Atturra Limited
ABN 34 654 662 638

ASX Announcement
24 February 2023

Financial Results – Half year ended 31 December 2022

Attached are the following documents relating to Atturra Limited's results for the half year ended 31 December 2022:

- ASX Appendix 4D; and
- Half Year Report.

Authorised for release by the Board of Directors, Atturra Limited.

About Atturra Limited

Atturra is an ASX-listed technology business providing a range of enterprise advisory, consulting, IT services and solutions with a focus on local government, utilities, education, defence, federal government, financial services, and manufacturing industries. Atturra has partnerships with leading global providers including Microsoft, Boomi, Software AG, OpenText, Smartsheet, QAD, Infor and Solace and its clients are some of the largest public and private-sector organisations in Australia. For more information visit: www.atturra.com.

Further information can be found on the company's website atturra.com or by contacting Atturra on email investorrelations@atturra.com.

1. Company details

Name of entity:	Atturra Limited
ABN:	34 654 662 638
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	33.8%	to	82,769
Underlying Earnings Before Interest and Tax ('Underlying EBIT') *	up	29.9%	to	8,274
Profit from ordinary activities after tax attributable to the owners of Atturra Limited	up	45.9%	to	4,334
Profit for the half-year attributable to the owners of Atturra Limited	up	45.9%	to	4,334

**A reconciliation of reported EBIT to underlying EBIT is disclosed in the table below.*

Dividends
During the current half-year period, a dividend of $513,000 was paid to the minority shareholders of Noetic Group Pty Ltd, a subsidiary of Atturra, with the remainder being paid to Atturra that was eliminated on consolidation. No dividends were paid, recommended, or declared during the current or previous financial half-year to Atturra Limited shareholders.

Comments
The profit for the Group after providing for income tax and non-controlling interest amounted to $4,334,000 (31 December 2021: $2,971,000).

Underlying earnings before interest, taxation ('Underlying EBIT') is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the profit under AASBs adjusted for specific items, including the Initial Public Offering ('IPO') costs, share based payments and one off merger and acquisition ('M&A') transaction costs. The directors consider Underlying EBIT to be one of the key financial measures of the Group.

The following table summarises key reconciling items between statutory after-tax result attributable to the shareholders of the Company and Underlying EBIT:

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Profit after income tax	4,538	3,438
Add: Interest expense	423	134
Less: Interest income	(111)	(3)
Add: Income tax expense	2,859	1,962
Reported EBIT	7,709	5,531
IPO expense (1)	-	480
Share based payments	451	357
M&A transaction costs	114	-
Underlying EBIT	8,274	6,368

(1) Expenses related to the IPO of Atturra Limited on the ASX completed in December 2021.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	17.70	12.90

Net tangible assets per ordinary security have been calculated by excluding the net right-of-use assets and lease liabilities of ($295,000) (31 December 2021: ($171,000)).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

During the current half-year period, a dividend of $513,000 was paid to the minority shareholders of Noetic Group Pty Ltd, a subsidiary of Atturra, with the remainder being paid to Atturra that was eliminated on consolidation. No dividends were paid, recommended, or declared during the current or previous financial half-year to Atturra Limited shareholders.

There were no further dividends declared, paid, or declared for the current financial half-year.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates

	Reporting entity's percentage holding		Contribution to profit	
Name of associate	Reporting period %	Previous period %	Reporting period $'000	Previous period $'000
Protegic Pty Ltd	49.00%	24.00%	111	45
Group's aggregate share of associates entities' profit				
Profit from ordinary activities after income tax			111	45

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 auditor and the review report is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Atturra Limited for the half-year ended 31 December 2022 is attached.

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12. Signed

Signed ______________________

Shan Kanji
Chairman
Sydney

Date: 24 February 2023

Atturra Limited

ABN 34 654 662 638

Interim Report - 31 December 2022

General information

The financial statements cover Atturra Limited as a Group consisting of Atturra 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 Atturra Limited's functional and presentation currency.

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

Registered office	Principal place of business
Level 33, Aurora Place 88 Phillip Street Sydney NSW 2000	Level 2 10 Bond Street Sydney NSW 2000

A description of the nature of the Group'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.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Atturra Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Atturra') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Shan Kanji – Chairman
Stephen Kowal – Executive Director and Chief Executive Officer
Nicole Bowman – Independent Non-Executive Director
Jonathan Rubinsztein – Independent Non-Executive Director

Principal activities

The Group provides whole-of-organisation technological solutions covering service lines of advisory, business applications, data & integration, cloud services, change management, managed control solutions and industry engagement.

Dividends

During the half-year, an interim dividend of $513,000 was paid to the minority shareholder of Noetic Group Pty Ltd, a subsidiary of the Company, with the remainder being paid to Atturra that was eliminated on consolidation. No other dividend was paid, recommended, or declared during the current financial half-year. In the previous financial half-year, a dividend of $679,000 was paid to the minority shareholders of Noetic Group Pty Ltd, a subsidiary of Atturra.

Review of operations

The Group is a leading Australian technology services business. It provides expertise across a broad range of specialist in-demand IT areas to deliver solutions to clients. The Group uses transformative and market leading technologies and business applications that enable digital transformations. The Group engages over 700 consultants, IT and support personnel in Sydney, Melbourne, Brisbane, Canberra, Perth, New Zealand, and Singapore.

The Group's technology strategy is to focus on high growth technologies or technologies where it can have a market dominant position. The Group's industry strategy is to focus on industries in which there is either a high barrier to entry or there is no clear market leader.

The profit for the Group after providing for income tax and non-controlling interest amounted to $4,334,000 (31 December 2021: $2,971,000).

Shareholders' equity attributable to owners of the Company increased by $29,181,000 from 30 June 2022 to $70,851,000 as at 31 December 2022 and the Group had cash on hand of $54,971,000 as at 31 December 2022 (30 June 2022: $35,130,000). The Company has 229,962,528 shares on issue as at 31 December 2022 (30 June 2022: 200,550,449).

Underlying earnings before interest, taxation ('Underlying EBIT') is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the profit under AASBs adjusted for specific items, including the Initial Public Offering ('IPO') costs, share based payments and one off merger and acquisition ('M&A') transaction costs. The directors consider Underlying EBIT to be one of the key financial measures of the Group.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of the Company and Underlying EBIT:

	Consolidated 31 Dec 2022 $'000	Consolidated 31 Dec 2021 $'000
Profit after income tax	4,538	3,438
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Reported EBIT	7,709	5,531
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Underlying EBIT	8,274	6,368

(1) Expenses related to the IPO of Atturra Limited on the ASX completed in December 2021.

Significant changes in the state of affairs

On 16 August 2022, Atturra announced that it has elected not to exercise its matching right under clause 11.4 of the Scheme Implementation Deed dated 30 June 2022 (as amended and restated on 11 August 2022) in response to an MOQ Limited Competing Proposal made by Brennan VDI Pty Limited of $0.075 per MOQ share.

On 28 November 2022, Atturra announced an underwritten capital raising of approximately $25 million (Capital Raising) at an issue price of $0.85 per Atturra share (Issue Price) comprising:

- a 1 for 7.5 non-renounceable pro-rata entitlement offer to raise approximately $22.7 million before costs (Entitlement Offer); and
- an institutional placement to raise approximately $2.3 million before costs (Placement).

The Placement and the Entitlement Offer resulted in 29,412,079 fully paid ordinary shares (New Shares) being issued. The New Shares issued under the Placement and the Entitlement Offer rank equally with existing Atturra shares on completion of the Capital Raising. The Entitlement Offer was completed on 5 December 2022 and the Placement was completed on 22 December 2022. Post transaction costs, approximately $24.25 million was raised from the Capital Raising.

Post the Capital Raising, Atturra has 229,962,528 shares on issue.

On 22 December 2022, Atturra announced that it has established a new $25.8 million secured debt facility with Westpac Banking Corporation (Facility). The Facility will be used to refinance the current related party loan and provide future flexibility as Atturra continues its growth plans.

Atturra will not utilise the Facility in relation to the potential acquisitions referred to in the investor presentation released to ASX on 28 November 2022 as part of the Capital Raising. Should those potential acquisitions proceed, they will be funded by the Capital Raising, existing cash reserves and general operating cash flow.

The Facility includes:

- a $5 million term loan facility for the repayment of the related party loan, which matures five years from financial close (Facility A);
- a total of $15 million term loan facilities for funding permitted future acquisitions ($9 million) and deferred consideration relating to prior acquisitions ($6 million); each of which mature five years from financial close (Facility B and C);
- a $5 million overdraft facility for working capital requirements, which is repayable on demand (Facility D);
- a $0.3 million revolving bank guarantee facility for securing lease obligations of the Group, which is repayable on demand (Facility E); and
- a $0.5 million corporate credit card facility for day-to-day general corporate purposes of the Group, which is repayable on demand (Facility F).

Atturra used part of Facility A to repay the related party loan including accrued interest on 27 January 2023, while Facility E will be used to progressively replace other bank guarantees and will implement Facility F over the next 12 months. There are no immediate plans to draw down Facility B, C or D. The Facility was not utilised as at 31 December 2022.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 25 January 2023, Atturra Limited announced to the ASX that it had entered into a binding sale and purchase agreement to acquire Hammond Street Developments Pty Ltd (HSD), a specialist Microsoft services provider to the government sector including the Victorian public sector, based in Melbourne. The maximum total purchase consideration is $8.5 million, with $6.5 million payable upfront ($6 million in cash and $0.5 million of Atturra shares), with an earn out consideration of up to $2 million of cash, subject to HSD achieving performance hurdles for FY23 and FY24. The purchase consideration will be funded from internal cash reserves. The transaction is scheduled to complete on or around 28 February 2023.

On 27 January 2023, Atturra settled the related party loan to 263 Finance Pty Ltd of $4.9 million with Facility A with Westpac Banking Corporation and internal cash reserves.

On 15 February 2023, Atturra issued 371,239 shares to qualifying staff under the Atturra Limited Employee Share Trust. The market value of each share on the issue date is the five day volume weighted average price of Atturra's shares on 14 February 2023 which was $1.006. Post the issue of these shares, Atturra has 230,333,767 shares on issue.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group'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.

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

Shan Kanji
Chairman

24 February 2023

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24 February 2023

The Board of Directors
Atturra Limited
Level2, 10 Bond Street
SYDNEY NSW 2000

Dear Board Members

Atturra Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Atturra Limited.

As lead audit partner for the review of the financial report of Atturra Limited for the financial half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review

Yours sincerely,

Crowe Audit Australia

Crowe Audit Australia

Ash Pather
Senior Partner

Atturra Limited

Financial Report - 31 December 2022

Atturra Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated 31 Dec 2022 $'000	Consolidated 31 Dec 2021 $'000
Revenue			
Revenue from contracts with customers	3	82,769	61,879
Cost of providing services		(56,723)	(40,705)
Gross margin		26,046	21,174
Share of profits of associates accounted for using the equity method		111	45
Other income		209	-
Interest revenue calculated using the effective interest method		111	3
Expenses			
General and administrative expenses		(17,538)	(14,770)
Sales and marketing expenses		(515)	(447)
Impairment of receivables	5	(604)	(471)
Finance costs	4	(423)	(134)
Profit before income tax expense		7,397	5,400
Income tax expense		(2,859)	(1,962)
Profit after income tax expense for the half-year		4,538	3,438
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		4,538	3,438
Profit for the half-year is attributable to:			
Non-controlling interest		204	467
Owners of Atturra Limited		4,334	2,971
		4,538	3,438
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		204	467
Owners of Atturra Limited		4,334	2,971
		4,538	3,438
		Cents	**Cents**
Basic earnings per share	19	2.12	1.98
Diluted earnings per share	19	2.08	1.98

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

Atturra Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Assets			
Current assets			
Cash and cash equivalents		54,971	35,130
Trade and other receivables	5	30,472	32,840
Contract assets	6	1,011	420
Other current assets		2,361	2,719
Total current assets		88,815	71,109
Non-current assets			
Investments accounted for using the equity method		1,231	1,365
Property, plant, and equipment		59	141
Right-of-use assets	7	7,296	5,887
Intangible assets	8	30,874	30,746
Deferred tax asset		5,963	6,635
Total non-current assets		45,423	44,774
Total assets		134,238	115,883
Liabilities			
Current liabilities			
Trade and other payables	9	31,116	35,945
Contract liabilities	10	4,621	5,712
Borrowings	11	1,167	1,000
Lease liabilities		1,485	1,199
Income tax payable		854	3,532
Employee benefits		6,359	6,339
Other liabilities		3,377	4,063
Total current liabilities		48,979	57,790
Non-current liabilities			
Borrowings	11	3,750	3,750
Lease liabilities		6,106	4,947
Employee benefits		920	766
Other liabilities		3,207	6,226
Total non-current liabilities		13,983	15,689
Total liabilities		62,962	73,479
Net assets		71,276	42,404
Equity			
Issued capital	12	76,708	52,312
Reserves	13	(11,311)	(11,762)
Retained earnings		5,454	1,120
Equity attributable to the owners of Atturra Limited		70,851	41,670
Non-controlling interest		425	734
Total equity		71,276	42,404

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

Atturra Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	25,908	(8,583)	(5,927)	787	12,185
Profit after income tax expense for the half-year	-	-	2,971	467	3,438
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	2,971	467	3,438
Transactions with owners in their capacity as owners:					
Issue of shares in share swap acquisition - Noetic	2,837	-	-	-	2,837
Issue of shares in IPO	24,000	-	-	-	24,000
Share issue costs in IPO, net of tax	(2,070)	-	-	-	(2,070)
Transfer from share-based payment reserve to share capital (note 13)	806	(806)	-	-	-
Share-based payments - Stephen Kowal	548	-	-	-	548
Issue of shares under ESS - share-based payments	357	-	-	-	357
Share-based payments - Long-Term Incentive Plan	-	8	-	-	8
Transactions with non-controlling interests (note 13)	-	(2,679)	-	(235)	(2,914)
Dividends paid	-	-	-	(679)	(679)
Balance at 31 December 2021	52,386	(12,060)	(2,956)	340	37,710

Consolidated	Issued capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	52,312	(11,762)	1,120	734	42,404
Profit after income tax expense for the half-year	-	-	4,334	204	4,538
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	4,334	204	4,538
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 12)	24,396	-	-	-	24,396
Share-based payments	-	451	-	-	451
Dividends paid	-	-	-	(513)	(513)
Balance at 31 December 2022	76,708	(11,311)	5,454	425	71,276

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

	Note	Consolidated 31 Dec 2022 $'000	31 Dec 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		91,095	68,355
Payments to suppliers and employees (inclusive of GST)		(86,092)	(65,388)
		5,003	2,967
Share of profits of associates earnings		111	45
Interest received		111	3
Interest and other finance costs paid		(423)	(134)
Income taxes paid		(4,722)	(4,151)
Net cash from/(used in) operating activities		80	(1,270)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	18	(3,800)	(3,484)
Payments for property, plant, and equipment		-	(34)
Payments for intangibles		(42)	(19)
Proceeds from disposal of investment and share buy-back by equity accounted investment		664	-
Proceeds from disposal of property, plant, and equipment		65	-
Net cash used in investing activities		(3,113)	(3,537)
Cash flows from financing activities			
Proceeds from issue of shares, net of costs		24,254	22,092
Proceeds from borrowings		-	4,000
Repayment of borrowings		-	(198)
Repayment of lease liabilities		(867)	(551)
Dividends paid	14	(513)	(679)
Net cash from financing activities		22,874	24,664
Net increase in cash and cash equivalents		19,841	19,857
Cash and cash equivalents at the beginning of the financial half-year		35,130	17,328
Cash and cash equivalents at the end of the financial half-year		54,971	37,185

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

Note 1. 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 Group 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into only one operating and reporting segment based on the market it serves which is Information Technology (IT) Solutions in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board (who is identified as the Chief Operating Decision Maker (‘CODM’)) in assessing performance and in determining the allocation of resources.

Upon becoming a listed entity, the CODM now reviews underlying EBIT (earnings before interest, tax) for the reportable segment’s measure of profit or loss. In the comparative period the CODM reviewed the reportable segment’s share of statutory profit or loss before tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis. Refer to note 3 for revenue from products and services.

Reconciliation of underlying EBIT to statutory profit:

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Profit before income tax	7,397	5,400
Interest income	(111)	(3)
Finance costs	423	134
Statutory EBIT	7,709	5,531
IPO expenses*	-	480
Share based payments	451	357
M&A transaction costs	114	-
Underlying EBIT	8,274	6,368

* Expenses related to the IPO of Atturra Limited on the ASX completed in December 2021.

Note 3. Revenue from contracts with customers

	Consolidated 31 Dec 2022 $'000	Consolidated 31 Dec 2021 $'000
Time and materials agreements	57,002	40,984
Fixed price agreements	18,392	15,956
Software licencing	1,095	356
Software maintenance and managed services	2,791	1,324
Management fee revenue	2,316	2,405
Other revenue	1,173	854
Revenue from contracts with customers	82,769	61,879

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

2022	Time and materials $'000	Fixed price $'000	Software licensing $'000	Software maintenance and managed services $'000	Management fee $'000	Others $'000	Total $'000
Timing of revenue recognition							
A point in time	57,002	-	1,095	-	2,316	1,173	61,586
Over time	-	18,392	-	2,791	-	-	21,183
	57,002	18,392	1,095	2,791	2,316	1,173	82,769

2021	Time and materials $'000	Fixed price $'000	Software licensing $'000	Software maintenance and managed services $'000	Management fee $'000	Others $'000	Total $'000
Timing of revenue recognition							
A point in time	40,984	-	356	-	2,405	458	44,203
Over time	-	15,956	-	1,324	-	396	17,676
	40,984	15,956	356	1,324	2,405	854	61,879

Note 4. Expenses

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	3	3
Plant and equipment	-	61
Fixtures and fittings	12	28
Buildings right-of-use assets	783	578
Total depreciation	798	670
Amortisation		
Software	-	19
Total depreciation and amortisation	798	689
Finance costs		
Interest and finance charges paid/payable on borrowings	217	81
Interest and finance charges paid/payable on lease liabilities	111	53
Other	95	-
Finance costs expensed	423	134
Net foreign exchange loss		
Net foreign exchange loss	18	-
Leases		
Short-term lease payments	264	111
Superannuation expense		
Defined contribution superannuation expense	834	673
Share-based payments expense		
Share-based payments expense	451	914
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	10,704	8,989

Note 5. Trade and other receivables

	Consolidated	
	31 Dec 2022 $'000	30 June 2022 $'000
Current assets		
Trade receivables	27,871	32,065
Less: Allowance for expected credit losses	(1,050)	(446)
	26,821	31,619
Other receivables *	3,651	1,221
	30,472	32,840

Note 5. Trade and other receivables (continued)

* $1,011,000 of other receivables relates to unbilled receivables for services completed as at 31 December 2022. (30 June 2022: $420,000)

Allowance for expected credit losses
The Group has recognised a loss of $604,000 (31 December 2021: $471,000) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2022.

Note 6. Contract assets

	Consolidated	
	31 Dec 2022 $'000	30 June 2022 $'000
Current assets		
Contract assets	1,011	420

Note 7. Right-of-use assets

	Consolidated	
	31 Dec 2022 $'000	30 June 2022 $'000
Non-current assets		
Buildings - right-of-use	10,128	7,903
Less: Accumulated depreciation	(2,832)	(2,016)
	7,296	5,887

The Group leases buildings for its offices under agreements between one month and seven years with, and in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than one year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Buildings $'000
Balance at 1 July 2022	5,887
Additions	2,192
Depreciation expense	(783)
Balance at 31 December 2022	7,296

Note 8. Intangible assets

	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Non-current assets		
Goodwill - at cost	30,661	30,715
Software - at cost	1,974	1,792
Less: Accumulated amortisation	(1,761)	(1,761)
	213	31
	30,874	30,746

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $'000	Software $'000	Total $'000
Balance at 1 July 2022	30,715	31	30,746
Additions	-	182	182
Purchase price allocation finalisation	(54)	-	(54)
Balance at 31 December 2022	30,661	213	30,874

Note 9. Trade and other payables

	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Current liabilities		
Trade payables	18,040	18,055
Accrued expenses	1,376	2,447
Accrued staff bonuses	4,837	6,725
Payroll tax and PAYG payable	1,699	2,429
GST payable	1,997	2,903
Other payables	3,167	3,386
	31,116	35,945

Note 10. Contract liabilities

	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Current liabilities		
Contract liabilities	4,621	5,712

Note 11. Borrowings

	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Current liabilities		
Loan from related party (263 Finance Pty Ltd)	1,167	1,000
Non-current liabilities		
Loan from related party (263 Finance Pty Ltd)	3,750	3,750
	4,917	4,750

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Total facilities		
Loan from related party (263 Finance Pty Ltd)	4,917	4,750
Used at the reporting date		
Loan from related party (263 Finance Pty Ltd)	4,917	4,750
Unused at the reporting date		
Loan from related party (263 Finance Pty Ltd)	-	-

On 22 December 2022, the Group entered into a new debt facility with Westpac Banking Corporation. Atturra used part of Facility A to repay the related party loan including accrued interest on 27 January 2023. The total available amount under Facility A is $5 million, it is non-revolving and has a maturity date of 5 years, the interest rate is the Australian Bank Bill Swap Reference Rate + 2.04% +0.5% Line Fee p.a.

Note 12. Issued capital

	Consolidated 31 Dec 2022 Shares	Consolidated 30 June 2022 Shares	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Ordinary shares - fully paid	229,962,528	200,550,449	76,708	52,312

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	200,550,449		52,312
Issue of shares – Entitlement Offer	5 December 2022	25,935,800	$0.85	22,045
Issue of shares – Placement	22 December 2022	3,476,279	$0.85	2,955
Share issue costs, net of tax				(604)
Balance	31 December 2022	229,962,528		76,708

Note 13. Reserves

	Consolidated 31 Dec 2022 $'000	Consolidated 30 June 2022 $'000
Share-based payments reserve	580	129
Consolidation reserve	(11,891)	(11,891)
	(11,311)	(11,762)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services. Transfers are made to Share Capital when the awards have vested and are exercised.

Consolidation reserve
This reserve is used to record the differences between the amount of the adjustment to non-controlling interests and any consideration paid or received which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payment $'000	Transactions with non-controlling interest $'000	Total $'000
Balance at 1 July 2022	129	(11,891)	(11,762)
Share-based payment expense	451	-	451
Balance at 31 December 2022	580	(11,891)	(11,311)

Note 14. Dividends

Dividends
During the half-year, an interim dividend of $513,000 was paid to the minority shareholder of Noetic Group Pty Ltd, a subsidiary of the Company, with the remainder being paid to Atturra that was eliminated on consolidation. No other dividend was paid, recommended, or declared during the current financial half-year. In the previous financial half-year, a dividend of $679,000 was paid to the minority shareholders of Noetic Group Pty Ltd, a subsidiary of Atturra.

Note 15. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured, or disclosed 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
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Other Liabilities				
Contingent consideration	-	-	6,584	6,584
Total liabilities	-	-	6,584	6,584

Consolidated - 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Other Liabilities				
Contingent consideration	-	-	10,289	10,289
Total liabilities	-	-	10,289	10,289

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The contingent consideration payable relates to acquisition of subsidiaries. The fair value of the contingent consideration is estimated by calculating the present value of the future expected cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.

Note 15. Fair value measurement (continued)

Subsidiary acquired	Fair value at 31 Dec 2022 $'000	Fair value at 30 June 2022 $'000	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Noetic Group Pty Ltd	$694	$1,935	Risk-adjusted discount rate - 5% (30 June 2022 - 9%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Kettering Professional Services Pty Ltd	$1,942	$1,942	Risk-adjusted discount rate - 5% (30 June 2022 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Hayes Information Systems and Communications Pty Ltd	$3,948	$6,412	Risk-adjusted discount rate - 5% (30 June 2022 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).

Note 15. Fair value measurement (continued)

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Contingent consideration $'000
Balance at 1 July 2022	10,289
Gains recognised in profit or loss	-
Gains recognised in other comprehensive income	-
Additions	95
Settlement	(3,800)
Balance at 31 December 2022	6,584
Total gains for the previous half-year included in profit or loss that relate to level 3 assets held at the end of the previous half-year	-
Total gains for the previous half-year included in other comprehensive income that relate to level 3 assets held at the end of the previous half-year	-
Total gains for the current half-year included in profit or loss that relate to level 3 assets held at the end of the current half-year	-
Total gains for the current half-year included in other comprehensive income that relate to level 3 assets held at the end of the current half-year	-

Applying a discount rate range of 5% across the each of the contingent consideration payments results in a range of $100,000 to $200,000 of potential movement in contingent consideration.

Note 16. Contingent liabilities

The Group has given bank guarantees as at 31 December 2022 of $459,000 (30 June 2022: $525,000) to various landlords.

Note 17. Related party transactions

Parent entity
Atturra Limited is the parent entity.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2022 $	31 Dec 2021 $
Sale of goods and services:		
Sale of services to other related party	19,763	19,189
Payment for goods and services:		
Payment for services from other related party	34,528	41,925

Note 17. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2022 $	30 June 2022 $
Current receivables:		
Trade receivables from Kanji Group Pty Ltd	21,739	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2022 $	30 June 2022 $
Current borrowings:		
Loan from related party (263 Finance Pty Ltd)	1,167,000	1,000,000
Non-current borrowings:		
Loan from related party (263 Finance Pty Ltd)	3,750,000	3,750,000

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 18. Business combinations

Kettering Professional Services Pty Ltd
On 17 January 2022, Galaxy 42 Group Pty Ltd, a wholly owned subsidiary of the Atturra, entered into a share sale agreement to acquire 100% of Kettering Professional Services Pty Ltd for $5,250,000, which was successfully completed on 1 March 2022. $2,946,000 was settled on completion with an earn out consideration of up to $2,250,000 of cash subject to Kettering achieving performance hurdles on audited EBIT targets for FY23, FY24 and FY25. Kettering is an enterprise resource planning ('ERP') solutions provider based in Brisbane, Australia which specialises in the implementation, management, and ongoing support of ERP solutions in the manufacturing sector. The completion payment was settled from internal cash reserves.

The acquired business contributed revenue of $1,624,000 and profit after tax of $49,000 to the Group from 1 March 2022 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenue of $3,600,000 and profit after tax of $100,000, respectively. The goodwill of $4,844,000 relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition. The values identified in relation to the acquisition of Kettering Professional Services Pty Ltd are final as at 31 December 2022.

Note 18. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	427
Trade and other receivables	218
Other current assets	503
Right-of-use assets	64
Trade and other payables	(134)
Other liabilities	(969)
Lease liability	(65)
Net assets acquired	44
Goodwill	4,844
Acquisition-date fair value of the total consideration transferred	4,888
Representing:	
Cash paid or payable to vendor	2,946
Contingent consideration	1,942
	4,888
Acquisition costs expensed to profit or loss	-
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,946
Less: cash and cash equivalents	(427)
Net cash used	2,519

Hayes Information Systems and Communications Pty Ltd
On 10 May 2022, Anatas Pty Ltd, a wholly owned subsidiary of Atturra, entered into a share sale agreement to acquire 100% of Hayes Information Systems and Communications Pty Ltd for $15,500,000, which was successfully completed on 1 June 2022. $8,500,000 was settled on completion with an earn out consideration of up to $7,000,000 in cash subject to Hayes achieving performance hurdles based on audited EBIT results for FY22, FY23 and FY24. An additional retention payment of $1,000,000 is payable to selected Hayes employees. This will be paid between 30 months and 42 months post completion of the transaction.

Hayes is an award winning OpenText partner which provides information management consultancy, digital transformation services, and Enterprise Content Management application support services. The completion payment was settled from internal cash reserves.

The acquired business contributed revenue of $674,000 and profit after tax of $54,000 to the Group from 1 June 2022 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenue of $8.9 million and profit after tax of $1.5 million respectively. The goodwill of $13,861,000 relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition. The values identified in relation to the acquisition of Hayes Information Systems and Communications Pty Ltd are final as at 31 December 2022.

Note 18. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	845
Trade receivables	1,515
Other current assets	695
Right-of-use assets	276
Trade payables	(355)
Provision for income tax	(28)
Other liabilities	(1,618)
Lease liability	(278)
Net assets acquired	1,052
Goodwill	13,861
Acquisition-date fair value of the total consideration transferred	14,913
Representing:	
Cash paid or payable to vendor	8,500
Contingent consideration	6,413
	14,913
Acquisition costs expensed to profit or loss during 30 June 2022	106
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,500
Less: cash and cash equivalents	(845)
Net cash used	7,655

Note 19. Earnings per share

	Consolidated	
	31 Dec 2022 $'000	31 Dec 2021 $'000
Profit after income tax	4,538	3,438
Non-controlling interest	(204)	(467)
Profit after income tax attributable to the owners of Atturra Limited	4,334	2,971
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	204,406,281	150,093,530
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	4,105,667	36,885
Weighted average number of ordinary shares used in calculating diluted earnings per share	208,511,948	150,130,415
	Cents	Cents
Basic earnings per share	2.12	1.98
Diluted earnings per share	2.08	1.98

Note 20. Events after the reporting period

On 25 January 2023, Atturra Limited announced to the ASX that it had entered into a binding sale and purchase agreement to acquire Hammond Street Developments Pty Ltd (HSD), a specialist Microsoft services provider to the government sector including the Victorian public sector, based in Melbourne. The maximum total purchase consideration is $8.5 million, with $6.5 million payable upfront ($6 million in cash and $0.5 million of Atturra shares), with an earn out consideration of up to $2 million of cash, subject to HSD achieving performance hurdles for FY23 and FY24. The purchase consideration will be funded from internal cash reserves. The transaction is scheduled to complete on or around 28 February 2023.

On 27 January 2023, Atturra settled the related party loan to 263 Finance Pty Ltd of $4.9 million with Facility A with Westpac Banking Corporation and internal cash reserves.

On 15 February 2023, Atturra issued 371,239 shares to qualifying staff under the Atturra Limited Employee Share Trust. The market value of each share on the issue date is the five day volume weighted average price of Atturra’s shares on 14 February 2023 which was $1.006. Post the issue of these shares, Atturra has 230,333,767 shares on issue.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 Group'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

Shan Kanji
Chairman

24 February 2023

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Independent Auditor's Review Report to the Members of Atturra Limited

Conclusion

We have reviewed the half-year financial report of Atturra Limited (the Company) and its Controlled Entities (the Group), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 the Group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's 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 of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of 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.

Responsibility of the Directors for the Financial Report

The directors of the Group 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.

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 Company'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.

Crowe Audit Australia

Crowe Audit Australia

Ash Pather
Senior Partner

24 February 2023