

A person stands on a rocky mountain peak, looking out over a vast landscape. The foreground is a rugged, rocky ridge with sparse, dry vegetation. In the middle ground, a thick layer of white clouds fills the valley, creating a sea of clouds. In the background, a range of blue mountains stretches across the horizon under a clear blue sky with light, wispy clouds. The overall scene is one of natural beauty and achievement.

atturra

We'll lead you there.

# Annual Report 2022

## Contents

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# Business Overview

## Advisory specialists at scale

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Atturra became a public company in December 2021. We're headquartered in Sydney and have over 700 staff across Australia, New Zealand and Singapore.

As one of Australia's leading advisory and IT solutions providers, we offer end-to-end digital transformation services for our clients. Partnering with other leading technology companies, we offer scalable, expert solutions.

Atturra helps clients see exciting possibilities through technology that works today and into the future.

Atturra's Annual Reporting suite includes:

- [2022 Half Year Financial Results](#)
- [2022 Governance Documents](#)
- [2022 Sustainability Report](#)

An aerial photograph of a city, likely Toronto, with a teal color overlay. The image is decorated with several large, semi-transparent teal circles of varying sizes. The text is centered in the lower half of the image.

# Do More. Go Beyond.

Redefine what your future looks  
like through technology

# Letter to shareholders

Dear Investor,

I'm proud to be sharing our achievements over the last 12 months in Atturra's first Annual Report.

## FY22 milestones

Atturra's successful listing on the Australian Securities Exchange is without a doubt our most significant milestone this year. Through our Initial Public Offering, we raised approximately \$24.8 million. This was in line with our prospectus, and we have maintained a substantially above market return since.

The funds raised from the Offer have upheld our plan to finance an accelerated growth strategy. In March we acquired Brisbane-based Kettering Professional Services for \$3 million plus up to \$2.25 million in deferred consideration milestones, calculated annually until FY24.

And, in June we added Perth-based Hayes Information Systems and Communications for \$8.5 million upfront plus a deferred consideration of up to \$7.89 million, calculated annually against agreed metrics until FY25.

Both these businesses not only expand our capabilities and geographical presence, but align with our ethos. It's always been part of our strategy to make sure the integrity of the businesses we bring on board remains intact.

## Financials

We generated \$98.3 million in revenue and \$7.0 million in underlying EBIT in FY21. This was forecasted to grow by 29% to \$126.7 million in FY22. We're pleased to say we've surpassed this forecast by 6% delivering \$134.6 million in revenue and \$13.8 million in underlying EBIT this FY.

## Focus on sustainability

We believe in embracing opportunities that come with building a sustainable future, while monitoring and managing the complex economic, social and environmental challenges facing business, community and our planet, today. Our sustainability initiatives have been embedded in our culture for some time, and these have recently been formalised in our Ethical, Social and Governance (ESG) Framework, and communicated in the Sustainability Report 2022.

## Looking ahead

Our goal over the coming years is to be Australia's largest advisory and IT solutions provider, with high engagement across technology, industries, employees and clients.

Our **industry strategy** is to focus on:

- Industries with a high barrier to entry, aiming to encourage client retention. For example the Department of Defence, which requires security cleared staff.
- Industries with no clear market leader, providing us with an opportunity to take this position. This is the case in Local Government where we grew to 100 local councils in the first half of FY22 and are rapidly becoming a service provider of choice.
- Building scale in high-growth industries to develop sustainable and long-term relationships .

Our **technology strategy** is to focus on:

- High-growth technologies so we can grow in lock-step with them. For example Boomi, Microsoft and Smartsheet.
- Specialist technologies such as webMethods and QAD, to help us become the dominant provider.

## We're just getting started

Thank you for your support and for joining us in a huge year of positive change for Atturra. We look forward to continuing to build our exciting future together.

**Shan Kanji**  
Chairman



A blurred office scene featuring a desk with a white lamp, a white mug, and a black office chair. A person is blurred in the background, suggesting movement. The image is overlaid with large, semi-transparent teal circles in the top right and bottom left corners.

**“Atturra’s successful listing on the Australian Securities Exchange is without a doubt our most significant milestone this year.”**

**— SHAN KANJI**

# FY22 highlights

## Key industries

-  Defence
-  Federal and State Government
-  Financial Services
-  Higher Education
-  Local Government
-  Manufacturing
-  Utilities

## Key Acquisitions

**March 2022**  
Kettering Professional Services

**June 2022**  
Hayes Information Systems and Communications

## Awards

**Boomi**  
APJ Partner of the Year 2021

**Smartsheet**  
APAC Partner of the Year 2021

## Staff

700+

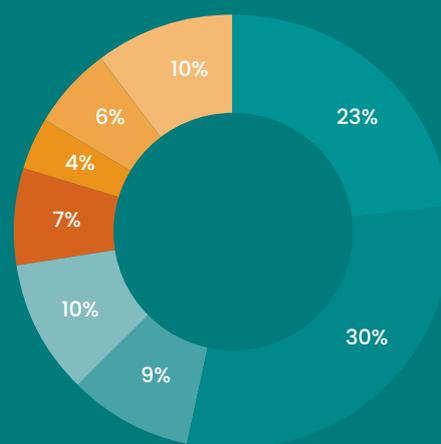


## Major Partnerships



## Client Metrics

FY22 Revenue by Industry



- Defence
- Federal Government
- State and Local Government
- Utilities
- Financial Services
- Manufacturing
- Education
- Other



## Revenue Growth

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**33%** CAGR

FY20-22

## Market Size

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**\$41.5b**

Estimated IT services spend in Australia in 2022.

## Government ICT Budget

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**\$25.4b**

Estimated Government ICT Budget for 2022-2023

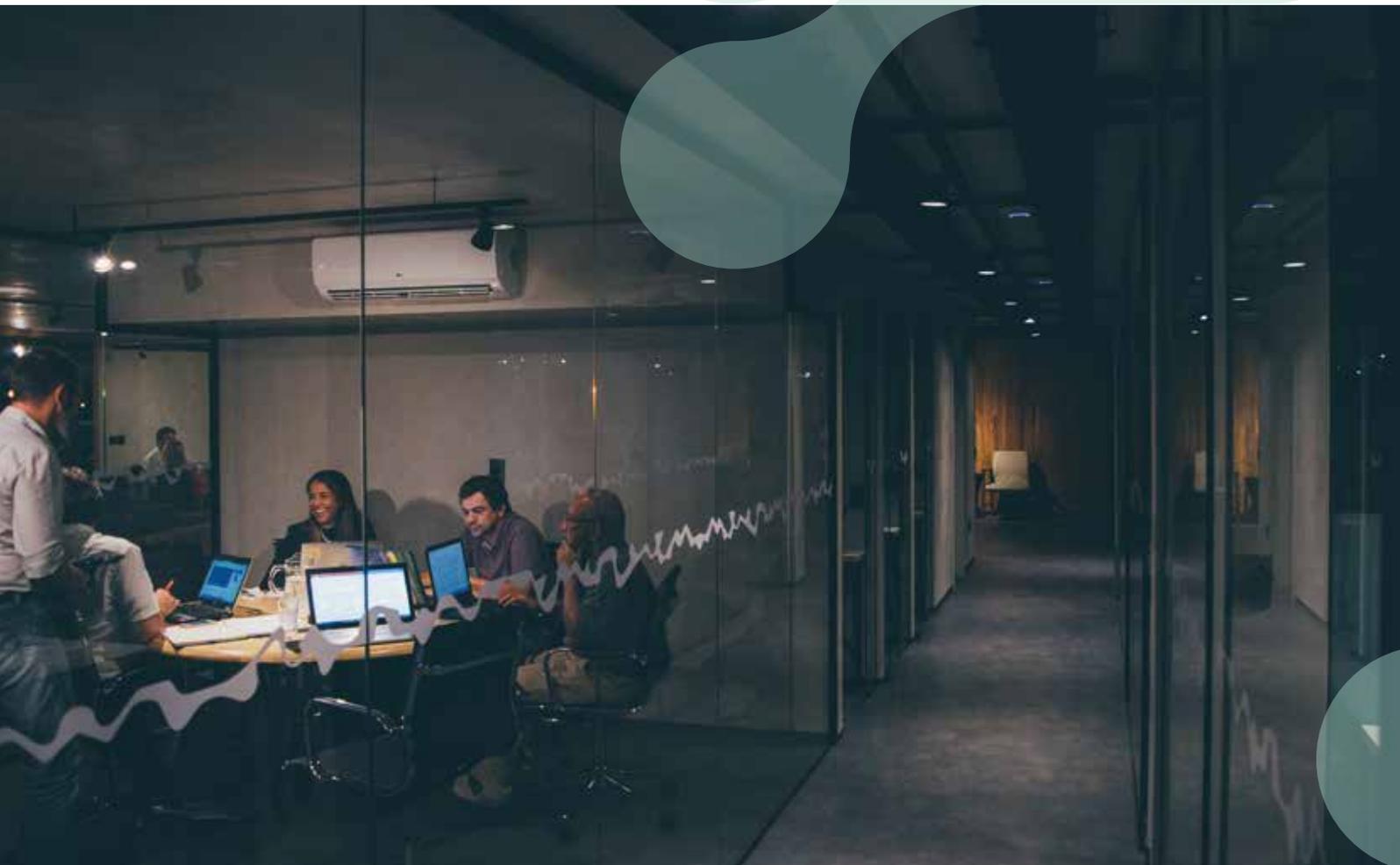
## Defence ICT Budget

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**\$6.4b**

Estimated Defence ICT Budget for 2022-2023

# Client Showcase



## Department of Defence

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Atturra collaborated with IBM to streamline and rationalise up to 500 systems across the Federal Government's Department of Defence, supporting about 85,000 users in Australia and overseas.

Atturra helped Defence connect their highly secure network to a bespoke, automated Microsoft Azure platform to modernise Defence's management of finances, logistics, HR, engineering, maintenance and property. The project went smoothly from design to deployment to support the resilience, security and performance required now and into the future.

*"The Department of Defence is a significant user of Microsoft Office 365 and Dynamics 365 clouds. We are very proud to have been selected to provide the cloud foundations for this nationally important transformation that will provide a near real-time view of critical information across Defence to better inform decision making."*

**Steven Worrall**  
Managing Director, Microsoft Australia

## Bundaberg

Family-owned Queensland beverage company Bundaberg, recently aligned their brewing and sales process with the globally recognised standard known as Brand Reputation Compliance Global Standard.

To support this, Atturra upgraded Bundaberg's Enterprise Resource Planning ('ERP') system using the QAD software application, which offers the flexibility that's important to many manufacturers.

For Bundaberg, a challenging part of the Global Standard is traceability. If a product needs to be recalled, they're required to identify product locations and ingredient sources within four hours. This is one example of where the QAD software application hit the right mark, with an optimal system working at every stage of the brewing and sales process.

*"This application is the backbone of our operations, doing everything from inventory, sales, finance, wastage reports, and traceability."*

**Belinda Desland**  
Brewhouse Manager, Bundaberg

## WLTH

WLTH (pronounced Wealth) is a Brisbane-based digital lending and payments fintech, aiming to change the money experience to a more positive one in Australia.

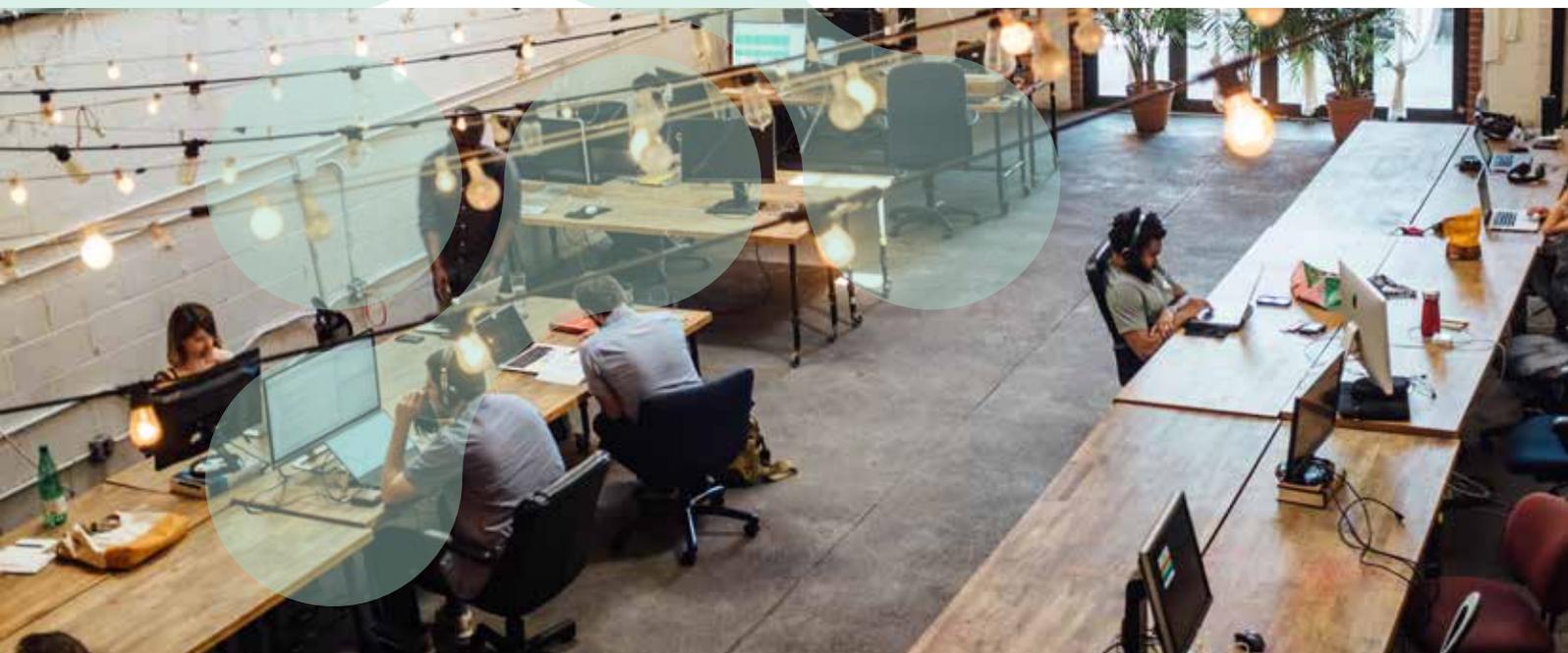
WLTH was looking for a strategic partner to advise on and implement best-in-breed integration for the next phase of their roadmap, which included the launch of a state-of-the-art payments application WLTH Pay.

Atturra was chosen, thanks to a track record of delivering multiple successful integration and data projects, as well as Boomi's confidence in their capabilities.

Atturra developed a future-ready platform that can easily adapt to new technology and compliance requirements, within a record six months. The Single Customer Portal ensures customers can access multiple financial products seamlessly. It was named financial services project of the year at the Computer Weekly Innovation Awards, APAC 2022.

*"Boomi's catalogue of big-ticket connectors is complemented by Atturra's fit-for-purpose reference architecture, which has made the handling of the third-party systems and applications that power WLTH Pay far easier to manage than we could have imagined."*

**Dave Chapman**  
Chief Technology Officer, WLTH



# Board of Directors



## Shan Kanji

### **Non-Executive Chair / Non-Independent**

Shan Kanji is the Non-Executive Chairman of Atturra. Shan has spent more than 15 years as a senior business leader with a proven track record of running scale diversified and complex industrial and technology businesses in Australia and New Zealand. He has extensive experience with start-ups in technology, property development, manufacturing and other sectors.

Shan was instrumental in the formation of, and growth in, Atturra and its predecessor organisations.

Shan is on the board of the Australian Steel Institute, the nation's peak body representing the Australian manufactured steel supply chain.

Shan holds a Bachelor of Laws and a Bachelor of Commerce from the University of NSW and is a practising lawyer and the Principal of Kanji & Co.



## Stephen Kowal

### **CEO & Executive Director / Non-Independent**

Stephen Kowal is the CEO and Executive Director of Atturra. Stephen has been the CEO since early 2019 and, prior to his appointment, has held senior executive and non-executive positions in the IT and consultancy sectors since 2001. Prior to joining Atturra, Stephen led sales for the Australian and New Zealand division for DXC Technology, a US multinational business-to-business IT services provider.

Stephen is highly experienced across the insurance, banking, government, and natural resources sectors, holding several Chief Information Officer roles within the US, Chile, and Australia.

Stephen holds a Bachelor of Science from the University of NSW, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA), and Diploma of Insurance from the Australian and New Zealand Institute of Insurance and Finance (ANZIF). ANZIF awarded Stephen the PC Wickens award in 2015.

Stephen is a Fellow of the Governance Institute of Australia (GIA), Fellow of FINSIA, Senior Associate of ANZIF and a member of the Australian Institute of Company Directors (AICD).



## Nicole Bowman

### **Non-Executive Director / Independent**

Nicole is an experienced leader, non-executive director and lawyer whose leadership career has spanned over 21 years across industries as diverse as mining, finance, sport and manufacturing, both in Australia and internationally.

In addition to her executive and legal experience, Nicole spent a combined total of seven years as a non-executive director of ASX-listed mining and exploration companies Blackthorn Resources Limited, and Intrepid Mines Limited. During this period Nicole chaired each of the Audit and Risk Committee and the Nomination and Remuneration Committee in turn.

Nicole was also a founding director of Football South Coast Limited and a member of the former FFA Women's Advisory Group.

She is currently a board member of the charity Dress for Success Sydney Inc. and the founder of its Illawarra branch. In 2019 she was appointed the Australia Day Ambassador for Wollongong in recognition of her philanthropic work.

In 2019 Nicole established her own leadership practice, focused on coaching and training leaders and teams to enable them to achieve exceptional results using readily implementable and practical tools, insights and skills.

Nicole holds a Bachelor of Economics and Bachelor of Laws (Hons) from the University of Sydney and is a member of the AICD.



## Jonathan Rubinsztein

### Non-Executive Director / Independent

Jonathan is the CEO of Nuix. Nuix is an ASX-listed company and a leading provider of investigative analytics and intelligence software with a vision of “finding truth in the digital age”.

Prior to this, he was the Managing Director & CEO of Infomedia Ltd, an ASX300 company providing SaaS solutions to the parts and service sector of the global automotive industry. Jonathan and the team grew the market capitalisation over 300% during the five and a half years that he led the business.

Prior to that, Jonathan was the CEO and one of the founding shareholders at Red Rock Consulting, the largest Oracle Consulting business in ANZ with eight offices and 600 staff. This was sold to UXC and then eventually acquired by DXC and is currently the Oracle practice within DXC called DXC Red Rock.

Jonathan was also a Founder and Director of RockSolid SQL, a company that built monitoring and automated data management software.

Jonathan has been on the board of a number of philanthropic ventures including Humanitix, the first not-for-profit ticketing platform that redistributes profits from booking fees to various charities. He has also been on the board of Missionvale, a not-for-profit organisation that provides love and care for the destitute and those with HIV/AIDS in the extremely poor township of Missionvale, Port Elizabeth, South Africa.



## Richard Shaw

### Chief Financial Officer

Richard Shaw is the CFO of Atturra. He has held CFO roles in the finance, IT and media sectors for over 20 years.

Richard has extensive experience in ASX-listed businesses. Prior to joining Atturra Richard was CFO of Yellow Brick Road Holdings Limited (YBR), a diversified financial services provider. He led the financial operations of that business for nine years, from pre-IPO (with circa 70 brokers), growing to a national network of over 1,500 advisers. At YBR, Richard led over \$100 million in capital funding, debt funding and strategic acquisition transactions.

Richard's previous CFO roles include OzEmail Internet, Bluefreeway Limited and Commsecure Limited.

Richard is a Certified Practising Accountant. He holds a Bachelor of Commerce from the University of Tasmania and a Master of Business Administration from the University of Technology, Sydney.



## Kunal Shah

### Company Secretary

Kunal Shah is the Company Secretary. Kunal has over 20 years of financial experience in the technology, manufacturing, and construction industries. Kunal has co-ordinated and assisted in numerous corporate transactions including acquisitions, divestments, and business restructures.

Kunal holds a Bachelor of Commerce from Gujarat University and a Master of Business in Accounting from the University of Technology, Sydney. Kunal is an Affiliate member of the Governance Institute of Australia.

# ESG Highlights

## Sustainability approach

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After substantial growth this year, including the acquisition of three local businesses, Atturra is working towards embracing all features of the future – not just in technology.

Our Ethical, Social and Governance ('ESG') position is key to our planning, because we must compete at a more sustainable level in order to remain at the forefront of Australia's technology industry.

Our sustainability behaviours are aligned to the following five pillars:

### 1. Ethics and governance

We embed our corporate values across all areas of the business through a strong governance structure, overseen by the Board of Directors. Staff have access to tools to raise any concerns, and we hold regular internal audits to ensure adherence.

Atturra is certified in:

- ISO 9001:2015 – Quality Management Systems
- ISO 45001:2018 – Occupational Health and Safety Management Systems
- ISO 14001:2015 – Environmental Management Systems
- ISO 27001: Underway – Information Security Management. Due to be completed Q2 FY23.

### 2. People and culture

We strongly believe in investing in our people and supporting diversity. We listen to our employees and have built a process of continuous improvement so we can be sought out as an employer of choice. We track employee sentiment via a monthly survey created by Australian software business, Teamgage. This allows people to provide anonymous feedback that's reviewed and actioned by Atturra management. It's also used for team collaboration to discuss and make improvements.

### 3. Protecting our workplace and clients

Data security is paramount to our operations and we take it very seriously. Atturra goes above and beyond industry standards in our security measures, and we manage to strike a balance between very high levels of security while providing seamless access to the right tools to run an effective workplace. For the past 12 months, our daily average for the Microsoft Secure Score has been over 98%, which is 22% higher than the industry standard.

### 4. Community support

Community engagement is a passion at Atturra, with initiatives supporting both local and national charities. Atturra runs a fundraiser for the Cancer Council's Biggest Morning Tea each year. This is company-wide, and our largest annual fundraising initiative. We are in the process of refining and streamlining our community policy.

### 5. Environmental accountability

We aim to be a carbon neutral company, committed to maintaining low emissions across the business and aim to protect the environment during our daily operations. We also work in partnership with organisations to recycle our laptops and other hardware, including repurposing, recycling or donating to remote communities.

We have some strong sustainability initiatives across the company and our goal is to build on these each year.



# General Information

## *Incorporation and Company restructure*

Atturra Limited (the 'Company') was incorporated on 20 October 2021 and became the parent company of Atturra Holdings Pty Limited in a restructure where existing shareholders exchanged their shares in Atturra Holdings Pty Limited for shares in the Company. Prior to the restructure, Atturra Holdings Pty Limited was the parent company of the Group.

The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of Atturra Holdings Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Statement of financial position. In addition, the Statement of financial performance for Atturra Limited is a continuation of the existing Statement of financial performance for Atturra Holdings Pty Limited.

Prior period financial information within this report represents the consolidated historical financial information for Atturra Holdings Pty Limited.

## *Admission to ASX and commencement of official quotation*

The Company was admitted to the Official List of ASX Limited ('ASX') on 20 December 2021. Official quotation of the Company's ordinary fully paid shares commenced on 22 December 2021.

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**

Level 33, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

### **Principal place of business**

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 30 August 2022. The Directors have the power to amend and reissue the financial statements.

# Directors' Report

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 year ended 30 June 2022.

## Directors

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

Shan Kanji – Chairman (appointed on 20 October 2021)  
Stephen Kowal – Executive Director and Chief Executive Officer (appointed on 20 October 2021)  
Nicole Bowman – Independent Non-Executive Director (appointed on 20 October 2021)  
Jonathan Rubinsztein – Independent Non-Executive Director (appointed on 4 November 2021)

## Principal activities

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

## Dividends

During the year, an interim dividend of \$679,000 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 year. In the previous financial year, a dividend of 4.75 cents per ordinary share (total of \$6,500,000) was paid to the shareholders of Atturra Holdings Pty Ltd.

## 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 550 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, net of dividends and decrease in shareholding amounted to \$7,224,000 (30 June 2021: \$6,488,000).

Shareholders' equity attributable to owners of the Company increased by \$35,737,000 from 30 June 2021 to \$41,670,000 as at 30 June 2022 and the Group had cash on hand of \$35,130,000 as at 30 June 2022 (30 June 2021: \$17,328,000). The Company has 200,550,449 shares on issue as at 30 June 2022 (30 June 2021: 145,065,427).

Underlying earnings before interest, and taxation ('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 payment costs to eligible employees as part of the IPO process, government grants and revaluation of contingent consideration. The directors consider Underlying EBIT to be one of the key financial measures of the Group.

## Directors' Report

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

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Profit after income tax	8,085	7,564
Add: Interest expense	499	102
Less: Interest income	(10)	(4)
Add: Income tax expense	3,781	1,925
Reported EBIT	12,355	9,587
IPO expense <sup>(1)</sup>	480	-
Share based payments – IPO <sup>(2)</sup>	357	-
Government grants <sup>(3)</sup>	-	(2,631)
Revaluation of contingent consideration <sup>(4)</sup>	619	-
Underlying EBIT	<u>13,811</u>	<u>6,956</u>

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

(2) As part of the IPO process, eligible employees acquired, at no cost, Atturra shares to the value of \$1,000 each.

(3) The Company received government grants during the prior period.

(4) Relates to the revaluation of the Noetic contingent purchase consideration due to better-than-expected performance during the earn out period.

### Business risks

In summary material business risks that could adversely affect the Groups financial performance and growth potential in future years include:

#### Ability to attract and retain clients

The Group may not be able to retain existing clients when contract terms expire, or otherwise retain those clients to use the Groups service offerings. The Group may not be able to attract new clients at the rate, over time frames or with the pricing revenues and costs it currently expects or have experienced historically. Atturra ensures regular communications with clients and the assigned representative regularly connects with clients to ensure satisfaction with services, in addition all the major businesses have key General Managers that overlook service delivery to ensure satisfaction. In relation to growth, Atturra runs a centralised process to coordinate sales to ensure that we are actively looking to grow at all times. With the centralised oversight of sales, Atturra can continually react to market changes in both composition of services but also in prices in the market.

#### Competitive market and changes to market trends

The Group operates in a competitive market with a number of other companies that provide similar IT services. There is a risk that competitors could enter the market who offer more cost-efficient services, develop new software or have significantly greater resources. Atturra continually monitors the competitive landscape for emerging technologies that may compete with existing offerings to ensure that Atturra can change the go to market if required. The risks Atturra face are lower than the general market given the majority of the revenue in Atturra is a result of being a leader in specific specialisations, so the risk of disruption is minimised as any new market entrant would have significant resourcing challenges.

#### Reliance on third party technology

The group relies on the success of third-party software for the development, implementation and operation of its service offerings. The groups operations would be materially impacted if existing third-party suppliers no longer made their software and technologies available or materially increased their pricing. Although Atturra has exposure to changes in directions of third part technology providers, this exposure is material, however there would be significant time to react even if the departure of a key partner would result in significant work for Atturra in helping client change off selected technology stacks. It is anticipated that any material change to partners would provide Atturra several years to react.

#### Cyber security and Information Technology (IT) infrastructure

There is a risk that security and technology precaution measures taken by the Group will not be sufficient to prevent unauthorised access to the Groups networks, systems, and data bases. Atturra monitors its environment on a continuous basis to ensure security compliance, and in the unlikely event of an attack, Atturra has advanced backup and recovery solutions.

#### **Significant changes in the state of affairs**

Atturra Limited (the 'Company') was incorporated on 20 October 2021 and became the parent company of Atturra Holdings Pty Limited in a restructure where existing shareholders exchanged their shares in Atturra Holdings Pty Limited for shares in the Company. Prior to the restructure, Atturra Holdings Pty Limited was the parent company of the Group.

The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of Atturra Holdings Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Statement of financial position. In addition, the Statement of financial performance for Atturra Limited is a continuation of the existing Statement of financial performance for Atturra Holdings Pty Limited. Prior period financial information within this report represents the consolidated historical financial information for Atturra Holdings Pty Limited.

On 20 December 2021, Atturra Limited, issued shares exclusively to the existing shareholders of Atturra Holdings Pty Ltd in exchange for shares in Atturra Holdings. All 151,836,449 shares held by the shareholders of Atturra Holdings Pty Ltd were transferred to Atturra Limited. Atturra Limited subsequently purchased 1,559,080 shares from a retiring shareholder, reducing issued capital to 150,277,369 shares. On listing, Atturra Limited issued 49,559,080 ordinary Atturra Limited shares as part of the initial public offering process and 714,000 shares to eligible employees under the Exempt Employee Share Plan. This resulted in 200,550,449 shares being on issue. Therefore, these consolidated financial statements combine those of Atturra Limited and the commonly controlled entities at 30 June 2022.

On 20 December 2021, Atturra Limited ('ATA') was admitted to the Official List of ASX Limited ('ASX'). Official quotation of ATA's ordinary fully paid shares commenced on 22 December 2021. ATA raised \$24,779,540 before costs pursuant to the offer under its prospectus dated 17 November 2021 ('Prospectus') as amended by supplementary prospectuses dated 24 November 2021 and 13 December 2021 by the issue of 49,559,080 shares at an issue price of \$0.50 per share.

On 31 August 2021, the parent entity, at the time changed its name to Atturra Holdings Pty Ltd (formerly known as Foundation Technology Holdings Pty Ltd).

On 12 August 2021, FTS Nominees Pty Ltd (a wholly owned subsidiary of the Company) entered into a share sale agreement to acquire 100% of Mentum Systems Pty Ltd ('Mentum') for \$4.1m. Mentum Systems co-design, deploy and integrate software solutions as part of a consulting led approach to risk management, governance, and assurance. The transaction was financed by a drawdown of the loan facility with 263 Finance Pty Ltd.

On 21 October 2021, Atturra Holdings Pty Ltd, a wholly owned subsidiary of the Company, entered into a share sale agreement to acquire a further 25% of Noetic Group Pty Ltd for \$2.8m. Post the increase in shareholding, Atturra Holdings Pty Ltd holds 80% of the shares on issue of Noetic Group Pty Ltd. Noetic is an advisory and consulting business primarily servicing the government and defence sectors. The acquisition was settled by issuing 5,674,810 Atturra Limited shares at \$0.50 each.

On 17 January 2022, Galaxy 42 Pty Ltd, a wholly owned subsidiary of the Company, entered into a share sale agreement to acquire 100% of Kettering Professional Services Pty Ltd for \$5.25m, which was successfully completed on 1 March 2022. \$3m was settled on completion with earn out consideration of up to \$2.25m of cash subject to Kettering achieving performance hurdles on audited EBIT targets for FY22, FY23 and FY24. 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.

On 7 February 2022, Connexion Pty Ltd, a wholly owned subsidiary of the Company entered into a share sale agreement to acquire a further 8% of Protegic Pty Ltd for \$0.2m. On 6 June 2022, Connexion Pty Ltd acquired an additional 17% of Protegic. Both investments were funded from internal cash reserves. As at 30 June 2022 the Company owns 49% of Protegic.

## Directors' Report

On 10 May 2022, Anatas Pty Ltd, a wholly owned subsidiary of the Company entered into a share sale agreement to acquire 100% of Hayes Information Systems and Communications Pty Ltd for \$16.4m, which was successfully completed on 1 June 2022. Cash consideration of \$8.5m. Post completion earn out consideration of up to \$6.9m is payable subject to Hayes achieving performance hurdles based on audited EBIT results for FY22, FY23 and FY24 and up to an additional \$1m based on achieving certain metrics with respect to key employee retention. 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.

On 30 June 2022 Atturra Holdings Pty Ltd, a wholly owned subsidiary of the Company, and MOQ Limited (ASX:MOQ) entered into a binding Scheme Implementation Deed (SID) under which Atturra Holdings will acquire 100% of the ordinary shares in MOQ pursuant to a scheme of arrangement (Scheme). The implementation of the Scheme is subject to a number of customary conditions, including the approval by MOQ shareholders and the Federal Court of Australia, and is not subject to financing or due diligence conditions.

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

### Matters subsequent to the end of the financial year

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.

No other matter or circumstance has arisen since 30 June 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.

### Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

### Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Information on Directors

Name:	Shan Kanji
Title:	Chairman
Qualifications:	Shan holds a Bachelor of Laws and a Bachelor of Commerce from the University of NSW.
Experience and expertise:	Shan is a practising lawyer and the Principal of Kanji & Co. He has spent more than 15 years as a senior business leader with a proven track record of running scale diversified and complex industrial and technology businesses in Australia and New Zealand. He has extensive experience with start-ups in technology, property development, manufacturing, and other sectors.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Nominations Committee
Interests in shares:	114,943,712 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name: Stephen Kowal  
 Title: Chief Executive Officer and Executive Director  
 Qualifications: Stephen holds a Bachelor of Science from the University of NSW, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, and Diploma of Insurance from Australian and New Zealand Institute of Insurance and Finance (ANZIF).  
 Experience and expertise: Prior to his appointment as CEO for Atturra Group, Stephen has held senior executive and non-executive positions in the IT and the consultancy sectors since 2001. Stephen is highly experienced across the insurance, banking, government, and natural resources sectors, holding several Chief Information Officer roles within the United States, Chile, and Australia.  
 Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: CEO and Executive Director  
 Interests in shares: 6,872,943 ordinary shares  
 Interests in options: None  
 Interests in rights: 750,000  
 Contractual rights to shares: None

Name: Nicole Bowman  
 Title: Independent Non-executive Director  
 Qualifications: Nicole holds a Bachelor of Economics and Bachelor of Laws (Hons) from the University of Sydney and is a member of the AICD.  
 Experience and expertise: Nicole is an experienced leader, non-executive director and lawyer whose leadership career has spanned over 21 years across industries as diverse as mining, finance, sport and manufacturing, both in Australia and internationally.  
 Other current directorships: None  
 Former directorships (last 3 years): None  
 Special responsibilities: Chair of the Audit and Risk Committee  
 Chair of the Nomination and Remuneration Committee  
 Interests in shares: 100,000 ordinary shares  
 Interests in options: None  
 Interests in rights: None  
 Contractual rights to shares: None

Name: Jonathan Rubinsztein  
 Title: Independent Non-executive Director  
 Experience and expertise: Jonathan is the Group Chief Executive at Nuix, Nuix is an ASX Listed Company and a leading provider of investigative analytics and intelligence software with a vision of "finding truth in the digital age".  
 Other current directorships: Nuix Limited - appointed 6 December 2021  
 Former directorships (last 3 years): Infomedia Ltd - appointed 14 March 2016, resigned 29 October 2021  
 Special responsibilities: None  
 Interests in shares: 5,825,055 ordinary shares  
 Interests in options: None  
 Interests in rights: None  
 Contractual rights to shares: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## Directors' Report

Shan Kanji	114,943,712
Stephen Kowal	6,872,943
Nicole Bowman	100,000
Jonathan Rubinsztein	5,825,055
Richard Shaw	400,000
	<hr/>
	128,141,710

### Company secretary

Kunal Shah is the company secretary. Kunal has over 20 years' financial experience in the technology, manufacturing, and construction industries. Kunal has coordinated and assisted in numerous corporate transactions including acquisitions, divestments, and business restructures.

Kunal holds a Bachelor of Commerce from Gujarat University and a Master of Business in Accounting from the University of Technology, Sydney. Kunal is an Affiliate member of the Governance Institute of Australia.

### Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Shan Kanji	8	8	1	1	4	4
Stephen Kowal*	8	8	-	-	-	-
Nicole Bowman	8	8	1	1	4	4
Jonathan Rubinsztein	8	8	1	1	4	4

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Note: The meetings of the Directors above relate to the meetings that took place in Atturra Limited during the year ended 30 June 2022.

\* Attended the Nomination and Remuneration Committee and Audit and Risk Committee meetings as a non-member.

### Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### ***Principles used to determine the nature and amount of remuneration***

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

#### ***Non-executive Directors' remuneration***

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman does not receive any fees. Non-executive Directors do not receive performance rights, share options or other incentives.

The total aggregate amount provided to all non-executive directors of the Company for their services as directors must not exceed in any financial year the amount fixed by the Company in general meeting. This amount is fixed by the Company at \$900,000 per annum.

#### ***Executive remuneration***

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long term share-based payments performance incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

## Directors' Report

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on annual targets being achieved for a combination of:

- (i) Consolidated Revenue for the Group,
- (ii) Revenue controlled by the relevant executive, and
- (iii) Profit controlled by relevant executives.

These financial measures have been chosen as they align executive effort to key drivers of entity profitability and growth which are considered to be drivers of shareholder value. Financial methods of assessing the achievement of performance conditions have been selected because they are easily measured and establish clear transparent targets.

The long-term incentives ('LTI') include share-based payments. Performance Rights are awarded to executives based on long-term incentive measures assessed over periods in excess of 12 months.

### *Consolidated entity Performance and link to performance*

Performance rights are issued by the Group to key management personnel and other executives under its long-term incentive plan at the discretion of the Board. The purpose of this incentive plan is to align the remuneration of executives and senior management with shareholder value, while retaining key executives. The key metrics that are considered for the creation of shareholder wealth by key management personnel and other executives are revenue growth, underlying EBIT growth and share price appreciation of the Atturra Group. Key Metrics for the financial year of listing are:

	\$000's
Revenue	134,579
Underlying EBIT	13,811

The share price of Atturra on IPO was \$0.50 and increased to \$0.69 at 30 June 2022.

The long-term incentive plan offers performance rights in Atturra subject to the satisfaction of the relevant performance milestones, as well as service and other conditions, at the relevant vesting date.

The long-term incentive plan and performance rights in place for key management personnel as at 30 June 2022 are:

Plan	Issued to	Grant date	Vesting date	Total Performance rights granted	Exercised	Forfeited	Total balance at the end of the financial year
2022 LTI award	KMP - Stephen Kowal	10/11/2021	31/12/2024	375,000	-	-	375,000
2022 LTI award	KMP - Stephen Kowal	10/11/2021	31/12/2025	375,000	-	-	375,000
				750,000	-	-	750,000

The performance rights may be exercised on or after the vesting date. Once vested, the performance rights do not have an expiry date. The fair value of the performance rights at grant date was \$0.29 each.

Each performance right is issued by the Group and vests into one ordinary share in the Group. Performance rights carry no dividend or voting rights. For performance rights to vest, the relevant Executive must remain employed or engaged by the Group at the relevant vesting date and the relevant performance milestones must be satisfied.

No exercise price is payable on vesting of a Performance Right. If the minimum set value for each performance milestone is not satisfied on a particular vesting date, the relevant Performance Rights will lapse. The performance hurdles were chosen to align with the Group's strategy and shareholder interests and best reflect the key financial performance metrics of the Group and strike an appropriate balance between growth and long-term profitability.

The key vesting conditions for the LTI awards for key management personnel are:

Stephen Kowal

- For the financial year ended 30 June 2022, the Group must meet or exceed the Prospectus EBIT forecast. This vesting condition has been met.
- As at the date of release of the annual audited results for 30 June 2024, the total shareholder return must be 78% or greater than the IPO issue price, based on the 30-day volume weighted average price of Atturra Limited ordinary shares for the 30 days before the date of announcement of the 30 June 2024 financial results.
- Mr. Kowal must remain in the employment of Atturra and if the vesting conditions are met, 375,000 Performance Rights are scheduled to vest in December 2024 and 375,000 Performance Rights are scheduled to vest in December 2025.

*Consolidated entity performance and link to remuneration*

Remuneration for KMP's is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on performance targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the performance based compensation will assist in increasing shareholder wealth over the coming years.

*Use of remuneration consultants*

During the financial year ended 30 June 2022, the Group did not engage a remuneration consultant to advise on the remuneration package awarded to the directors and KMPs.

***Details of remuneration***

Prior to the IPO on 20 December 2021, Atturra Limited was not required to prepare a remuneration report in accordance with *Corporations Act 2001*. As such, remuneration report is presented only for financial year ended 30 June 2022.

*Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the Directors of Atturra Limited:

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

And:

- Richard Shaw (Chief Financial Officer)

Changes since the end of the reporting period:

None.

## Directors' Report

	Short-term benefits			Post-employment benefits	Long-term benefits		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Annual/Long service leave	Share-based payments Equity-settled	
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Nicole Bowman <sup>(1)</sup>	57,955	-	-	5,795	-	-	63,750
Jonathan Rubinsztein <sup>(2)</sup>	-	-	-	-	-	-	-
Shan Kanji <sup>(3)</sup>	-	-	-	-	-	-	-
<i>Executive Director:</i>							
Stephen Kowal <sup>(4)</sup>	351,432	375,000	-	23,568	36,157	586,663	1,372,820
<i>Other Key Management Personnel:</i>							
Richard Shaw <sup>(5)</sup>	199,810	62,250	-	19,265	10,303	-	291,628
	<u>609,197</u>	<u>437,250</u>	<u>-</u>	<u>48,628</u>	<u>46,460</u>	<u>586,663</u>	<u>1,728,198</u>

(1) From 20 October 2021 Nicole Bowman was paid a one-off payment of \$10,000 for services provided on the listing process of Atturra Limited before she became a Director of Atturra Limited

(2) From 4 November 2021.

(3) From 20 October 2021.

(4) Equity settled remuneration includes the value of 1,096,212 shares granted on 21 Oct 2021 (\$548,106) and \$38,557 related to 750,000 performance rights issued on 10 November 2021. The full value of these rights is \$216,501 and will be recognised over the vesting period.

(5) From 14 September 2021.

The proportion of remuneration linked to performance and the fixed proportion for the current financial year are as follows:

Name	Fixed remuneration %	At-risk STI %	At-risk LTI %
<i>Non-Executive Directors:</i>			
Nicole Bowman	100.00%	-	-
Jonathan Rubinsztein	-	-	-
Shan Kanji	-	-	-
<i>Executive director:</i>			
Stephen Kowal	27.00%	27.00%	46.00%
<i>Other Key Management Personnel:</i>			
Richard Shaw	79.00%	21.00%	-

The proportion of the cash bonus paid/payable or forfeited for the current financial year is as follows:

Name	Cash bonus paid/payable %	Cash bonus forfeited %
<i>Non-Executive Directors</i>		
Nicole Bowman	-	-
Jonathan Rubinsztein	-	-
Shan Kanji	-	-

<i>Executive director:</i> Stephen Kowal	100.00%	-
<i>Other Key Management Personnel:</i> Richard Shaw	100.00%	-

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Shan Kanji  
 Title: Chairman  
 Agreement commenced: 20 October 2021  
 Term of agreement: Permanent  
 Details: Shan does not receive a fee for services as Director and Chairman of Atturra.

Name: Stephen Kowal  
 Title: Chief Executive Officer  
 Agreement commenced: 20 October 2021  
 Term of agreement: Permanent  
 Details: Stephen is entitled to receive a remuneration of \$375,000 per annum, inclusive of superannuation and a discretionary STI cash bonus of up to \$375,000 per annum (inclusive of superannuation) to be paid within three months of the end of the relevant financial year.

6 months termination notice in writing by the Company, 9 months termination notice in writing by Mr Kowal during the period of 1 July 2021 to 1 July 2023, or 6 months termination notice in writing after 1 July 2023.

Name: Nicole Bowman  
 Title: Independent, Non-Executive Director  
 Agreement commenced: 20 October 2021  
 Term of agreement: Permanent  
 Details: \$75,000 per annum (including remuneration as chair of Audit and Risk and Nomination and Remuneration Committees)

Name: Jonathan Rubinsztein  
 Title: Independent, Non-Executive Director  
 Agreement commenced: 4 November 2021  
 Term of agreement: Permanent  
 Details: Jonathan does not receive a fee for services as a Director of Atturra.

Name: Richard Shaw  
 Title: Chief Financial Officer  
 Agreement commenced: 14 September 2021  
 Term of agreement: 18 months  
 Details: Richard is entitled to a remuneration of \$250,000 per annum, exclusive of superannuation. For the period commencing 7 September 2021 to 30 June 2022, a target STI of \$62,250 per annum (inclusive of superannuation). And for the period commencing 1 July 2022 to 31 March 2023, a target STI of \$56,250 per annum (inclusive of superannuation).

6 months termination notice in by writing by either party on or before 31 March 2023, or 3 months termination notice in writing after 31 March 2023.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

## Directors' Report

### Share-based compensation

#### Issue of shares

During the financial year, 1,096,212 shares were issued to Stephen Kowal in recognition of performance in FY21. This was done to align the interests of the Group and Stephen Kowal, and to create an appropriate incentive for future growth and development of the Group. There were no other share issues to Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

#### Performance rights

During the financial year, Stephen Kowal was granted 750,000 performance rights as part of his remuneration. Refer to Executive Remuneration section above for details of vesting conditions and vesting dates.

Performance rights granted carry no dividend or voting rights.

### Additional disclosures relating to key management personnel

#### Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Shan Kanji	114,943,712	-	-	-	114,943,712
Stephen Kowal	5,776,731	1,096,212	-	-	6,872,943
Nicole Bowman	-	-	100,000	-	100,000
Jonathan Rubinsztein	5,825,055	-	-	-	5,825,055
Richard Shaw	-	-	400,000	-	400,000
	<u>126,545,498</u>	<u>1,096,212</u>	<u>500,000</u>	<u>-</u>	<u>128,141,710</u>

#### Option holding

No directors held any options over ordinary shares.

#### Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year*
<i>Performance rights over ordinary shares</i>					
Stephen Kowal	-	750,000	-	-	750,000
Richard Shaw	-	-	-	-	-
	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>

\* Performance rights at the end of the year are unvested and unexercisable.

#### Other transactions with key management personnel and their related parties

The following transactions occurred with parties related to Shan Kanji.

	Consolidated 30 June 2022 \$'000	30 June 2021 \$'000
Sale of goods and services:		
Sale of services to other related party	-	99,175

Payment for goods and services:		
Payment for services from other related party	96,986	2,632

#### Loans to key management personnel and their related parties

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

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Non-current receivables:		
Loans to related parties	-	95,052
Current borrowings:		
Loan from related party (263 Finance Pty Ltd)	1,000,000	-
Loan from other shareholders	-	231,703
Non-current borrowings:		
Loan from related party (263 Finance Pty Ltd)	<u>3,750,000</u>	<u>1,750,000</u>

#### Terms and conditions

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

There are no other loans provided to or related party transactions with Key Management Personnel

***This concludes the remuneration report, which has been audited.***

#### Shares under option

There were no unissued ordinary shares of Atturra Limited under option outstanding at the date of this report.

#### Shares under performance rights

Unissued ordinary shares of Atturra Limited under performance rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	Number under rights
20/12/2021	31/12/2024	\$0.00	375,000
20/12/2021	31/12/2025	\$0.00	375,000
			<u>750,000</u>

In addition, 1,800,000 performance rights were issued to other executives who are not KMPs, refer to note 38 to the financial statements for further details.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

#### Shares issued on the exercise of options

There were no ordinary shares of Atturra Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

#### Shares issued on the exercise of performance rights

There were no ordinary shares of Atturra Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

#### Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

## Directors' Report

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### **Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

### **Officers of the Company who are former partners of PricewaterhouseCoopers**

There are no officers of the Company who are former partners of PricewaterhouseCoopers.

### **Rounding of amounts**

The Company is of a kind referred to in ASIC Legislative 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 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



---

Shan Kanji  
Chairman

30 August 2022

# Auditor's independence declaration



## Auditor's Independence Declaration

As lead auditor for the audit of Atturra Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atturra Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'P.J. Carney'.

Paddy Carney  
Partner  
PricewaterhouseCoopers

Sydney  
30 August 2022

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FY22

# Financial Report

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# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	Consolidated	
		30 June 2022	30 June 2021
		\$'000	\$'000
<b>Revenue</b>			
Revenue from contracts with customers	4	134,579	98,340
Cost of providing services		(88,210)	(68,773)
Gross profit		46,369	29,567
Share of profits of associates accounted for using the equity method		106	71
Other income	5	6	2,653
Interest revenue calculated using the effective interest method		10	4
<b>Expenses</b>			
General and administrative expenses	6	(32,533)	(22,154)
Sales and marketing expenses		(1,147)	(550)
Impairment of receivables	9	(446)	-
Finance costs	6	(499)	(102)
<b>Profit before income tax expense</b>		11,866	9,489
Income tax expense	7	(3,781)	(1,925)
<b>Profit after income tax expense for the year</b>		8,085	7,564
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		8,085	7,564
Profit for the year is attributable to:			
Non-controlling interest		861	1,076
Owners of Atturra Limited		7,224	6,488
		8,085	7,564
Total comprehensive income for the year is attributable to:			
Non-controlling interest, net of dividends and decrease in shareholding		861	1,076
Owners of Atturra Limited		7,224	6,488
		8,085	7,564
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	37	4.12	4.86
Diluted earnings per share	37	4.11	4.86

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

# Consolidated statement of financial position

As at 30 June 2022

	Note	Consolidated	
		30 June 2022	30 June 2021
		\$'000	\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	35,130	17,328
Trade and other receivables	9	32,840	22,732
Contract assets	10	420	294
Other current assets	11	2,719	469
Total current assets		<u>71,109</u>	<u>40,823</u>
<b>Non-current assets</b>			
Trade and other receivables	9	-	103
Investments accounted for using the equity method	12	1,365	497
Property, plant and equipment		141	281
Right-of-use assets	13	5,887	3,275
Intangible assets	14	30,746	8,102
Deferred tax asset	7	6,635	4,033
Total non-current assets		<u>44,774</u>	<u>16,291</u>
<b>Total assets</b>		<u>115,883</u>	<u>57,114</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	35,945	23,466
Contract liabilities	16	5,712	3,353
Borrowings	17	1,000	257
Lease liabilities	18	1,199	711
Income tax payable	7	3,532	3,010
Employee benefits	19	6,339	4,736
Onerous contract provision	20	-	1,416
Other liabilities	21	4,063	1,820
Total current liabilities		<u>57,790</u>	<u>38,769</u>
<b>Non-current liabilities</b>			
Borrowings	17	3,750	1,750
Lease liabilities	18	4,947	2,340
Employee benefits	19	766	852
Other liabilities	21	6,226	1,218
Total non-current liabilities		<u>15,689</u>	<u>6,160</u>
<b>Total liabilities</b>		<u>73,479</u>	<u>44,929</u>
<b>Net assets</b>		<u>42,404</u>	<u>12,185</u>
<b>Equity</b>			
Issued capital	22	52,312	25,908
Reserves	23	(11,762)	(8,583)
Retained earnings/(accumulated losses)		1,120	(5,927)
Equity attributable to the owners of Atturra Limited		<u>41,670</u>	<u>11,398</u>
Non-controlling interest, net of dividends and decrease in shareholding		734	787
<b>Total equity</b>		<u>42,404</u>	<u>12,185</u>

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

# Consolidated statement of changes in equity

For the year ended 30 June 2022

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>Consolidated</b>					
Balance at 1 July 2020	21,381	(6,084)	(5,915)	618	10,000
Profit after income tax expense for the year	-	-	6,488	1,076	7,564
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	6,488	1,076	7,564
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	4,527	-	-	-	4,527
Share-based payments (note 38)	-	806	-	-	806
Transactions with non-controlling interests	-	(3,305)	-	(907)	(4,212)
Dividends paid (note 24)	-	-	(6,500)	-	(6,500)
Balance at 30 June 2021	<u>25,908</u>	<u>(8,583)</u>	<u>(5,927)</u>	<u>787</u>	<u>12,185</u>
<b>Consolidated</b>					
Balance at 1 July 2021	25,908	(8,583)	(5,927)	787	12,185
Profit after income tax expense for the year	-	-	7,224	861	8,085
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	7,224	861	8,085
<i>Transactions with owners in their capacity as owners:</i>					
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	(2,144)	-	-	-	(2,144)
Transfer from share-based payment reserve to share capital (note 23)	806	(806)	-	-	-
Share-based payments - Stephen Kowal (note 38)	548	-	-	-	548
Issue of shares under ESS - share-based payments (note 38)	357	-	-	-	357
Share-based payments - Long-Term Incentive Plan (note 38)	-	129	-	-	129
Transactions with non-controlling interests (note 23)	-	(2,502)	(177)	(235)	(2,914)
Dividends paid	-	-	-	(679)	(679)
Balance at 30 June 2022	<u>52,312</u>	<u>(11,762)</u>	<u>1,120</u>	<u>734</u>	<u>42,404</u>

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

# Consolidated statement of cash flows

For the year ended 30 June 2022

		Consolidated	
	Note	30 June 2022 \$'000	30 June 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		124,048	105,937
Payments to suppliers and employees (inclusive of GST)		<u>(108,205)</u>	<u>(86,519)</u>
		15,843	19,418
Interest received		10	4
Interest and other finance costs paid		(499)	(102)
Income taxes paid		<u>(5,184)</u>	<u>(1,798)</u>
Net cash from operating activities	36	<u>10,170</u>	<u>17,522</u>
<b>Cash flows from investing activities</b>			
Payments for purchase of subsidiaries, net of cash acquired	33	(13,658)	(965)
Payments for investments		(762)	-
Payments for property, plant and equipment		(19)	(75)
Payments for intangibles	14	(19)	-
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>14</u>
Net cash used in investing activities		<u>(14,458)</u>	<u>(1,026)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of costs		20,975	175
Repayments of borrowings		(154)	(1,826)
Proceeds of loans from related parties		3,000	1,750
Proceeds from borrowings from third parties		-	107
Repayments of lease liabilities		(1,052)	(1,505)
Transactions with non-controlling interests		-	(168)
Dividends paid	24	<u>(679)</u>	<u>(6,500)</u>
Net cash from/(used in) financing activities		<u>22,090</u>	<u>(7,967)</u>
Net increase in cash and cash equivalents		17,802	8,529
Cash and cash equivalents at the beginning of the financial year		<u>17,328</u>	<u>8,799</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>35,130</u></u>	<u><u>17,328</u></u>

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

# Notes to the Condolidated Financial Statements

30 June 2022

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### Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

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

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Atturra Limited (the 'Company') was incorporated on 20 October 2021 and became the parent company of Atturra Holdings Pty Limited in a restructure where existing shareholders exchanged their shares in Atturra Holdings Pty Limited for shares in the Company. Prior to the restructure, Atturra Holdings Pty Limited was the parent company of the Group.

The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of Atturra Holdings Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Statement of financial position. In addition, the Statement of financial performance for Atturra Limited is a continuation of the existing Statement of financial performance for Atturra Holdings Pty Limited. Prior period financial information within this report represents the consolidated historical financial information for Atturra Holdings Pty Limited.

On 20 December 2021, Atturra Limited, issued shares exclusively to the existing shareholders of Atturra Holdings Pty Ltd. All 151,836,449 shares held by the shareholders of Atturra Holdings Pty Ltd were transferred to Atturra Limited. Atturra Limited subsequently purchased 1,559,080 shares from a retiring shareholder, reducing issued capital to 150,277,369 shares. On listing, Atturra Limited issued 49,559,080 ordinary Atturra Limited shares as part of the initial public offering process and 714,000 shares to eligible employees under the Exempt Employee Share Plan. This resulted in 200,550,449 shares being on issue.

#### Comparative figures

Comparatives have been realigned where necessary, to be consistent with current year presentation. There was no effect on profit, net assets, or equity.

#### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment, contingent consideration payable in a business combination, and derivative financial instruments.

#### Historical cost convention

The financial statements have been prepared under the historical cost convention.

#### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

#### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Atturra Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Atturra Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

## Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest, net of dividends and decrease in shareholding acquired is recognised directly in equity attributable to the parent.

Non-controlling interest, net of dividends and decrease in shareholding in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest, net of dividends and decrease in shareholding in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest, net of dividends and decrease in shareholding in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Atturra Limited's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. The majority of customer payment terms are between 30 and 60 days.

The Group recognises revenue for its major business activities as follows:

### Note 1. Significant accounting policies (continued)

#### *Project revenue - time and materials agreements*

Where the Group provides services charged on the basis of time and materials, revenue is recognised over time when the services are rendered, and costs are incurred. If services have not been invoiced at reporting date but are billable by the Group, an amount is recorded as Accounts Receivable.

#### *Project revenue - fixed price agreements*

Where the Group provides services under a fixed price agreement the performance obligation is completed over time and hence an output method based on percentage-of-completion is applied to recognise revenue. When the outcome of a fixed price agreement can be measured reliably, revenue is recognised over time based on the proportion of work performed to date relative to the total contract. When the outcome of a fixed price agreement cannot be measured reliably, revenue is recognised only to the extent the costs incurred under the contract are expected to be recoverable. The Group has adopted the practical expedient requirements of AASB15 (121(a)), where the performance obligations contained in the project have an original expected duration of one year or less.

#### *Software licensing*

Software licencing revenue includes commission received as an agent for selling software licences of other software providers. Revenue is recognised at a point in time when the software licence is sold to the customer.

#### *Software maintenance and managed services*

Software maintenance and managed services revenue is recognised over time, evenly over the life of the relevant contracts in line with the delivery of services.

#### *Management fee revenue*

One of the Group's entities, SME Gateway, recognises revenue based on a percentage of amounts billed to the end customer, rather than the full amount, as SME Gateway is considered to be an agent arranging for the member companies to provide services to the end customer. As SME Gateway is only entitled to the management fee when an amount is invoiced to the end customer, this consideration is therefore variable, depending on the invoiced amounts of services delivered. Revenue is recognised at a point in time to the extent that future reversal is not highly probable, which is usually once the services have been delivered.

#### *Other revenue*

Other revenue mainly includes membership fees, income from security clearance and partner incentive income. Membership fees are recognised evenly over the life of the relevant contracts in line with delivery of services. Revenue from security clearances and partner incentive income is recognised at a point in time when the performance obligation is completed and control passes to the customer.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### **Government grants**

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the periods necessary to match them with the costs that they are intended to compensate.

#### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

## Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Effective 1 January 2022, Atturra Limited (the 'head entity') and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Note 1. Significant accounting policies (continued)

#### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

#### Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

## Note 1. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5 to 7 years
Plant and equipment	3 to 5 years
Fixtures and fittings	4 to 6 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### Note 1. Significant accounting policies (continued)

#### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### *Software*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software-as-a-Service ('SaaS') arrangements are service contracts providing the Company with the right to access a cloud provider's application software over a period of time. Under the IFRIC treatment, SaaS costs are only recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the company, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement.

#### **Impairment of non-financial assets**

Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **Contract liabilities**

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

#### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

## Note 1. Significant accounting policies (continued)

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for long service leave not expected to be settled wholly within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees. The Long-Term Incentive ('LTI') plan is for executives and directors and the Exempt Employee Share ('ESS') plan is for all other eligible employees.

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

### Note 1. Significant accounting policies (continued)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### Fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### Issued capital

Ordinary shares are classified as equity. For Group purposes, the share capital after the reorganisation is presented at the carried forward original parent share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

#### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest, net of dividends and decrease in shareholding in the acquiree. For each business combination, the non-controlling interest, net of dividends and decrease in shareholding in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

## Note 1. Significant accounting policies (continued)

Contingent consideration to be transferred by the Group is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest, net of dividends and decrease in shareholding in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest, net of dividends and decrease in shareholding in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Group receives all the information possible to determine fair value.

### Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Atturra Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### 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.

### Note 2. 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 Group 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 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.

#### *Principal versus agent considerations - revenue*

Management has determined that SME Gateway Pty Limited ('SME') is the agent in respect of transactions with its customers. This determination has been made on the basis that SME does not bear primary responsibility for service delivery to the customer. This is a key judgment given it significantly reduces the amount of revenue recognised by the Group.

Software licencing revenue includes commission received as an agent for selling software licences of other software providers.

#### *Goodwill*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. 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.

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### *Employee benefits provision*

As discussed in note 1, 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.

#### *Onerous contract provision*

An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

## Note 2. Critical accounting judgements, estimates and assumptions (continued)

### Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities, contingent consideration and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

## Note 3. Operating segments

### Identification of reportable operating segments

The Group is organised into one operating and reporting segment based on the market it serves which is Australia. This operating segment is based on the internal reports that are reviewed and used by the Board (which 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 4 for revenue from products and services.

### Major customers

During the year ended 30 June 2022 and 30 June 2021, no single customer contributed to more than 10% of the Group's total revenue.

## Note 4. Revenue from contracts with customers

	Consolidated 30 June 2022 \$'000	30 June 2021 \$'000
Time and materials agreements	89,583	75,097
Fixed price agreements	38,484	20,222
Software licencing	1,021	926
Software maintenance and managed services	3,922	1,209
Other revenue	1,569	886
Revenue from contracts with customers	<u>134,579</u>	<u>98,340</u>

### Disaggregation of revenue

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

	Time and materials \$'000	Fixed price \$'000	Software licensing \$'000	Software maintenance and managed services \$'000	Management fee \$'000	Others \$'000	Total
2022							
Timing of revenue recognition							
At a point in time	-	-	1,021	-	2,451	1,569	5,041
Over time	89,583	38,484	-	1,471	-	-	129,538
	<u>89,583</u>	<u>38,484</u>	<u>1,021</u>	<u>1,471</u>	<u>2,451</u>	<u>1,569</u>	<u>134,579</u>

## Notes to the Consolidated Financial Statements

### Note 4. Revenue from contracts with customers (continued)

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							
At a point in time	-	-	329	-	4,565	572	5,466
Over time	71,397	19,357	-	1,806	-	314	92,874
	<u>71,397</u>	<u>19,357</u>	<u>329</u>	<u>1,806</u>	<u>4,565</u>	<u>886</u>	<u>98,340</u>

### Note 5. Other income

	Consolidated	
	30 June 2022 \$'000	30 June 2021 \$'000
Net gain on disposal of property, plant and equipment	-	22
Government grants	-	2,631
Other	6	-
Other income	<u>6</u>	<u>2,653</u>

## Note 6. Expenses

**Consolidated**  
**30 June 2022 30 June 2021**  
**\$'000 \$'000**

Profit before income tax includes the following specific expenses:

<i>Depreciation</i>		
Leasehold improvements	7	24
Plant and equipment	110	158
Fixtures and fittings	42	79
Buildings right-of-use assets	1,135	1,122
	<hr/>	<hr/>
Total depreciation	1,294	1,383
<i>Amortisation</i>		
Make good	-	100
Software	36	153
	<hr/>	<hr/>
Total amortisation	36	253
	<hr/>	<hr/>
Total depreciation and amortisation	1,330	1,636
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	363	-
Interest and finance charges paid/payable on lease liabilities	136	102
	<hr/>	<hr/>
Finance costs expensed	499	102
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	4	-
	<hr/>	<hr/>
<i>Leases</i>		
Short-term lease payments	87	167
	<hr/>	<hr/>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,345	1,022
	<hr/>	<hr/>
<i>Share-based payments expense</i>		
Share-based payments expense	1,034	806
	<hr/>	<hr/>
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	18,713	14,797
	<hr/>	<hr/>

## Notes to the Condoliated Financial Statements

### Note 7. Income tax

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Income tax expense</i>		
Current tax	5,500	3,632
Deferred tax - origination and reversal of temporary differences	(1,719)	(1,707)
Aggregate income tax expense	<u>3,781</u>	<u>1,925</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	11,866	9,489
Tax at the statutory tax rate of 30%	3,560	2,847
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	148	35
Share-based payments	310	-
Revaluation of Noetic contingent consideration	239	-
Deductible IPO costs recognised through equity	(169)	-
Prior year over provision and recognition of tax losses not previously recognised	(167)	-
Sundry items	(140)	104
	3,781	2,986
Tax losses not recognised as deferred tax assets	-	71
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(1,132)
Income tax expense	<u>3,781</u>	<u>1,925</u>
	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Amounts credited directly to equity</i>		
Deferred tax assets	(677)	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	-	238
Potential tax benefit @ 30%	-	71

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.



## Notes to the Condoliated Financial Statements

### Note 9. Trade and other receivables

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade receivables	32,065	22,714
Less: Allowance for expected credit losses	(446)	-
	<u>31,619</u>	<u>22,714</u>
Other receivables *	1,221	18
	<u>32,840</u>	<u>22,732</u>
<i>Non-current assets</i>		
Loans to related parties	-	95
Loans to third parties	-	8
	<u>-</u>	<u>103</u>
	<u><u>32,840</u></u>	<u><u>22,835</u></u>

\*\$1,007,000 of other receivables relates to unbilled receivables for services completed as at 30/06/2022. (30/06/2021: Nil)

#### *Allowance for expected credit losses*

The Group has recognised a loss of \$ 446,000 (2021: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

<b>Consolidated</b>	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>%</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current	-	-	16,490	12,708	-	-
More than 30 days past due	-	-	11,184	7,451	-	-
More than 60 days past due	-	-	643	451	-	-
More than 90 days past due	-	-	2,232	1,332	-	-
More than 120 days past due	29.00%	-	1,516	772	446	-
			<u>32,065</u>	<u>22,714</u>	<u>446</u>	<u>-</u>

The Group considers that the balance of trade receivables, despite some being past-due, relate to customers that have a good credit history. Accordingly, based on historical default rates, the Group believes no further impairment is required.

### Note 10. Contract assets

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Contract assets	<u>420</u>	<u>294</u>

### Note 11. Other current assets

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	1,524	360
Deposits	671	109
Other	524	-
	<u>2,719</u>	<u>469</u>

### Note 12. Investments accounted for using the equity method

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Non-current assets</i>		
Investment in associate Protegic Pty Ltd	<u>1,365</u>	<u>497</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	497	217
Share of associates earnings	106	280
Additions	<u>762</u>	<u>-</u>
Closing carrying amount	<u>1,365</u>	<u>497</u>

Refer to note 35 for further information on interests in associates.

### Note 13. Right-of-use assets

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Non-current assets</i>		
Buildings - right-of-use	7,903	5,345
Less: Accumulated depreciation	<u>(2,016)</u>	<u>(2,070)</u>
	<u>5,887</u>	<u>3,275</u>

The Group leases buildings for its offices under agreements between one month and seven years with, 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.

## Notes to the Consolidated Financial Statements

### Note 13. Right-of-use assets (continued)

#### Reconciliations

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

<b>Consolidated</b>	<b>Buildings \$'000</b>
Balance at 1 July 2020	4,047
Additions	400
Disposals	(7)
Depreciation expense	<u>(1,165)</u>
Balance at 30 June 2021	3,275
Additions	4,652
Disposals	(905)
Depreciation expense	<u>(1,135)</u>
Balance at 30 June 2022	<u><u>5,887</u></u>

For other lease disclosures refer to:

- note 6 for depreciation on right-of-use assets, interest on lease liabilities and other lease expenses;
- note 18 for lease liabilities; and
- statement of cash flows for repayment of lease liabilities.

### Note 14. Intangible assets

	<b>Consolidated</b>	
	<b>30 June 2022 \$'000</b>	<b>30 June 2021 \$'000</b>
<i>Non-current assets</i>		
Goodwill - at cost	<u>30,715</u>	<u>8,054</u>
Software - at cost	1,792	1,773
Less: Accumulated amortisation	<u>(1,761)</u>	<u>(1,725)</u>
	<u>31</u>	<u>48</u>
	<u><u>30,746</u></u>	<u><u>8,102</u></u>

#### Reconciliations

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

<b>Consolidated</b>	<b>Goodwill \$'000</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2020	2,564	171	2,735
Additions through business combinations (note 33)	5,490	30	5,520
Amortisation expense	<u>-</u>	<u>(153)</u>	<u>(153)</u>
Balance at 30 June 2021	8,054	48	8,102
Additions	-	19	19
Additions through business combinations (note 33)	22,661	-	22,661
Amortisation expense	<u>-</u>	<u>(36)</u>	<u>(36)</u>
Balance at 30 June 2022	<u><u>30,715</u></u>	<u><u>31</u></u>	<u><u>30,746</u></u>

## Note 14. Intangible assets (continued)

### Impairment testing

A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. Goodwill acquired through business combinations has been allocated to the following CGUs:

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Galaxy 42	8,563	3,666
Noetic	4,388	4,388
Mentum	3,903	-
Hayes Information systems	13,861	-
	<u>30,715</u>	<u>8,054</u>

At 30 June 2022 management performed impairment testing for each CGU of Atturra where there is goodwill. No impairment losses were identified at 30 June 2022.

#### Key assumptions

- Revenue growth is based on the Board approved budget for the next financial year (FY23) as well as management assessment over the forecast period (FY24 to FY27). Budget revenue for 2023 is based on management expectations and the average annual revenue growth thereafter, for the purpose of impairment testing, is assumed to be maintained at 5% p.a. over the remaining forecast period for all CGUs.
- EBIT margins are based on the Board approved budget for the next financial year and management assessment over the forecast period. The EBIT margin ratio shows EBIT as a percentage of net revenue. For the purpose of impairment testing, this is assumed to be maintained between 8% and 13% over the forecast period.
- Discount rates represent the current market assessment of the risks specific to the Group, considering the time value of money and specific risk of the underlying assets that have not been incorporated into the cash flow estimates. The discount rate is calculated using the weighted average cost of capital (WACC) and reflects management's estimation of the time value of money and specific risk estimated for the Group. The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which the Group operates. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Management utilised a pre-tax discount rate of 18.57% (13% post tax) (2021: 16.80% (12% post tax)).
- It is assumed for the purpose of impairment testing that the long-term growth rate (terminal rate) will equate to the long-term average growth rate of the national economy. Management estimate this to be 2.5% p.a. which is in line with the long-term expected Australian inflation rate. The sensitivity analysis concluded that changing this rate to reflect possible lower growth projections would not materially impact the valuations of the individual CGUs.

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- The EBIT margin would need to decrease by more than 4% for the Mentum CGU before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the CGUs' goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

## Notes to the Condoliated Financial Statements

### Note 15. Trade and other payables

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	18,055	11,951
Accrued expenses	2,447	1,892
Accrued staff bonuses	6,725	3,620
Payroll tax and PAYG payable	2,429	1,737
GST payable	2,903	2,231
Other payables	3,386	2,035
	<u>35,945</u>	<u>23,466</u>

Refer to note 25 for further information on financial instruments.

### Note 16. Contract liabilities

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Contract liabilities	<u>5,712</u>	<u>3,353</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	3,353	697
Payments received in advance	10,229	9,048
Additions through business combinations (note 33)	2,265	157
Transfer to revenue	<u>(10,135)</u>	<u>(6,549)</u>
Closing balance	<u>5,712</u>	<u>3,353</u>

### Note 17. Borrowings

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Loan from third parties	-	25
Loan from other shareholders	-	232
Loan from related party (263 Finance Pty Ltd)	<u>1,000</u>	<u>-</u>
	<u>1,000</u>	<u>257</u>
<i>Non-current liabilities</i>		
Loan from related party (263 Finance Pty Ltd)	<u>3,750</u>	<u>1,750</u>
	<u>4,750</u>	<u>2,007</u>

Refer to note 25 for further information on financial instruments.

### Note 17. Borrowings (continued)

\* The loan from related party (263 Finance Pty Ltd) has annual repayments of \$1,000,000 each year starting in January 2022 with a final repayment date in January 2024 and has an interest of BBSY + 1% Interest + 2.5% Line Fee.

#### Financing arrangements

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

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Total facilities		
Loan from related party (263 Finance Pty Ltd)	4,750	5,750
Used at the reporting date		
Loan from related party (263 Finance Pty Ltd)	4,750	1,750
Unused at the reporting date		
Loan from related party (263 Finance Pty Ltd)	-	4,000

### Note 18. Lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Current liabilities</i>		
Lease liability	1,199	711
<i>Non-current liabilities</i>		
Lease liability	4,947	2,340
	<u>6,146</u>	<u>3,051</u>

Refer to note 25 for the maturity analysis of lease liabilities.

### Note 19. Employee benefits

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
<i>Current liabilities</i>		
Annual leave	4,772	3,783
Long service leave	1,567	953
	<u>6,339</u>	<u>4,736</u>
<i>Non-current liabilities</i>		
Long service leave	766	852
	<u>7,105</u>	<u>5,588</u>

## Notes to the Condoliated Financial Statements

### Note 19. Employee benefits (continued)

#### *Amounts not expected to be settled within the next 12 months*

The leave obligations cover the Group's liability for long service leave and annual leave. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required year of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Management estimates that 40% (2021: 40%) of the current leave obligations is considered as to be paid within 12 months and 60% (2021: 60%) to be paid beyond 12 months.

The following amounts reflect leave presented as current but it is not expected to be taken within the next 12 months:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits obligation expected to be settled after 12 months	3,803	2,874

### Note 20. Onerous contract provision

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Onerous Contracts	-	1,416

#### *Movements in provisions*

Movements in the onerous contract provision during the current year are set out below:

<b>Consolidated - 30 June 2022</b>	<b>\$'000</b>
Carrying amount at the start of the year	1,416
Amounts used	(1,416)
Carrying amount at the end of the year	-

### Note 21. Other liabilities

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Contingent consideration	4,063	1,820
<i>Non-current liabilities</i>		
Contingent consideration	6,226	1,218
	10,289	3,038

Contingent consideration payable relates to the acquisition of subsidiaries. Refer to note 26 and note 33 for further details.

## Note 22. Issued capital

	Consolidated			
	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 \$'000	30 June 2021 \$'000
Ordinary shares - fully paid	<u>200,550,449</u>	<u>145,065,427</u>	<u>52,312</u>	<u>25,908</u>

Note: All issued ordinary shares are fully paid.

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance *	1 July 2021	145,065,427		25,908
Transfer from share based-payment reserve to share capital	1 July 2021			806
Share based payments - Stephen Kowal	13 October 2021	1,096,212	\$0.50	548
Issue of shares in share swap acquisition - Noetic	21 October 2021	5,674,810	\$0.50	2,837
Share repurchase	17 December 2021	(1,559,080)	\$0.50	(780)
Issue of shares in IPO	22 December 2021	49,559,080	\$0.50	24,780
Issue of shares under ESS - share-based payments	22 December 2021	714,000	\$0.50	357
Share issue costs, net of tax				(2,144)
Balance	30 June 2022	<u>200,550,449</u>		<u>52,312</u>

\* For Group purposes, the share capital after the reorganisation is presented at the carried forward original parent share capital.

### Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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.

### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2021 Annual Report.

## Notes to the Consolidated Financial Statements

### Note 23. Reserves

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Share-based payments reserve	129	806
Transactions with non-controlling interests	<u>(11,891)</u>	<u>(9,389)</u>
	<u><u>(11,762)</u></u>	<u><u>(8,583)</u></u>

#### *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.

#### *Transactions with non-controlling interests*

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.

On 21 October 2021, Atturra Holdings Pty Ltd entered into a share sale agreement to acquire a further 25% of Noetic Group Pty Ltd for \$2.8M. Post the increase in shareholding, Atturra Holdings Pty Ltd holds 80.04% of the shares on issue of Noetic Group Pty Ltd. The acquisition was settled by issuing 5,674,810 Atturra shares at \$0.50 each.

#### *Movements in reserves*

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

<b>Consolidated</b>	<b>Share-based payment \$'000</b>	<b>Transactions with non- controlling interest \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2021	806	(9,389)	(8,583)
Share-based payment expense (note 38)	129	-	129
Reclassification to share capital	(806)	-	(806)
Transactions with non-controlling interests	<u>-</u>	<u>(2,502)</u>	<u>(2,502)</u>
Balance at 30 June 2022	<u><u>129</u></u>	<u><u>(11,891)</u></u>	<u><u>(11,762)</u></u>

### Note 24. Dividends

During the year, an interim dividend of \$679,000 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 year. In the previous financial year, a dividend of 4.75 cents per ordinary share (total of \$6,500,000) was paid to the shareholders of Atturra Holdings Pty Ltd.

#### *Franking credits*

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>10,125</u>	<u>4,294</u>

## Note 24. Dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

## Note 25. Financial instruments

### *Financial risk management objectives*

The Group's risk management is predominantly controlled by a central finance department headed by the Group CFO under the policies approved by the board of directors. Group's finance team identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units

### *Market risk*

#### *Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The group's foreign currency transactions are predominantly payments to offshore suppliers for invoiced services. Payment terms are typically less than one month and consequently involve minimal foreign exchange risk. The company had no material supplier or customer contracts that were denominated in foreign currencies.

As there is minimal exposure, foreign currency risk is not hedged.

#### *Price risk*

The Group is not exposed to any significant price risk.

#### *Interest rate risk*

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group maintains minimal long-term borrowings to manage this risk.

The Group's exposure to interest rate risk arises predominantly from assets bearing variable interest rates. As interest income does not make up the main source of revenue, the management expects no significant interest rate risk on these balances.

Amounts payable to related parties, trade and sundry payables and trade and other receivables are not impacted by movements in interest rates.

Management believes that the group's overall exposure to interest rate movements is not material.

### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

### *Liquidity risk*

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The responsibility for liquidity risk management rests with the board, who assess the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, borrowing facilities and instruments and by continuously monitoring forecast and actual cash flows

## Notes to the Condoliated Financial Statements

### Note 25. Financial instruments (continued)

#### Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities at 30 June 2022	Carrying amount \$'000	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Non-derivatives</b>							
Trade and other payables	35,945	35,945	-	-	-	-	35,945
Borrowings	4,750	-	1,000	1,000	2,750	-	4,750
Lease liabilities	6,146	299	900	1,231	3,051	665	6,146
Contingent consideration	10,289	4,063	-	3,377	2,849	-	10,289
<b>Total non-derivatives</b>	<b>57,130</b>	<b>40,307</b>	<b>1,900</b>	<b>5,608</b>	<b>8,650</b>	<b>665</b>	<b>57,130</b>

Contractual maturities of financial liabilities at 30 June 2021	Carrying amount \$'000	Less than 6 months \$'000	6-12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Non-derivatives</b>							
Trade and other payables	23,466	23,466	-	-	-	-	23,466
Borrowings	2,007	283	31	62	1,786	-	2,162
Lease liabilities	3,051	488	310	640	1,809	-	3,247
Contingent consideration	3,038	-	1,820	1,218	-	-	3,038
<b>Total non-derivatives</b>	<b>31,562</b>	<b>24,237</b>	<b>2,161</b>	<b>1,920</b>	<b>3,595</b>	<b>-</b>	<b>31,913</b>

### Note 26. 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 - 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Liabilities</b>				
Contingent consideration	-	-	10,289	10,289
Total liabilities	-	-	10,289	10,289

## Note 26. Fair value measurement (continued)

Consolidated - 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	3,038	3,038
Total liabilities	-	-	3,038	3,038

There were no transfers between levels during the financial 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 3

The contingent consideration payable relates to acquisition of subsidiaries, refer to note 33 for further details. 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.

Subsidiary acquired	Fair value at		Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2022 \$'000	30 June 2021 \$'000		
Noetic Group Pty Ltd	1,935	3,038	Risk-adjusted discount rate (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	-	Risk-adjusted discount rate (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	6,412	-	Risk-adjusted discount rate (30 June 2022 - 5%)	The estimated fair value would increase (decrease) if the risk-adjusted discount rate were lower (higher).
	<u>10,289</u>	<u>3,038</u>		

## Notes to the Condoliated Financial Statements

### Note 26. Fair value measurement (continued)

#### Level 3 assets and liabilities

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

<b>Consolidated</b>	<b>Contingent consideration</b>
	<b>\$'000</b>
Balance at 1 July 2020	-
Transfers into level 3	-
Transfers out level 3	-
Expense recognised in profit or loss	-
Expense recognised in other comprehensive income	-
Additions	3,038
Disposals	-
	<hr/>
Balance at 30 June 2021	3,038
Transfers into level 3	-
Transfers out level 3	-
Expense recognised in profit or loss	797
Expense recognised in other comprehensive income	-
Additions	8,354
Disposals	-
	<hr/>
Balance at 30 June 2022	<u><u>12,189</u></u>

Applying a discount rate range of 5% to 9% across the each of the contingent consideration payments results in a range of \$250,000 to \$350,000 of potential movement in contingent consideration.

### Note 27. Key management personnel disclosures

#### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,046,447	835,540
Post-employment benefits	48,628	40,285
Share-based payments	586,663	749,239
Long-term benefits	46,460	15,405
	<hr/>	<hr/>
	<u><u>1,728,198</u></u>	<u><u>1,640,469</u></u>

### Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, its network firms, and unrelated firms:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial statements	<hr/>	<hr/>
	<u><u>401,130</u></u>	<u><u>304,950</u></u>

## Note 29. Contingent liabilities

The Group has given bank guarantees as at 30 June 2022 of \$525,000 (30 June 2021: \$175,000) to various landlords.

## Note 30. Commitments

The Group had no capital purchase commitments at 30 June 2022. (30 June 2021:nil).

## Note 31. Related party transactions

### *Parent entity*

Atturra Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 34.

### *Associates*

Interests in associates are set out in note 35.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

### *Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Sale of goods and services:		
Sale of services to other related party	-	99,175
Payment for goods and services:		
Payment for services from other related party	96,986	2,632

### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

### *Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Non-current receivables:		
Loans to related parties	-	95,052
Current borrowings:		
Loan from related party (263 Finance Pty Ltd)	1,000,000	-
Loan from other shareholders	-	231,703
Non-current borrowings:		
Loan from related party (263 Finance Pty Ltd)	3,750,000	1,750,000

### *Terms and conditions*

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

## Notes to the Condolidated Financial Statements

### Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

#### *Statement of profit or loss and other comprehensive income*

	<b>Parent 30 June 2022 \$'000</b>
Profit after income tax	87
Total comprehensive income	87

#### *Statement of financial position*

	<b>Parent 30 June 2022 \$'000</b>
Total current assets	-
Total assets	104,419
Total current liabilities	3,571
Total non-current liabilities	-
Total liabilities	3,571
Net assets	100,848
Equity	
Issued capital	100,275
Share-based payments reserve	486
Retained earnings	87
Total equity	100,848

#### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

#### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

#### *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

#### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at the fair value of the shares issued during the IPO process, which was \$0.50 per share, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### Note 33. Business combinations

#### *Mentum Systems Pty Ltd*

On 12 August 2021, FTS Nominees Pty Ltd, a wholly owned subsidiary of the Company, acquired 100% of the ordinary shares of Mentum Systems Pty Ltd for the total consideration transferred of \$4,100,000. Mentum Systems co-design, deploy and integrate software solutions as part of a consulting led approach to risk management, governance and assurance. The goodwill of \$3,903,000 represents the expected synergies from the acquisition. The acquired business contributed revenue of \$5,200,000 and profit after tax of \$800,000 to the Group from 12 August 2021 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenue of \$5,700,000 and profit after tax of \$700,000 respectively. The values identified in relation to the acquisition of Mentum Systems Pty Ltd are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	616
Trade and other receivables	318
Other current assets	67
Equipment	12
Trade and other payables	(97)
Provision for income tax	(102)
Other current liabilities	(617)
Net assets acquired	197
Goodwill	3,903
Acquisition-date fair value of the total consideration transferred	<u>4,100</u>
Representing:	
Cash paid or payable to vendor	<u>4,100</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,100
Less: cash and cash equivalents	(616)
Net cash used	<u>3,484</u>

#### *Kettering Professional Services Pty Ltd*

On 17 January 2022, Galaxy 42 Pty Ltd, a wholly owned subsidiary of the Company, 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. \$3,000,000 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 FY22, FY23 and FY24. 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 \$4,898,000 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 provisional as at 30 June 2022 as permitted by AASB 3 *Business Combinations*. Any true ups required to fair value of assets and liabilities taken on will be reflected as at 31 December 2022.

## Notes to the Condoliated Financial Statements

### Note 33. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	427
Trade receivables	218
Other current assets	503
Right-of-use assets	64
Trade payables	(134)
Other liabilities	(969)
Lease liability	(65)
	<hr/>
Net assets acquired	44
Goodwill	4,898
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>4,942</u>
Representing:	
Cash paid or payable to vendor	3,000
Contingent consideration	1,942
	<hr/>
	<u>4,942</u>
	<hr/>
Acquisition costs expensed to profit or loss	<u>-</u>
	<hr/>
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)
	<hr/>
Net cash used	<u>2,519</u>

As part of the accounting for the acquisition of Kettering Professional Services Pty Ltd, the contingent consideration of \$1,942,000 was estimated by calculating the present value of the future expected cash flows. The present value of the estimate is based on a discount rate of 5.00% and by applying probabilities to the expected future EBIT performance of Kettering Professional Services Pty Ltd over the earn out period.

Future developments may require further revisions to the estimate. The maximum undiscounted consideration to be paid is \$2,084,000. The contingent consideration is classified as other liabilities (see note 21).

### Note 33. Business combinations (continued)

#### *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 \$6,982,000 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 \$8.9m and profit after tax of \$1.5m 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 provisional as at 30 June 2022 as permitted by AASB 3 *Business Combinations*. Any true ups required to fair value of assets and liabilities taken on will be reflected as at 31 December 2022.

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)
Other liabilities	(1,618)
Lease liability	(278)
Provision for income tax	(28)
	<hr/>
Net assets acquired	1,052
Goodwill	13,861
	<hr/>
Acquisition-date fair value of the total consideration transferred	14,913
	<hr/> <hr/>
Representing:	
Cash paid or payable to vendor	8,500
Contingent consideration	6,413
	<hr/>
	14,913
	<hr/> <hr/>
Acquisition costs expensed to profit or loss	106
	<hr/> <hr/>
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)
	<hr/>
Net cash used	7,655
	<hr/> <hr/>

## Notes to the Condolidated Financial Statements

### Note 33. Business combinations (continued)

As part of the accounting for the acquisition of Hayes Information Systems and Communications Pty Ltd, the contingent consideration of \$6,413,000, was estimated by calculating the present value of the future expected cash flows. The present value of the estimate is based on a discount rate of 5.00% and by applying probabilities to expected future EBIT performance of Hayes Information Systems and Communications over the earn out period.

Future developments may require further revisions to the estimate. The maximum undiscounted consideration to be paid is \$6,805,000. The contingent consideration is classified as other liabilities (see note 21).

#### Noetic Group Pty Ltd

On 21 October 2021, the Group acquired an additional 25.04% interest in the voting shares of Noetic Group Pty Ltd, increasing its ownership to 80.04%. The acquisition was settled by issuing 5,674,810 Atturra shares at \$0.50 each resulting in a purchase price for the additional stake of \$2,837,000. Following is a schedule of additional interest acquired in Noetic Group Pty Ltd.

	\$'000
Issue of Atturra shares to non-controlling shareholders	2,837
Carrying value of additional interests in Noetic Group Pty Ltd	(335)
	<hr/>
Difference recognised in Reserves	<u>2,502</u>

The outstanding contingent consideration relating to the initial purchase of 55% of Noetic in February 2021 requires the group to pay \$1,935,000 for performance years from 2022 to 2023, up to a maximum undiscounted amount of \$2,100,000. There is no minimum amount payable.

The fair value of the contingent consideration of \$1,935,000 was estimated by calculating the present value of the future expected cash flows. The change in contingent consideration was determined by assessment of the actual financial performance of Noetic for FY22 and budgeted financial performance for FY23.

At 30 June 2022, there was an increase of \$797,000 recognised in other gains/losses in profit or loss for the contingent consideration arrangement. \$619,000 relates to an expected change in pay-out and \$178,000 relates to discounting of the contingent consideration at 9% per annum.

### Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Atturra Operations Pty Ltd (registered 28/09/2021)	Australia	100.00%	-
Atturra Personnel Pty Ltd (registered 19/07/2021)	Australia	100.00%	-
Atturra Holdings Pty Ltd (formally Foundation Technology Holdings Pty Ltd)	Australia	100.00%	100.00%
Chartsmart Consulting Pty Ltd	Australia	100.00%	100.00%
Connexion Pty Ltd	Australia	100.00%	100.00%
ESAM Consultants Pty Ltd	Australia	100.00%	100.00%
Foundation Technology Services Pty Ltd	Australia	100.00%	100.00%
FTS Data & AI Pty Ltd	Australia	100.00%	100.00%
FTS NHC Pty Ltd	Australia	100.00%	100.00%
FTS Nominees Pty Ltd	Australia	100.00%	100.00%
FTS PHC Pty Ltd	Australia	100.00%	100.00%
FTS Resourcing Pty Ltd	Australia	100.00%	100.00%
FTS VHC Pty Ltd	Australia	100.00%	100.00%
FTSG Pty Ltd	Australia	100.00%	100.00%
Galaxy 42 Group Pty Ltd	Australia	100.00%	100.00%

#### Note 34. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Galaxy 42 Pty Ltd	Australia	100.00%	100.00%
Hayes Information Systems and Communications Pty Ltd	Australia	100.00%	-
Hayes Information Systems and Communications Pte Ltd	Singapore	100.00%	-
Kettering Professional Services Pty Ltd	Australia	100.00%	-
Kobold Group Pty Ltd	Australia	100.00%	100.00%
Mentum Systems Pty Ltd	Australia	100.00%	-
Safety Evolved Pty Ltd	Australia	-	100.00%
SME Gateway Pty Ltd	Australia	100.00%	100.00%
Veritec Pty Ltd	Australia	100.00%	100.00%
Anatas Pte Ltd	Singapore	100.00%	100.00%
Kettering NZ Limited	New Zealand	100.00%	-

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interest, net of dividends and decrease in shareholdings in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Principal activities	Parent		Non-controlling interest, net of dividends and decrease in shareholding	
			Ownership interest 30 June 2022 %	Ownership interest 30 June 2021 %	Ownership interest 30 June 2022 %	Ownership interest 30 June 2021 %
Noetic Group Pty Ltd	Australia	Holding Company	80.04%	55.00%	19.96%	45.00%
Noetic Solutions Pty Ltd	Australia	Advisory and Consulting Services	80.04%	55.00%	19.96%	45.00%

## Notes to the Condoliated Financial Statements

### Note 34. Interests in subsidiaries (continued)

#### Summarised financial information

Summarised financial information of subsidiaries with non-controlling interest, net of dividends and decrease in shareholdings that are material to the Group are set out below:

	30 June 2022 \$'000	30 June 2021 \$'000
<i>Summarised statement of financial position</i>		
Current assets	8,403	5,976
Non-current assets	773	468
Total assets	<u>9,176</u>	<u>6,444</u>
Current liabilities	<u>5,529</u>	<u>4,286</u>
Total liabilities	<u>5,529</u>	<u>4,286</u>
Net assets	<u><u>3,647</u></u>	<u><u>2,158</u></u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	23,717	8,770
Expenses	<u>(19,179)</u>	<u>(7,339)</u>
Profit before income tax expense	4,538	1,431
Income tax expense	<u>(1,325)</u>	<u>(429)</u>
Profit after income tax expense	3,213	1,002
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>3,213</u></u>	<u><u>1,002</u></u>
<i>Other financial information</i>		
Loss/(profit) attributable to non-controlling interest, net of dividends and decrease in shareholdings	<u>(53)</u>	<u>460</u>
Accumulated non-controlling interest, net of dividends and decrease in shareholdings at the end of reporting period	<u>734</u>	<u>787</u>

### Note 35. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Protegic Pty Ltd	Australia	49.00%	24.42%

### Note 35. Interests in associates (continued)

#### Summarised financial information

	30 June 2022 \$'000	30 June 2021 \$'000
<i>Summarised statement of financial position</i>		
Current assets	973	2,219
Non-current assets	2,138	1,033
Total assets	3,111	3,252
Current liabilities	750	1,197
Non-current liabilities	-	22
Total liabilities	750	1,219
Net assets	2,361	2,033
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	7,992	5,916
Expenses	(7,539)	(5,626)
Profit before income tax	453	290
Other comprehensive income	-	-
Total comprehensive income	453	290

#### Contingent liabilities

There were no contingent liabilities at 30 June 2022 and 30 June 2021.

### Note 36. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2022 \$'000	30 June 2021 \$'000
Profit after income tax expense for the year	8,085	7,564
Adjustments for:		
Depreciation and amortisation	1,330	1,636
Make good provision	43	-
Share-based payments	1,004	806
Share of profit - associates	(106)	(71)
Net gain on disposal of property, plant and equipment	-	(22)
Reversal of investment in associate previously impaired	-	(209)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(12,357)	(4,902)
Increase in deferred tax assets	(1,925)	(1,712)
Decrease/(increase) in work-in-progress	(126)	2,766
Increase in trade and other payables	11,099	2,397
Increase in provision for income tax	522	1,839
Increase in other provisions	2,601	7,430
Net cash from operating activities	10,170	17,522

## Note 37. Earnings per share

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Profit after income tax	8,085	7,564
Non-controlling interest	(861)	(1,076)
Profit after income tax attributable to the owners of Atturra Limited	<u>7,224</u>	<u>6,488</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	175,183,372	133,555,651
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	<u>698,077</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>175,881,449</u>	<u>133,555,651</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	4.12	4.86
Diluted earnings per share	4.11	4.86

## Note 38. Share-based payments

The Group has two incentive schemes in place, namely the Long-Term Incentive Plan ('LTIP') and Exempt Employee Share Plan ('EESP').

### *Long-Term Incentive Plan*

The Company established a Long Term Incentive (LTI) plan to align the interests of eligible employees with shareholders through the sharing of a personal interest in the future growth and development of the Company. A total of 750,000 Performance Rights have been granted to the CEO (Stephen Kowal) under the LTI Plan. Other executives have been granted a total of 1,800,000 Performance Rights under the LTI plan. Further details of the valuation methodology are set out in the significant accounting policies note.

The fair value of the Stephen Kowal's Performance Rights were determined using the Monte Carlo option pricing model.

The fair value of Performance Rights granted to other executives under the LTI Plan has been determined by the share price at the date of issue. No dividends assumptions have been taken into account during the vesting period due to the future growth strategy of the Group.

### *Exempt Employee Share Plan*

The Company has also established an Exempt Employee Incentive Plan to align the interests of eligible employees of the Company (and Associated Companies) with Shareholders (Exempt Employee Incentive Plan or Share Plan). 714,000 shares have been issued under the Share Plan as at 30 June 2022 as part of the IPO process. A fair value of \$0.50 was used to calculate the share-based payment expense.

### Note 38. Share-based payments (continued)

Set out below are summaries of the performance rights granted under the plans:

							Number of performance rights 30 June 2022
<b>Long-term incentive plan</b>							
Outstanding at the beginning of the financial year							-
Granted							<u>2,550,000</u>
Outstanding at the end of the financial year							<u><u>2,550,000</u></u>
Exercisable at the end of the financial year							<u><u>-</u></u>
<b>30 June 2022</b>							
Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2021	31/12/2024	\$0.00	-	375,000	-	-	375,000
20/12/2021	31/12/2025	\$0.00	-	375,000	-	-	375,000
29/04/2022	01/11/2024	\$0.00	-	1,800,000	-	-	1,800,000
			-	<u>2,550,000</u>	-	-	<u>2,550,000</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.79 years.

For the 750,000 performance rights granted during the current financial year to Stephen Kowal, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/12/2021	31/12/2024	\$0.50	\$0.00	55.00%	-	1.19%	\$0.291
20/12/2021	31/12/2025	\$0.50	\$0.00	55.00%	-	1.19%	\$0.285

For the 1,800,000 performance rights granted on 29 April 2022 to the Other Executives, as the only vesting condition for the performance rights to vest is continued employment during the vesting period, the performance rights were fair valued using the prevailing Atturra share price at grant date of \$0.70 and will be expensed on a straight-line basis over the vesting period. It has been assumed that all Other Executives will remain in the employment of the Atturra group during the vesting period.

Set out below is a summary of the share-based payment expense for the financial year:

	Consolidated 30 June 2022 \$'000	30 June 2021 \$'000
Long-Term Incentive Plan – Key management personnel	38	-
Long-Term Incentive Plan – Other Executives	91	-
Exempt Employee Share Plan	357	806
Long-term incentive share allotment *	<u>548</u>	<u>-</u>
	<u><u>1,034</u></u>	<u><u>806</u></u>

\* In order to align the interests of Group and Stephen Kowal and to create an appropriate incentive for future growth and development of the Group, 1,096,212 shares were issued to Stephen Kowal and a fair value of \$0.50 was used to calculate the share-based payment expense.

## Notes to the Condoliated Financial Statements

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.

No other matter or circumstance has arisen since 30 June 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.

### Note 40. 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 year. The financial statements are presented in Australian dollars, which is Atturra Limited's functional and presentation currency.

#### *Incorporation and Company restructure*

Atturra Limited (the 'Company') was incorporated on 20 October 2021 and became the parent company of Atturra Holdings Pty Limited in a restructure where existing shareholders exchanged their shares in Atturra Holdings Pty Limited for shares in the Company. Prior to the restructure, Atturra Holdings Pty Limited was the parent company of the Group.

The restructure has been accounted for as a capital reorganisation and did not result in a business combination for accounting purposes. Financial information of the Company has been presented as a continuation of Atturra Holdings Pty Limited. Accordingly, the assets and liabilities continued to be recorded at their existing values in the Statement of financial position. In addition, the Statement of financial performance for Atturra Limited is a continuation of the existing Statement of financial performance for Atturra Holdings Pty Limited.

Prior period financial information within this report represents the consolidated historical financial information for Atturra Holdings Pty Limited.

#### *Admission to ASX and commencement of official quotation*

The Company was admitted to the Official List of ASX Limited ('ASX') on 20 December 2021. Official quotation of the Company's ordinary fully paid shares commenced on 22 December 2021.

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**

Level 33, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

#### **Principal place of business**

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 30 August 2022. The Directors have the power to amend and reissue the financial statements.

# Directors' Declaration

30 June 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Shan Kanji  
Chairman

30 August 2022

# Independent Auditor's Report



## Independent auditor's report

To the members of Atturra Limited

### Report on the audit of the financial report

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#### Our opinion

In our opinion:

The accompanying financial report of Atturra Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Atturra Limited's operations include businesses located in Australia, New Zealand and Singapore with a group finance function in Sydney responsible for the preparation of the financial report.



Materiality	Audit scope
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$700,000, which represents approximately 5% of the Group's adjusted profit before tax. Profit has been adjusted for various items which are expected to be infrequently occurring or non recurring e.g. earn out adjustments and share award expenses in relation to the IPO.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.</li> <li>We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>Our audit was performed by the Group audit team in Australia. We aligned our audit to the Group structure by identifying significant components and balances to focus our testing on, to obtain sufficient audit evidence over the financial report as a whole.</li> </ul>



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p><b>Business Combinations</b> <i>Refer to note 33</i></p> <p>The group acquired three entities during the year: Kettering Professional Services Pty Ltd (Kettering); Mentum Systems Pty Ltd (Mentum); and Hayes Information Systems and Communications Pty Ltd (Hayes).</p> <p>The accounting for the acquisition of a business is complex. Australian Accounting Standards require the Group to identify all assets, liabilities and contingent liabilities of the acquired businesses and estimate the fair values at the date of acquisition.</p> <p>The acquisitions were a key audit matter because they are significant transactions to the Group and the Group made significant judgements when accounting for the acquisitions, including in the measurement of contingent consideration.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>developed an understanding of the relevant purchase agreements.</li> <li>assessed the provisional fair values of the acquired assets and liabilities recognised in light of the requirements of Australian Accounting Standards.</li> <li>agreed the amount of the purchase consideration paid and/or payable to the transaction agreement and bank statements. Where there was contingent consideration, we assessed the appropriateness of management's assumptions in measuring the fair value of the consideration.</li> <li>assessed the reasonableness of the note disclosures in light of the requirements of Australian Accounting Standards.</li> </ul>
<p><b>Goodwill (\$30.7 million)</b> <i>Refer to note 14</i></p> <p>Goodwill is required by Australian Accounting Standards to be tested annually for impairment at the Cash Generating Unit (CGU) level.</p> <p>The Group performed an impairment assessment over goodwill by calculating the value in use for each CGU, using discounted cash flow models.</p> <p>The impairment assessment was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the size of the goodwill balance and;</li> <li>the judgement involved in determining the value in use of each CGU.</li> </ul>	<p>Together with PwC valuation experts, we performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>assessed whether the Group's identification of CGUs was consistent with our knowledge of the operations, internal reporting lines and the level of integration of the acquired businesses</li> <li>evaluated the cash flow models including assessing significant assumptions and judgements and testing of mathematical accuracy</li> <li>compared the cash flow models to Board approved budgets</li> <li>tested the significant assumptions used by management including discount rates and growth rates by comparing to observable market data and historical performance</li> <li>evaluated the reasonableness of the Group's disclosures in light of the requirements of Australian Accounting Standards.</li> </ul>



#### Key audit matter

#### How our audit addressed the key audit matter

##### Revenue (\$134.6 million)

*Refer to note 4*

Revenue is significant to the financial statements and disaggregated across multiple entities with different systems, controls and processes.

This was a key audit matter given the materiality of the amount and the judgement involved in revenue recognition for fixed price agreements that span the year end.

We performed the following audit procedures, amongst others:

- understood and evaluated management's processes and controls relating to the recording and recognition of revenue.
- evaluated the Group's approach to revenue recognition in light of the requirements of the Australian Accounting Standards.
- detailed testing of a sample of revenue transactions, including fixed price agreements, comparing transactions to a range of supporting evidence.
- evaluated the reasonableness of the Group's disclosures on revenue in light of the requirements of Australian Accounting Standards.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Appendix 4E, Corporate Directory, Directors' Report and Shareholder Information. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

#### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

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#### Our opinion on the remuneration report

We have audited the remuneration report included in pages 8 to 15 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Atturra Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'P.J. Carney'.

Paddy Carney  
Partner

Sydney  
30 August 2022

# Shareholder information

The shareholder information set out below was applicable as at 24 August 2022.

## Corporate Governance Statement

The Company's Corporate Governance Statement is located on the Company's website at <https://investors.atturra.com/governance/>

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	43	0.01	-	-
1,001 to 5,000	188	0.29	-	-
5,001 to 10,000	192	0.78	-	-
10,001 to 100,000	329	4.54	-	-
100,001 and over	48	94.38	-	-
	<b>800</b>	<b>100.00</b>	<b>-</b>	<b>-</b>
Holding less than a marketable parcel	18	-	-	-

## Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
DRIFTWOOD IT PYT LIMITED	81,668,100	40.73
263 FINANCE PTY LIMITED	33,255,612	16.58
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,766,190	6.37
NATIONAL NOMINEES LIMITED	10,468,690	5.22
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,277,417	3.63
YAZARSKIA PTY LIMITED	5,825,055	2.90
SWK FAMILY PTY LIMITED	5,776,731	2.88
J&B FUND MANAGEMENT PTY LTD <J&B SUPERANNUATION FUND A/C>	4,677,240	2.33
MERB INVESTMENTS PTY LTD	3,351,936	1.67
MR ANDRIS BALMAKS	2,837,405	1.41
MR PETER MURPHY	2,837,405	1.41
INFOGATE PTY LTD	2,801,130	1.40
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,787,652	0.89
MAYHAM PTY LTD	1,500,987	0.75
MR MARTIN HOLDEN	1,185,428	0.59
MR STEPHEN KOWAL	1,096,212	0.55
VINMAN NOMINEES PTY LTD <THE VINMAN A/C>	900,000	0.45
STUART ALTHAUS RETIREMENT PTY LTD	858,636	0.43
MR AARON LIKELY	691,579	0.34
CITICORP NOMINEES PTY LIMITED	672,710	0.34
	<b>182,256,115</b>	<b>90.88</b>

## Shareholder information

### *Unquoted equity securities*

There are 4,035,672 unquoted Performance Rights on issue.

There were no holders who hold 20% or more unquoted equity securities.

### **Restricted Securities**

Of the total 200,550,449 Fully Paid Ordinary Shares (shares) on issue:

- 24,498,010 shares are restricted securities to 01 October 2022; and
- 121,102,119 shares are restricted securities 01 October 2023;

### **Substantial holders**

Substantial holders in the Company are set out below:

	<b>Number held</b>	<b>Ordinary shares % of total shares issued</b>
Shan Kanji, combined holdings of Driftwood IT Pty Ltd, 263 Finance Pty Ltd and Shan Kanji	114,923,712	57.31

### **Voting rights**

The voting rights attached to ordinary shares are set out below:

#### *Ordinary shares*

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.

There are no other classes of equity securities with attaching voting rights.

### **On-Market Buy-Back**

There is no current on-market buy-back.

### **Use of Funds**

Since admission to the ASX on 20 December 2021, the Company has used its cash in a way consistent with its business objectives.

# Corporate Directory

<b>Directors</b>	Shan Kanji Stephen Kowal Nicole Bowman Jonathan Rubinsztein
<b>Company secretary</b>	Kunal Shah
<b>Registered office</b>	Level 33 88 Philip Street Sydney NSW 2000
<b>Principal place of business</b>	Level 2 10 Bond street Sydney NSW 2000
<b>Share register</b>	Computershare Limited Level 3 60 Carrington Street Sydney NSW 2000
<b>Auditor</b>	PricewaterhouseCoopers One International Towers Sydney Watermans Quay Barangaroo NSW 2000
<b>Solicitors</b>	HWL Ebsworth Level 14, Australia Square 264 – 278 George Street Sydney NSW 2000
<b>Bankers</b>	Westpac Banking Corporation
<b>Stock exchange listing</b>	Atturra Limited shares are listed on the Australian Securities Exchange (ASX code: ATA)
<b>Website</b>	<a href="https://atturra.com/au-en/">https://atturra.com/au-en/</a>

## Business objectives

In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of ASX since its admission to the end of the reporting period in a way that is consistent with its business objectives.

## Corporate Governance Statement

Atturra Limited and the Board of Directors are committed to achieving and demonstrating the highest of corporate governance, Atturra Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website at <https://investors.atturra.com/governance/>.

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