(14)
Cash and cash equivalents at the end of the financial year		10,569	14,538

The above consolidated 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 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 is:

Level 7, 90 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. Significant accounting policies

The principal 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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 3. Revenue

	Consolidated	
	2022	2021
	\$'000	\$'000
Capital raising fees	4,760	3,006
Management fees	3,982	1,104
Performance fee accrued	769	4,050
Interest and other income on loans provided	2,020	-
	<hr/>	<hr/>
Total revenue	<u>11,531</u>	<u>8,160</u>

Note 4. Share of profits/(losses) of associates accounted for using the equity method

	Consolidated	
	2022	2021
	\$'000	\$'000
Share of profit / (loss) - associates	<u>(348)</u>	<u>27</u>

Refer to note 8 for further details on equity investment in associates.

Note 5. Other income

	Consolidated	
	2022	2021
	\$'000	\$'000
Interest income (i)	349	375
Foreign exchange gain / (loss)	826	-
Government grants (ii)	-	141
Dividend income (iii)	23	-
	1,198	516
	1,198	516

(i) Interest income

A vendor loan held by the subsidiary Auctus Investment Holdings Pty Ltd has been discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue recognised over the term of the vendor loan.

The remainder relates to interest income on bank accounts balances and term deposits.

(ii) Government Grants

During the year ended 30 June 2021 the consolidated entity received \$91,000 in JobKeeper payments and \$49,923 in Cash flow Boost payments as part of COVID-19 government stimulus packages.

(iii) Dividend Income

During the year ended 30 June 2022, the consolidated entity received \$22,941 in dividends from the US Student Housing investment.

Note 6. Current assets - trade and other receivables

	Consolidated	
	2022	2021
	\$'000	\$'000
Accrued performance fees	5,075	4,050
Trade and other receivables	101	2
	5,176	4,052
	5,176	4,052

Note 7. Current assets - Financial assets

	Consolidated	
	2022	2021
	\$'000	\$'000
Loans receivable - Odyssey Group Limited	290	-
Loans receivable - RBP Partners	839	717
	<u>1,129</u>	<u>717</u>

During the financial year, the Company provided a loan to Odyssey Group Limited amounting to US \$200,000. The loan was repayable to the Company within 12 months from being provided.

During the 2021 financial year, the Company provided a loan to RBP Partners amounting to US\$500,000. The loan was repayable in 5 years from the issue date and interest accrues on the loan at 8% per annum. Subsequent to the end of the 2022 financial year, the Company received repayment of the loan in full.

Note 8. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2022	2021
	\$'000	\$'000
Investment in Gophr Limited	450	1,146
Investment in RBP Partners LLC	-	253
Investment in Odyssey Group Limited	541	644
Investment in Impact Investment Partners Pty Ltd	3,367	-
Investment in US Opportunities Limited	4,045	-
	<u>8,403</u>	<u>2,043</u>

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

- Investment in Gophr consists of a 20.88% equity interest in Gophr Ltd, a company incorporated in the UK;
- Investment in RBP Partners consists of a 30.0% equity interest in RBP Partners LLC, a company incorporated in the USA;
- Investment in Odyssey Group Limited consists of a 9.89% equity interest in Odyssey Group Limited, an entity incorporated in Hong Kong;
- Investment in Impact Investment Partners Pty Ltd consists of a 24% equity interest in Impact Investment Partners Pty Ltd, an entity incorporated in Australia; and
- Investment in US Opportunities Limited consists of a 9.61% equity interest in 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.

Note 9. Non-current assets - Financial assets

	Consolidated	
	2022	2021
	\$'000	\$'000
Vendor loan receivable - amortised cost	2,062	1,881
Investments - fair value through profit or loss	7,923	1,649
	<u>9,985</u>	<u>3,530</u>

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. The vendor loan has been discounted to present value using incremental borrowing rate of 12.35%, the difference representing deferred revenue to be recognised over the term of the vendor loan

b. Investments

(1) Unlisted investments within Investments - fair value at profit or loss

Within Investments at fair value through profit and loss are investments in unlisted entities amounting to a value of \$2,107k 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 \$7,339k which were acquired during the year. A total of \$1,500k was invested in Luxury Escapes and the carrying value of the Company's investment in US Student Housing REIT (ASX:USQ) as at the end of the financial year was \$5,742k.

(2) Impact Investment Partners

On 23 December 2020 the Company announced it had executed a binding Implementation Deed and a binding Share Subscription Agreement with Impact Investment Partners Pty Ltd in respect of the acquisition of up to a 24% interest in Impact Investment Partners. Under the Subscription Agreement, Auctus acquired 7.8% as on 18 March 2021 for total consideration of \$1.05 million.

On 21 July 2021 a further investment of \$1.05 million was acquired and a share swap was executed which increased the Group's share of Impact Investment Partners to approximately 24%. This investment was transferred to an equity accounted investment during the year.

During the year the investment in Impact Investment Partners Pty Ltd increased to a threshold whereby the consolidated entity is considered to have significant influence and as such, the Investment has been transferred into Note 8 – Investments accounted for under the equity method.

Note 10. Non-current assets - right-of-use assets

	Consolidated	
	2022	2021
	\$'000	\$'000
Land and buildings - right-of-use	2,353	155
Less: Accumulated depreciation	-	(112)
	<u>2,353</u>	<u>43</u>

During the 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 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	Landing and buildings	Total
	\$'000	\$'000
Balance at 1 July 2020	102	102
Depreciation expense	(59)	(59)
Balance at 30 June 2021	43	43
Additions	2,353	2,353
Depreciation expense	(43)	(43)
Balance at 30 June 2022	<u>2,353</u>	<u>2,353</u>

Note 11. Current liabilities - lease liabilities

	Consolidated	
	2022	2021
	\$'000	\$'000
Lease liabilities	<u>352</u>	<u>33</u>

During the 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. As at 30 June 2022, the Company was in the process of completing a fit out on the Leased office.

Subsequent to year end the company has paid for a bank guarantee to the sum of \$359k for the new office commencing 1 August 2022.

Note 12. Non-current liabilities - lease liabilities

	Consolidated	
	2022	2021
	\$'000	\$'000
Lease liabilities	<u>2,001</u>	<u>-</u>

Note 13. Equity - issued capital

	2022	Consolidated		
	Shares	2021	2022	2021
		Shares	\$'000	\$'000
Ordinary shares - fully paid	78,531,741	70,933,891	48,972	42,230
Treasury shares - On market buyback	(878,037)	-	(889)	-
	<u>77,653,704</u>	<u>70,933,891</u>	<u>48,083</u>	<u>42,230</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2020	44,341,391		26,593
Conversion of performance rights	2 July 2020	2,107,142	-	825
Conversion of performance rights	20 July 2020	342,858	-	63
Conversion of performance rights	21 August 2020	500,000	-	77
Issue of shares for capital raising	24 August 2020	10,000,000	\$0.40	4,000
Issue of Share Purchase Plan Shares	18 September 2020	1,642,500	\$0.40	657
Issue of loan funded shares	2 December 2020	2,000,000	-	-
Conversion of performance rights	30 December 2020	500,000	-	65
Issue of shares for capital raising	23 June 2021	9,500,000	\$1.06	10,070
Capital raising costs		-	-	(120)
Balance	30 June 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	<u>78,531,741</u>		<u>48,972</u>

Share buy-back

The company currently has an on market buy back facility in place for a total of 6,143,389 shares. As at 30 June 2022, the company bought back 878,037 shares which were subsequently cancelled on 15 July 2022.

Note 14. Equity – dividends and capital returns

During the financial year the Company announced a proposed Return of Capital amounting to \$0.05 (5 cents) per share to shareholders as at a record date in July 2022 and subject to shareholder approval. 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 15. Events after the reporting period

On 15 July 2022, the Company cancelled 1,038,637 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 \$0.5 (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.

Apart from the capital return disclosed in note 14, no other matter or circumstance has arisen since 30 June 2022 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 16. Earnings per share

	Consolidated	
	2022	2021
	\$'000	\$'000
Profit/(loss) after income tax attributable to the owners of Auctus Investment Group Limited	<u>(2,091)</u>	<u>1,786</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	76,407,012	58,547,668
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	18,920,885
Performance rights	-	400,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>76,407,012</u>	<u>77,868,553</u>
	Cents	Cents
Basic earnings per share	(2.74)	3.05
Diluted earnings per share	(2.74)	2.29