

1. Company details

Name of entity:	Auctus Investment Group Limited
ABN:	76 149 278 759
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	70.5% to	11,145
Profit from ordinary activities after tax attributable to the owners of Auctus Investment Group Limited	up	106.4% to	165
Profit for the half-year attributable to the owners of Auctus Investment Group Limited	up	106.4% to	165

Comments

Financial performance

The profit for the consolidated entity after providing for income tax amounted to \$0.17M (31 December 2021: loss of \$2.56M). The profit before income tax for the period amounted to \$2.29M (31 December 2021: loss of \$2.56M). Largely as a result of the Company recognising deferred tax balances, an income tax expense amounting to \$2.12M has been recorded for the half-year period.

During the half-year period, the Company continued to grow Assets Under Management (AUM) through its focus to set up new investment funds and capital raisings for current funds.

The Company also realised its first 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) and announced the sale of its stake in Petspiration Group (PETstock) which is expected to generate a gross IRR of approximately 30% p.a. and money multiple of 1.8x for Pet Fund investors. The transaction remains subject to customary closing conditions including ACCC and NZCC approvals. As a result of these sales and other performance fee amounts, performance fee revenue accounted for during the half-year period amounted to \$7.56M (of which a \$6.67M accrual is linked to the exit of PETstock).

Revenue from ordinary activities increased from the previous period by \$4.61M to \$11.15M (31 December 2021: \$6.54M). During the half year period \$3.53M was recorded for capital raising and management fees with cash receipts from customers increasing to \$5.64M (31 December 2021: \$4.68M).

During the half-year period and following a detailed review of the employee remuneration a short and long term incentive structure has been implemented and a bonus accrual has been accounted for amounting to \$3.49M. This amount has not been paid to employees and will only be paid following the achievement of certain performance criteria followed by a specified employment retention period with the company for 3 years.

The Company also recorded an unrealised loss on the fair value of both listed and unlisted investments amounting to \$1.4M, with the majority of the unrealised loss relating to the Company's investment in US Student Housing REIT (ASX: USQ) which is trading at a significant discount (greater than 20%) to its net tangible assets, and the balance relating to foreign exchange movements during the period.

Other expenditure has remained consistent with previous financial years.

Financial position

During the half-year period, the Company's net asset position decreased by (\$4.69M) to \$30.03M (30 June 2022: \$34.72M). The working capital balance of the Company increased by \$0.47M to \$14.36M (30 June 2022: \$13.89M). The net assets of the Company decreased largely as a result of:

- The Company recognising a net deferred tax liability balance equating to \$1.4M as at 31 December 2022.
- The Company processing a return of capital to shareholders following receipt of shareholder approval, with \$3.78M paid out in August 2022.

The cash balance as at 31 December 2022 was \$7.13M (30 June 2022: \$10.57M). The decrease was a result of the return of capital noted above.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>38.69</u>	<u>38.88</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

During the financial period and following receipt of shareholder approval at a general meeting held on 25 July 2022, the Company processed a return of capital to shareholders amounting to \$0.05 (5 cents) per share to all shareholders who were registered on the Company's register at 7.00pm on Thursday 28 July 2022.

There were no dividends paid, recommended or declared during the previous 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 2022 \$'000	Previous period 30 June 2022 \$'000
RBP Partners LLC	30.00%	30.00%	-	-
Gophr Limited	20.88%	20.88%	(335)	(697)
Impact Investment Partners Pty Ltd	24.00%	24.00%	(107)	(233)
Odyssey Group Limited	9.89%	9.89%	-	(103)
US Opportunities Limited	4.43%	9.61%	(255)	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			(697)	(348)
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 2022 is attached.

12. Signed

Signed 

Date: 24 February 2023

Campbell McComb
 Managing Director

Melbourne

Auctus Investment Group Limited

ABN 76 149 278 759

Interim Report - 31 December 2022

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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
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31 December 2022



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The directors present their report, together with the Condensed Financial Report of the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Auctus Investment Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 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

The profit for the consolidated entity after providing for income tax amounted to \$0.17M (31 December 2021: loss of \$2.56M). The profit before income tax for the period amounted to \$2.29M (31 December 2021: loss of \$2.56M). Largely as a result of the Company recognising deferred tax balances, an income tax expense amounting to \$2.12M has been recorded for the half-year period.

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.

The Company also realised its first 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) and announced the sale of its stake in Petspiration Group (Petstock) which is expected to generate a gross IRR of approximately 30% p.a. and money multiple of 1.8x for Pet Fund investors. The transaction remains subject to customary closing conditions including ACCC and NZCC approvals. As a result of these sales and other performance fee amounts, performance fee revenue accounted for during the half-year period amounted to \$7.56M (of which a \$6.67M accrual is linked to the exit of PETstock).

Revenue from ordinary activities increased from the previous period by \$4.61M to \$11.15M (31 December 2021: \$6.54M). During the half year period \$3.40M was recorded for capital raising and management fees with cash receipts from customers increasing to \$5.64M (31 December 2021: \$4.68M).

During the half-year period and following a detailed review of the employee remuneration a short and long term incentive structure has been implemented and a bonus accrual has been accounted for amounting to \$3.49M. This amount has not been paid to employees and will only be paid following the achievement of certain performance criteria followed by a specified employment retention period with the company for 3 years.

The Company also recorded an unrealised loss on the fair value of both listed and unlisted investments amounting to \$1.4M, with the majority of the unrealised loss relating to the Company's investment in US Student Housing REIT (ASX: USQ) which is trading at a significant (greater than 20%) discount to its net tangible assets, and the balance relating to foreign exchange movements during the period.

Other expenditure has remained consistent with previous financial years.

Financial position

During the half-year period, the Company's net asset position decreased by (\$4.69M) to \$30.03M (30 June 2022: \$34.72M). The working capital balance of the Company increased by \$0.47M to \$14.36M (30 June 2022: \$13.89M). The net assets of the Company decreased largely as a result of:

- The Company recognising a net deferred tax liability balance equating to \$1.4M as at 31 December 2022.
- The Company processing a return of capital to shareholders following receipt of shareholder approval, with \$3.78M paid out in August 2022.

The cash balance as at 31 December 2022 was \$7.13M (30 June 2022: \$10.57M), which was a result of the return of capital noted above.

Significant changes in the state of affairs

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

- During the half year ended 31 December 2022, the Company cancelled 1,938,637 fully paid ordinary shares which were bought back through the Company's on-market buy back facility. Of the amount cancelled, 878,037 were bought back by the company prior to 30 June 2022 and 1,060,600 were bought back in the period to 31 December 2022.
- 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 total performance fee of approximately A\$2.41M gross of US withholding taxes had been achieved of which approximately A\$1.43M 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 (ASX:WOW) has agreed to acquire a 55% equity interest in Petspiration Group (Petspiration), for a cash consideration of \$586M. In March 2021, Auctus raised the \$58M Pet Fund to acquire a stake in Petspiration (PETstock). Assuming completion of the transaction, Auctus will sell the Fund's entire stake of 10.22% in Petspiration, which is expected to generate a gross IRR of approximately 30% p.a. and money multiple of 1.8x for Pet Fund Investors. The Company has accounted for a performance fee receivable as at 31 December 2022 amounting to \$6.67M.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

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

During the financial period and following receipt of shareholder approval at a general meeting held on 25 July 2022, the Company processed a return of capital to shareholders amounting to \$0.05 (5 cents) per share to all shareholders who were registered on the Company's register at 7.00pm on Thursday 28 July 2022.

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.

Auctus Investment Group Limited
Directors' report
31 December 2022



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

A handwritten signature in black ink, appearing to read "Campbell McComb".

Campbell McComb
Managing Director

24 February 2023

Melbourne

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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 2022, 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.

A handwritten signature in black ink, appearing to be "NR Bull".

N R BULL
Partner

24 February 2023

A handwritten signature in black ink, appearing to be "Pitcher Partners".

PITCHER PARTNERS
Melbourne

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Auctus Investment Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



		Consolidated	
	Note	31 December 2022	31 December 2021
		\$'000	\$'000
Revenue	5	11,145	6,536
Share of profits/(losses) of associates accounted for using the equity method	9	(697)	224
Other income	6	171	235
Expenses			
Cost of sales		(628)	(1,469)
Business development		(344)	(96)
Compliance costs		(350)	(192)
Unrealised loss on investments		(1,402)	(12)
Computers and communication		(47)	(33)
Depreciation and amortisation		(280)	(81)
Employee benefits expenses		(5,058)	(1,657)
Finance costs		(58)	-
Professional fees		(63)	(94)
Occupancy expenses		(73)	-
Share based payments expense		-	(5,921)
Other expenses		(31)	(2)
Profit/(loss) before income tax expense		2,285	(2,562)
Income tax expense	7	(2,120)	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Auctus Investment Group Limited		165	(2,562)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		5	120
Other comprehensive income for the half-year, net of tax		5	120
Total comprehensive income for the half-year attributable to the owners of Auctus Investment Group Limited		170	(2,442)
		Cents	Cents
Basic earnings per share	17	0.21	(3.45)
Diluted earnings per share	17	0.17	(3.45)

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 2022



		Consolidated	
	Note	31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		7,128	10,569
Trade and other receivables		10,417	5,176
Financial assets	8	279	1,129
Other		253	151
Total current assets		18,077	17,025
Non-current assets			
Investments accounted for using the equity method	9	7,826	8,403
Financial assets	10	8,685	9,985
Property, plant and equipment		593	390
Right-of-use assets		2,157	2,353
Intangibles		1,791	1,841
Deferred tax assets	7	2,009	-
Other		359	-
Total non-current assets		23,420	22,972
Total assets		41,497	39,997
Liabilities			
Current liabilities			
Trade and other payables		1,601	2,152
Employee benefits	12	1,720	629
Lease liabilities		401	352
Total current liabilities		3,722	3,133
Non-current liabilities			
Deferred tax liabilities	7	3,409	-
Employee benefits	13	2,546	142
Lease liabilities		1,794	2,001
Total non-current liabilities		7,749	2,143
Total liabilities		11,471	5,276
Net assets		30,026	34,721
Equity			
Issued capital	14	43,218	48,083
Reserves		7,529	7,524
Accumulated losses		(20,620)	(20,785)
Equity attributable to the owners of Auctus Investment Group Limited		30,127	34,822
Non-controlling interest		(101)	(101)
Total equity		30,026	34,721

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 2022



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 2021	42,230	(533)	3,161	(19,446)	(101)	25,311
Loss after income tax expense for the half-year	-	-	-	(2,562)	-	(2,562)
Other comprehensive income for the half-year, net of tax	-	120	-	-	-	120
Total comprehensive income for the half-year	-	120	-	(2,562)	-	(2,442)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	6,474	-	-	-	-	6,474
Share-based payments	-	(5)	5,921	-	-	5,916
Transfer of performance rights converted during the year into equity	268	-	(268)	-	-	-
Expiry of options	-	-	(752)	752	-	-
Balance at 31 December 2021	<u>48,972</u>	<u>(418)</u>	<u>8,062</u>	<u>(21,256)</u>	<u>(101)</u>	<u>35,259</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 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>

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 2022



Note	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
	5,635	4,676
Receipts from customers (inclusive of GST)	(3,978)	(2,700)
Payments to suppliers and employees (inclusive of GST)	8	28
Interest received from deposits	(58)	-
Interest and other finance costs paid		
Net cash from operating activities	1,607	2,004
Cash flows from investing activities		
	(217)	(4,409)
Payments for investments	(242)	-
Payments for property, plant and equipment	725	(3,715)
Proceeds from/(Payments for) investment loans	119	-
Proceeds from disposal of investments	(359)	-
Payment of security deposits	119	-
Dividends received		
Net cash from/(used in) investing activities	145	(8,124)
Cash flows from financing activities		
	-	5,008
Proceeds from issue of shares	(1,090)	-
Payments for share buy-backs	-	(33)
Share issue transaction costs	(158)	(33)
Repayment of lease liabilities	(3,775)	-
Return of capital		
Net cash from/(used in) financing activities	(5,023)	4,942
	(3,271)	(1,178)
Net decrease in cash and cash equivalents	10,569	14,538
Cash and cash equivalents at the beginning of the financial half-year	(170)	120
Effects of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at the end of the financial half-year	7,128	13,480

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 consolidated entity'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 24 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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 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 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. Critical 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 taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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

Performance fees accrued

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. On occasion, where the risk of reversal is determined to be highly unlikely, performance fees are accrued ahead of the point in time in which they are crystallised. Management are required to estimate this based on facts and circumstances at hand at each reporting period.

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.

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 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 consolidated entity 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 consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity'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.

During the half-year period, 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 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 5. Revenue

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Capital raising and management fees	3,531	5,027
Performance fees earned	977	-
Performance fees accrued	6,543	769
Financial asset income	94	740
Revenue	<u>11,145</u>	<u>6,536</u>

Note 6. Other income

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Unrealised foreign exchange gain	44	-
Interest revenue	8	174
Realised foreign exchange gain	-	61
Dividend income	119	-
	<u>171</u>	<u>235</u>

Note 7. Income tax expense

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	<u>2,285</u>	<u>(2,562)</u>
Tax at the statutory tax rate of 25%	571	(641)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	467	-
Deferred tax balances first brought to account	1,012	-
Foreign tax credit not recovered	70	-
Losses not recognised	-	641
Income tax expense	<u>2,120</u>	<u>-</u>

Note 7. Income tax expense (continued)

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Deferred tax balances		
<i>Deferred tax assets comprise:</i>		
Accruals and provisions	1,320	442
Lease liability	549	-
Carry forward tax losses	140	869
	<u>2,009</u>	<u>1,311</u>
<i>Deferred tax liabilities include:</i>		
Accrued performance fees and unrealised foreign currency gains	(2,605)	(1,311)
Investment in associates	(107)	-
Intangibles	(158)	-
Right of use assets	(539)	-
	<u>(3,409)</u>	<u>(1,311)</u>
Net Deferred tax balances	<u>(1,400)</u>	<u>-</u>

Deferred tax assets not recognised

Transferred tax losses with a gross value of \$2,286,885 (June 2022: \$2,286,885) and capital losses with a gross value of \$5,822,872 (June 2022: \$5,822,872) have not been brought to account at 31 December 2022 or 30 June 2022.

Note 8. Current assets - Financial assets

	Consolidated	
	31 December 2022	30 June 2022
	\$'000	\$'000
Loans receivable - Odyssey Group Limited	279	290
Loans receivable - RBP Partners	-	839
	<u>279</u>	<u>1,129</u>

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

During the previous half-year period, the Company provided a loan to Odyssey Group Limited amounting to US\$200k. The loan is repayable within 12 months from the issue date.

Note 9. Non-current assets - investments accounted for using the equity method

	Consolidated	
	31 December	
	2022	30 June 2022
	\$'000	\$'000
Investment in Gophr Limited	115	450
Investment in Odyssey Group Limited	541	541
Investment in Impact Investment Partners Pty Ltd	3,380	3,367
Investment in US Opportunities Limited	3,790	4,045
	<u>7,826</u>	<u>8,403</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 Odyssey Group Limited consists of a 9.9% 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 4.43% 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 this entity. 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	
	2022	30 June 2022
	\$'000	\$'000
Gophr Limited - reconciliation to carrying amount:		
Opening carrying value	450	1,146
Share of profit / (loss) for the half-year ended 31 December 2022 (full-year for the comparative 30 June 2022)	(335)	(696)
Closing carrying value	<u>115</u>	<u>450</u>

	Consolidated	
	31 December	
	2022	30 June 2022
	\$'000	\$'000
Odyssey Group Limited - reconciliation to carrying amount:		
Opening carrying amount	541	644
Share of profit / (loss) for the half-year ended 31 December 2022 (full-year for the comparative 30 June 2022)	-	(103)
Closing carrying amount	<u>541</u>	<u>541</u>

Note 9. Non-current assets - investments accounted for using the equity method (continued)

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Impact Investment Partners Pty Ltd - reconciliation to carrying amount:		
Impact Investment Partners - transfer from investments	3,367	1,050
Additions during the period	120	2,550
Share of profit / (loss) for the half-year ended 31 December 2022 (full-year for the comparative 30 June 2022)	(107)	(233)
Closing carrying amount	<u>3,380</u>	<u>3,367</u>

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
US Opportunities Limited - reconciliation to carrying amount		
US Opportunities - initial investment	4,045	3,360
Share of profit / (loss) for the half-year ended 31 December 2022 (full-year for the comparative 30 June 2022)	(255)	685
Closing carrying amount	<u>3,790</u>	<u>4,045</u>

Note 10. Non-current assets - financial assets

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Vendor loan receivable - amortised cost	2,062	2,062
Managed investments - fair value through profit or loss	6,623	7,923
	<u>8,685</u>	<u>9,985</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.

Note 10. Non-current assets - financial assets (continued)

(b) Investments

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 \$2.12M at year end.

During the current and previous financial year, the Company's subsidiary Auctus Investment Holdings Pty Ltd, acquired investments in listed and unlisted entities amounting to the value of \$7.72M. A total of \$1.5M 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 \$4.5M.

Note 11. Non-current assets - Other

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$'000	\$'000
Bank guarantee	359	-
	<u>359</u>	<u>-</u>

During the financial year the Company paid a bank guarantee for its new leased offices at 101 Collins Street.

Note 12. Current liabilities - employee benefits

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$'000	\$'000
Annual leave	611	629
LTI provision	1,109	-
	<u>1,720</u>	<u>629</u>

Note 13. Non-current liabilities - employee benefits

	Consolidated	
	31 December	30 June 2022
	2022	2022
	\$'000	\$'000
Long service leave	166	142
LTI provision	2,380	-
	<u>2,546</u>	<u>142</u>

Note 14. Equity - issued capital

	Consolidated			
	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$'000	30 June 2022 \$'000
Ordinary shares - fully paid	76,593,104	78,531,741	43,218	48,972
Treasury shares - On market buyback	-	(878,037)	-	(889)
	<u>76,593,104</u>	<u>77,653,704</u>	<u>43,218</u>	<u>48,083</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2021	77,653,704		48,083
Cancellation of shares bought back	15 July 2022	(160,600)	-	(174)
Return of capital	4 August 2022	-	-	(3,775)
Cancellation of shares bought back	30 September 2022	(220,057)	-	(237)
Cancellation of shares bought back	25 October 2022	(279,943)	-	(286)
Cancellation of shares bought back	21 November 2022	(400,000)	-	(393)
Balance	31 December 2022	<u>76,593,104</u>		<u>43,218</u>

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 shares. As at 31 December 2022, the company bought back 1,938,637 shares since the commencement of the buy-back facility.

Note 15. Commitments

The consolidated entity has no material commitments as at 31 December 2022 (31 December 2021: nil).

Note 16. Events after the reporting period

No matter or circumstance has arisen since 31 December 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 17. Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Profit/(loss) after income tax attributable to the owners of Auctus Investment Group Limited	<u>165</u>	<u>(2,562)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	77,207,276	74,232,947
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>17,950,000</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>95,157,276</u>	<u>74,232,947</u>
	Cents	Cents
Basic earnings per share	0.21	(3.45)
Diluted earnings per share	0.17	(3.45)

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Auctus Investment Group Limited
Directors' declaration
31 December 2022

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 consolidated entity's financial position as at 31 December 2022 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

24 February 2023
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 2022, 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 significant 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 the Auctus Investment Group Limited financial position as at 31 December 2022 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.

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**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 2022 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

24 February 2023



PITCHER PARTNERS
Melbourne

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