ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)

Acumentis
DECISION CERTAINTY

25 January 2021

ASX Market Announcements Office
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By E-Lodgement

QUARTERLY ACTIVITY REPORT & APPENDIX 4C

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

- Revenues for December 2020 quarter were $10.5M
- EBITDA for December 2020 quarter was $0.1M
- Four consecutive quarters of positive EBITDA
- Revenues up 39% on comparable quarter
- Achievement of full IRAP (Information Security Registered Assessors Program) certification
- Debt repayment of $650K made during quarter
- End of quarter cash balances total $3.2M

Business Activities for the Quarter

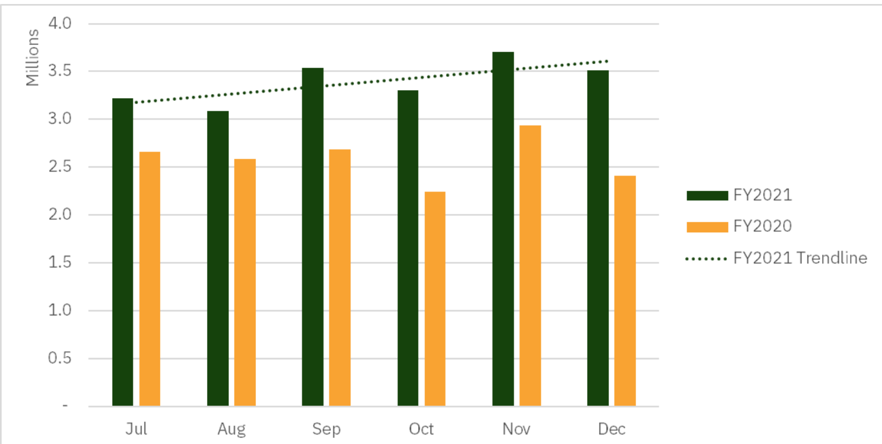
The business activities of the Company remained unchanged during the quarter to December 2020.

Revenues continued to improve despite the weaker economy which continues to be impacted by COVID-19 restrictions.

The December 2020 quarter saw revenues increase 39% compared to the December 2019 quarter.

Cash expenditure was in line with expectations. With the improved cash position, the Company paid $1.5M for Professional Indemnity Insurance upfront, saving on the cost of premium funding it has used in previous years. This brought forward the payment to the December quarter instead of distributing it across the year. A further payment of $0.7M has been made in January 2021. The Company also used operating cash flow to reduce debt by another $650k.

The following graph displays the fee income (revenue excluding JobKeeper grants, sundry income and share of associates profits) by month for FY2021 & FY2020 and demonstrates the recovery from the impacts of the 2019 cyber-attacks as well as the upward trend through FY2021.



We continue to see increases in activity in many regions as a result of Federal and State Government stimulus measures targeting the property and construction sectors as well as a trend for remote working which is boosting activity outside of the major metropolitan areas.

The Reserve Bank of Australia has revealed expectations for continued house and asset price increases, indicating that a permanent one percent drop in the cash rate would lead to a thirty percent rise in real house prices after three years. Acumentis is well positioned to translate this trend into growing revenues.

Cash utilised by operations for the quarter was $78K but included $1.5M outflow for professional indemnity insurance premium.

At 31 December 2020, the Company has cash balances of $3.2M and an unused overdraft facility of $1.2M.

Appendix 4C, item 8.4, indicates available funding of $4.3M based on the current quarter operating cashflows.

IRAP (Information Security Registered Assessors Program) Certification

Following the re-certification of our information management system to ISO27001 we are pleased to confirm that we now hold full certification under IRAP established by The Australian Signals Directorate.

It is our understanding that Acumentis is the only national valuation and property services business to hold both ISO27001 and IRAP certifications over its information management system.

This truly demonstrates to our clients our commitment to information security and our ability to deliver the highest industry standards with respect to this very important facet of working with our clients' and third party private and confidential information.

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

During the previous quarter, directors' fees totalling $79,000 were paid to non-executive directors of the Company in line with their employment contracts.

By order of the Board.

John Wise
Company Secretary
(02) 8823 6300 email john.wise@acumentis.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Acumentis Group Limited (ASX: ACU)	

ABN	Quarter ended ("current quarter")
50 102 320 329	December 2020

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	12,032	23,273
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	(406)	(698)
	(e) staff costs	(7,767)	(15,216)
	(f) administration and corporate costs	(3,202)	(5,667)
1.3	Dividends received (see note 3)	40	86
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(85)	(187)
1.6	Income taxes received / (paid)	-	-
1.7	Government grants and tax incentives	33	2,320
1.8	Other (provide details if material)		
	- GST paid	(728)	(1,456)
	- Other income	-	-
	- Return of security deposits	3	26
1.9	**Net cash from / (used in) operating activities**	**(78)**	**2,483**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(352)	(470)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(352)**	**(470)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(650)	(650)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(650)**	**(650)**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,273	1,830
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(78)	2,485
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(352)	(472)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(650)	(650)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,193**	**3,193**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,193	4,273
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,193**	**4,273**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	79
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Directors fees paid.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,250	3,250
7.2	Credit standby arrangements	1,200	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**4,450**	**3,250**

7.5	**Unused financing facilities available at quarter end**	**1,200**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Loan facilities

Commercial bank bill facility from St George Bank Limited secured with fixed and floating charge over the assets and business of Acumentis and carrying interest at BBSY + 2.6% (currently 2.7%).

The bank bills amortise by $650,000 every six months with the next payment due on 12 April 2021.

Credit standby arrangements

Commercial overdraft facility from St George Bank Limited secured with fixed and floating charge over the assets and business of Acumentis and carrying interest at the banks commercial base rate (currently 5.56%).

There is no maturity date for the commercial overdraft facility, however it is subject to annual review with the next review due in 30 September 2021.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(78)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,193
8.3	Unused finance facilities available at quarter end (item 7.5)	1,200
8.4	**Total available funding (item 8.2 + item 8.3)**	**4,315**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	55

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: **25 January 2021**

Authorised by: **By the Board**

(name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.