

ASX Announcement

26 February 2024

Financial Results – Half year ended 31 December 2023

Attached are the following documents relating to Atturra Limited's results for the half year ended 31st December 2023:

- ASX Appendix 4D; and
- Half Year Report

About Atturra:

Atturra is an ASX-listed technology business providing a range of enterprise advisory, consulting, IT services and solutions with a focus on local government, utilities, education, defence, federal government, financial services and manufacturing industries, Atturra has partnerships with leading global providers including Microsoft, Boomi, Cisco HPE, Software AG, OpenText, Smartsheet, QAD, Infor, Denodo, Vaultspeed and Snowflake and its clients are some of the largest public and private sector organisations in Australia

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

This announcement has been authorised for release by the Board of Directors, Atturra Limited

1. Company details

Name of entity:	Atturra Limited
ABN:	34 654 662 638
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	34.2%	to	111,051
Underlying Earnings Before Interest and Tax (Underlying EBIT)	up	4.0%	to	8,601
Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA)	up	22.0%	to	11,069
Profit from ordinary activities after tax attributable to the owners of Atturra Limited	down	37.5%	to	2,709
Profit for the half-year attributable to the owners of Atturra Limited	down	37.5%	to	2,709

A reconciliation of statutory profit after tax to Underlying EBITDA is disclosed in the table below.

Dividends

No dividends were paid, recommended, or declared during the current half-year period to Atturra Limited shareholders. During the current half-year period, a dividend of \$265,000 (31 December 2022: \$513,000) was paid to the minority shareholders of Noetic Group Pty Ltd, with the remainder being paid to Atturra Holdings Pty Ltd and FTS NHC Pty Ltd that was eliminated on consolidation.

Comments

The profit for Atturra Group after providing for income tax and non-controlling interest amounted to \$2,709,000 (31 December 2022: \$4,334,000).

Underlying EBITDA and other adjustments as disclosed 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 capital raising and initial public offering (IPO) costs, share based payments, merger and acquisition (M&A) transaction costs and M&A related retentions.

The Directors consider Underlying EBITDA to be one of the key financial measures of Atturra Group.

The following table summarises key reconciling items between statutory profit after-tax and Underlying EBITDA:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit after income tax	2,656	4,538
Add: Interest expense	1,054	423
Less: Interest income	(275)	(111)
Add: Income tax expense	1,886	2,859
Reported EBIT	5,321	7,709
Share-based payments	600	451
M&A transaction and Capital raising costs	1,915	114
Gain on bargain purchase	(347)	-
M&A related retentions	309	-
Integration costs	803	-

Underlying EBIT	8,601	8,274
Depreciation	1,340	798
Amortisation	682	-
Depreciation included in cost of sales	446	-
Underlying EBITDA	<u>11,069</u>	<u>9,072</u>

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.54</u>	<u>17.70</u>

Net tangible assets per ordinary security have been calculated by excluding intangible assets, and the net right-of-use assets and lease liabilities of (\$776,000) (31 December 2022: (\$295,000)).

4. Control gained over entities

During the half-year, the Group gained control over the following entities:

Acquisition date	Entities	Share capital acquired %
29/09/2023	Regional IT Newcastle Pty Ltd	100%
29/09/2023	Sabervox Pty Ltd	100%
29/09/2023	Techtonics Group Limited	100%
11/12/2023	Cirrus Networks Holdings Limited	100%
11/12/2023	Cirrus Networks (WA) Pty Ltd	100%
11/12/2023	Cirrus Networks (ACT) Pty Ltd	100%
11/12/2023	Cirrus Networks (Victoria) Pty Ltd	100%
11/12/2023	L7 Solutions Pty Ltd	100%
11/12/2023	Cirrus Networks (Canberra) Pty Ltd	100%
11/12/2023	Liberty Technologies Pty Ltd	100%
11/12/2023	Boab Energy Pty Ltd	100%
11/12/2023	UREA Corp of Australia Pty Ltd	100%

5. Loss of control over entities

Not applicable.

6. Dividends

No dividends were paid, recommended, or declared during the current half-year period to Atturra Limited shareholders. During the current half-year period, a dividend of \$265,000 (31 December 2022: \$513,000) was paid to the minority shareholders of Noetic Group Pty Ltd, with the remainder being paid to Atturra Holdings Pty Ltd and FTS NHC Pty Ltd that was eliminated on consolidation.

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates

Name of associate	Reporting entity's percentage holding		Contribution to profit	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Protegic Pty Ltd	49.00%	49.00%	116	111
<i>Group's aggregate share of associates entities' profit</i> Profit from ordinary activities after income tax			<u>116</u>	<u>111</u>

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditor and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Atturra Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Signed



Shan Kanji
Non-Executive Chairman
Sydney

Date: 26 February 2024

Atturra Limited

ABN 34 654 662 638

Interim Report - 31 December 2023

General information	2
Directors' report	3
Auditor's independence declaration	6
Financial Report	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	31
Independent auditor's report to the members of Atturra Limited	32

General information

The financial statements cover Atturra Limited and the entities it controlled at the end of, or during, the half-year (**Atturra Group**). The financial statements are presented in Australian dollars, which is Atturra Limited's functional and presentation currency.

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

Registered office

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 26 February 2024.

The Directors present their report, together with the financial statements, on Atturra Group at the end of, or during, the half-year ended 31 December 2023.

Directors

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

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

Principal activities

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

Dividends

No dividends were paid, recommended, or declared during the current half-year period to Atturra Limited shareholders. During the current half-year period, a dividend of \$265,000 (31 December 2022: \$513,000) was paid to the minority shareholders of Noetic Group Pty Ltd, with the remainder being paid to Atturra Holdings Pty Ltd and FTS NHC Pty Ltd that was eliminated on consolidation.

Review of operations

Atturra Group is a leading Australian technology solutions business. It provides expertise across a broad range of specialist in-demand IT areas to deliver solutions to clients. Atturra Group uses transformative, market leading technologies and business applications that enable digital transformations. Atturra Group engages over 1,000 consultants, IT and support personnel in Australia, New Zealand, Singapore and Hong Kong.

Atturra Group has two strategies, a technology strategy, and an industry strategy. The technology strategy is to focus on high growth technologies or technologies where it can have a market dominant position. The industry strategy is to focus on industries in which there is either a high barrier to entry or there is no clear market leader. These strategies are supported by an end-to-end IT Managed Services capability, ensuring that Atturra can manage the entire customer technology lifecycle.

The profit for Atturra Group after providing for income tax and non-controlling interest was \$2,709,000 (31 December 2022: \$4,334,000).

Shareholders' equity attributable to owners of the Company increased by \$53,594,000 from 30 June 2023 to \$132,032,000 as at 31 December 2023 and the Group had cash on hand of \$48,504,000 as at 31 December 2023 (30 June 2023: \$44,250,000). The Company has 298,905,094 shares on issue as at 31 December 2023 (30 June 2023: 232,524,941).

Underlying earnings before interest, taxation, depreciation, and amortisation and other adjustments as disclosed (Underlying EBITDA) 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 capital raising and initial public offering (IPO) costs, share based payments, merger and acquisition (M&A) transaction costs and M&A related retentions. The Directors consider Underlying EBITDA to be one of the key financial measures of Atturra Group.

The following table summarises key reconciling items between statutory profit after-tax and Underlying EBITDA:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit after income tax	2,656	4,538
Add: Interest expense	1,054	423
Less: Interest income	(275)	(111)
Add: Income tax expense	1,886	2,859
Reported EBIT	5,321	7,709
Share-based payments	600	451
M&A transaction and Capital raising costs	1,915	114
Gain on bargain purchase	(347)	-
M&A related retentions	309	-
Integration costs	803	-
Underlying EBIT	8,601	8,274
Depreciation	1,340	798
Amortisation	682	-
Depreciation included in cost of sales	446	-
Underlying EBITDA	11,069	9,072

Significant changes in the state of affairs

On 20 July 2023, Atturra Limited announced to the ASX that a wholly owned subsidiary, Galaxy 42 Pty Ltd, had entered into a binding sale and purchase agreement to acquire the business and certain assets of Silverdrop Education Pty Ltd, a specialist HR and payroll consulting firm. The maximum purchase consideration is \$3,300,000. \$2,120,000 was settled on completion, \$500,000 of Atturra Limited shares were issued to the Silverdrop vendors (577,367 shares at an issue price \$0.87) and there is additional earn out consideration of up to \$600,000 in cash subject to Silverdrop achieving performance hurdles based on audited EBIT results for the 10 months to 30 June 2024. The purchase consideration was funded from the Westpac debt facility. The transaction was completed on 30 August 2023.

On 6 September 2023, Atturra Limited announced to the ASX that a wholly owned subsidiary, Atturra Holdings Pty Ltd, had entered into a binding sale and purchase agreement to acquire Sabervox Pty Ltd (Sabervox), a managed IT services provider in regional NSW. The maximum purchase consideration is \$7,500,000. \$4,000,000 was settled on completion in cash with a working capital adjustment of \$148,000 resulting in a net cash payment of \$3,852,000, \$1,000,000 of Atturra Limited shares were issued to the Sabervox vendors (1,176,471 shares at an issue price \$0.85) and there is additional earn out consideration of up to \$2,500,000 in cash subject to Sabervox achieving performance hurdles based on audited EBITDA results for the 12 months ended 30 September 2024. The purchase consideration was funded from internal cash reserves. The transaction was completed on 29 September 2023.

On 11 September 2023, Atturra Limited announced to the ASX that a wholly owned subsidiary, Atturra Holdings Pty Ltd and Cirrus Networks Holdings Limited had entered into a binding scheme implementation deed under which Atturra Holdings Pty Ltd will acquire 100% of the shares in Cirrus, pursuant to a scheme of arrangement. Cirrus is a managed service and IT solutions provider with a presence primarily in ACT, WA and Victoria. On 15 September 2023, a revised offer of 6.3 cents per Cirrus share was made to Cirrus shareholders of cash and Atturra shares resulting in a total purchase consideration of \$58,617,000. Of the total purchase consideration, \$44,568,000 was settled in cash and \$14,048,900 was settled by the issue of new Atturra shares (15,937,505 shares at an issue price of \$0.8815). The purchase consideration was funded from debt funding, internal cash reserves and the issuance of new shares. The transaction was completed on 11 December 2023.

On 12 December 2023, Atturra announced to the ASX an underwritten capital raising of approximately \$50 million (Capital Raising) at an issue price of \$0.80 per Atturra share (Issue Price) comprising a 1 for 4 fully underwritten accelerated pro-rata non-renounceable entitlement offer ('Entitlement Offer' or 'Offer') to existing Atturra shareholders. The Capital Raising was split up into two components:

- an accelerated institutional component (Institutional Entitlement Offer); and
- a retail component ('Retail Entitlement Offer').

The Institutional Entitlement Offer was completed on 19 December 2023 and resulted in 48,688,810 fully paid ordinary shares (New Shares) being issued. The New Shares issued under the Institutional Entitlement Offer rank equally with existing Atturra shares on completion of the Capital Raising.

Post transaction costs, approximately \$38,170,000 was raised from the Institutional Entitlement Offer. Post the Institutional Entitlement Offer, Atturra had 298,905,094 shares on issue.

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

Matters subsequent to the end of the financial half-year

The Retail Entitlement Offer was completed on 30 January 2024 and resulted in 13,865,695 fully paid ordinary shares being issued. The New Shares issued under the Retail Entitlement Offer rank equally with existing Atturra shares on completion of the Capital Raising.

Post transaction costs, approximately \$10,865,000 was raised from the Retail Entitlement Offer. Post the Retail Entitlement Offer, Atturra has 312,770,789 shares on issue.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect Atturra Group's operations, the results of those operations, or Atturra Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Shan Kanji
Non-Executive Chairman

26 February 2024

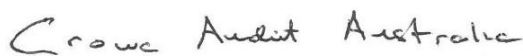
Atturra Limited

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

As lead audit partner for the review of the financial report of Atturra Limited for the financial half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely,



Crowe Audit Australia



Ash Pather
Senior Partner

26 February 2024
Sydney

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

© 2024 Findex (Aust) Pty Ltd

Atturra Limited

Financial Report - 31 December 2023

Atturra Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
Revenue			
Revenue from contracts with customers	3	111,051	82,769
Cost of providing services		<u>(76,116)</u>	<u>(56,723)</u>
Gross margin		<u>34,935</u>	<u>26,046</u>
Share of profits of associates accounted for using the equity method		116	111
Other income		1,228	209
Interest revenue calculated using the effective interest method		275	111
Expenses			
Depreciation and amortisation expense	4	(2,022)	(798)
General and administrative expenses		(28,019)	(16,740)
Sales and marketing expenses		(904)	(515)
Impairment of receivables	5	(13)	(604)
Finance costs	4	<u>(1,054)</u>	<u>(423)</u>
Profit before income tax expense		4,542	7,397
Income tax expense		<u>(1,886)</u>	<u>(2,859)</u>
Profit after income tax expense for the half-year		2,656	4,538
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>2,656</u>	<u>4,538</u>
Profit for the half-year is attributable to:			
Non-controlling interest		(53)	204
Owners of Atturra Limited		<u>2,709</u>	<u>4,334</u>
		<u>2,656</u>	<u>4,538</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(53)	204
Owners of Atturra Limited		<u>2,709</u>	<u>4,334</u>
		<u>2,656</u>	<u>4,538</u>
		Cents	Cents
Basic earnings per share	18	1.15	2.12
Diluted earnings per share	18	1.12	2.08

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

		Consolidated	
	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		48,504	44,250
Trade and other receivables	5	47,782	39,627
Contract assets		3,525	422
Inventories		2,832	755
Income tax		479	-
Other current assets		3,520	2,356
Total current assets		<u>106,642</u>	<u>87,410</u>
Non-current assets			
Trade and other receivables	5	584	-
Investments accounted for using the equity method		1,308	1,191
Property, plant, and equipment		2,053	1,410
Right-of-use assets	6	10,127	9,951
Intangible assets	7	128,201	56,539
Deferred tax asset		1,794	5,869
Total non-current assets		<u>144,067</u>	<u>74,960</u>
Total assets		<u>250,709</u>	<u>162,370</u>
Liabilities			
Current liabilities			
Trade and other payables	8	57,099	41,339
Contract liabilities		7,809	7,616
Lease liabilities		3,446	2,797
Income tax payable		-	906
Employee benefits		9,759	7,670
Other liabilities		7,841	3,592
Total current liabilities		<u>85,954</u>	<u>63,920</u>
Non-current liabilities			
Trade and other payables	8	378	-
Borrowings	9	22,780	5,352
Lease liabilities		7,457	7,399
Employee benefits		1,803	1,446
Other liabilities		305	5,192
Total non-current liabilities		<u>32,723</u>	<u>19,389</u>
Total liabilities		<u>118,677</u>	<u>83,309</u>
Net assets		<u>132,032</u>	<u>79,061</u>
Equity			
Issued capital	10	131,531	77,958
Reserves	11	(10,383)	(10,983)
Retained earnings	12	10,884	11,463
Equity attributable to the owners of Atturra Limited		<u>132,032</u>	<u>78,438</u>
Non-controlling interest		-	623
Total equity		<u>132,032</u>	<u>79,061</u>

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

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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2023	77,958	(10,983)	11,463	623	79,061
Profit/(loss) after income tax expense for the half-year	-	-	2,709	(53)	2,656
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	2,709	(53)	2,656
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	54,071	-	-	-	54,071
Share buy-back - Treasury shares (note 10)	(498)	-	-	-	(498)
Share-based payments	-	600	-	-	600
Other	-	-	37	-	37
Transactions with non-controlling interests - Noetic share purchase	-	-	(3,325)	(305)	(3,630)
Dividends paid	-	-	-	(265)	(265)
Balance at 31 December 2023	<u>131,531</u>	<u>(10,383)</u>	<u>10,884</u>	<u>-</u>	<u>132,032</u>

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

		Consolidated	
	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		108,720	91,095
Payments to suppliers and employees (inclusive of GST)		<u>(105,773)</u>	<u>(86,092)</u>
		2,947	5,003
Share of profits of associates earnings		-	111
Interest received		275	111
Interest and other finance costs paid		(778)	(423)
Income taxes paid		<u>(2,371)</u>	<u>(4,722)</u>
Net cash from operating activities		<u>73</u>	<u>80</u>
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	17	(39,097)	-
Payments for acquisition of minority interest of subsidiary		(3,630)	-
Payments for purchase of business	17	(2,120)	-
Payments for deferred consideration for purchase of subsidiaries		(4,293)	(3,800)
Payments for intangibles		-	(42)
Proceeds from disposal of property, plant and equipment		-	65
Proceeds for investments		<u>-</u>	<u>664</u>
Net cash used in investing activities		<u>(49,140)</u>	<u>(3,113)</u>
Cash flows from financing activities			
Proceeds from issue of shares, net of costs		38,170	24,254
Proceeds from borrowings from third parties		42,200	-
Payments for share buy-backs		(265)	-
Repayment of borrowings to third parties		(25,105)	-
Repayment of lease liabilities		(1,414)	(867)
Dividends paid	13	<u>(265)</u>	<u>(513)</u>
Net cash from financing activities		<u>53,321</u>	<u>22,874</u>
Net increase in cash and cash equivalents		4,254	19,841
Cash and cash equivalents at the beginning of the financial half-year		<u>44,250</u>	<u>35,130</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>48,504</u></u>	<u><u>54,971</u></u>

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

Note 1. Material accounting policy information	13
Note 2. Operating segments	13
Note 3. Revenue from contracts with customers	13
Note 4. Expenses	15
Note 5. Trade and other receivables	16
Note 6. Right-of-use assets	16
Note 7. Intangible assets	17
Note 8. Trade and other payables	18
Note 9. Borrowings	18
Note 10. Issued capital	19
Note 11. Reserves	19
Note 12. Retained earnings	20
Note 13. Dividends	20
Note 14. Fair value measurement	21
Note 15. Contingent liabilities	22
Note 16. Related party transactions	23
Note 17. Business combinations	23
Note 18. Earnings per share	29
Note 19. Events after the reporting period	30

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

Atturra Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of Atturra Group.

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

Note 2. Operating segments

Identification of reportable operating segments

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

Upon becoming a listed entity, the CODM now reviews Underlying EBITDA (earnings before interest, tax, depreciation, and amortisation, and other adjustments as disclosed) for the reportable segment's measure of profit or loss. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Major customers

During the half-year ended 31 December 2023 and 31 December 2022, no single customer contributed more than 10% of Atturra Group's total revenue.

Note 3. Revenue from contracts with customers

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Consulting services – Time and materials	63,958	53,327
Consulting services – Fixed price agreements	12,353	18,147
Software licencing	3,416	1,095
Software maintenance and managed services	18,058	5,107
Management fee revenue	3,333	3,920
Other revenue	9,933	1,173
	<hr/>	<hr/>
Revenue from contracts with customers	<u>111,051</u>	<u>82,769</u>

Note 3. Revenue from contracts with customers (continued)

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 \$'000
31 Dec 2023							
Timing of revenue recognition							
A point in time	63,958	-	3,416	-	3,333	9,933	80,640
Over time	-	12,353	-	18,058	-	-	30,411
	<u>63,958</u>	<u>12,353</u>	<u>3,416</u>	<u>18,058</u>	<u>3,333</u>	<u>9,933</u>	<u>111,051</u>
31 Dec 2022							
Timing of revenue recognition							
A point in time	53,327	-	1,095	-	3,920	1,173	59,515
Over time	-	18,147	-	5,107	-	-	23,254
	<u>53,327</u>	<u>18,147</u>	<u>1,095</u>	<u>5,107</u>	<u>3,920</u>	<u>1,173</u>	<u>82,769</u>

Note 4. Expenses

Consolidated
31 Dec 2023 31 Dec 2022
\$'000 \$'000

Profit before income tax includes the following specific expenses:

<i>Cost of sales</i>		
Depreciation	446	-
<i>Depreciation</i>		
Leasehold improvements	-	3
Plant and equipment	155	-
Fixtures and fittings	25	12
Buildings right-of-use assets	1,101	783
Equipment right-of-use assets	59	-
Total depreciation	1,340	798
<i>Amortisation</i>		
Software	126	-
Client relationships	556	-
Total amortisation	682	-
Total depreciation and amortisation	2,022	798
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	259	217
Interest and finance charges paid/payable on lease liabilities	240	111
Interest and finance charges paid/payable on deferred consideration	555	-
Other	-	95
Finance costs expensed	1,054	423
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	97	18
<i>Leases</i>		
Short-term lease payments	-	264
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,418	834
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	17,754	10,704

Note 5. Trade and other receivables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	41,544	38,100
Less: Allowance for expected credit losses	(743)	(531)
	<u>40,801</u>	<u>37,569</u>
Other receivables	<u>6,981</u>	<u>2,058</u>
	<u>47,782</u>	<u>39,627</u>
<i>Non-current assets</i>		
Trade receivables	<u>584</u>	<u>-</u>
	<u><u>48,366</u></u>	<u><u>39,627</u></u>

Allowance for expected credit losses

Atturra Group has recognised a loss of \$13,000 related to a movement in the allowance for expected credit losses and bad debts (31 December 2022: \$604,000) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2023.

Note 6. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Non-current assets</i>		
Buildings - right-of-use	15,561	12,752
Less: Accumulated depreciation	(6,403)	(3,766)
	<u>9,158</u>	<u>8,986</u>
Equipment - right-of-use	2,193	1,905
Less: Accumulated depreciation	(1,224)	(940)
	<u>969</u>	<u>965</u>
	<u><u>10,127</u></u>	<u><u>9,951</u></u>

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

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

Note 6. Right-of-use assets (continued)

Reconciliations

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

Consolidated	Buildings \$'000	Equipment \$'000
Balance at 1 July 2023	8,986	965
Additions	1,161	-
Additions through business combinations (note 17)	1,213	288
Disposals/Lease variations	(1,101)	-
Depreciation expense	(1,101)	(284)
	<u>9,158</u>	<u>969</u>
Balance at 31 December 2023	<u>9,158</u>	<u>969</u>

Note 7. Intangible assets

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	104,987	51,154
Customer relationships - at cost	22,354	4,661
Less: Accumulated amortisation	(711)	(155)
	<u>21,643</u>	<u>4,506</u>
Software - at cost	1,841	2,246
Less: Accumulated amortisation	(270)	(1,367)
	<u>1,571</u>	<u>879</u>
	<u>128,201</u>	<u>56,539</u>

Reconciliations

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

Consolidated	Goodwill \$'000	Customer relationships \$'000	Software \$'000	Total \$'000
Balance at 1 July 2023	51,154	4,506	879	56,539
Additions through business combinations (note 17)	53,833	17,693	818	72,344
Amortisation expense	-	(556)	(126)	(682)
	<u>104,987</u>	<u>21,643</u>	<u>1,571</u>	<u>128,201</u>
Balance at 31 December 2023	<u>104,987</u>	<u>21,643</u>	<u>1,571</u>	<u>128,201</u>

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	43,049	28,195
Accrued expenses	2,158	1,408
Accrued staff bonuses	5,001	5,625
Payroll tax and PAYG payable	2,172	2,438
GST payable	1,345	2,089
Other payables	3,374	1,584
	<u>57,099</u>	<u>41,339</u>
<i>Non-current liabilities</i>		
Trade payables	378	-
	<u>57,477</u>	<u>41,339</u>

Note 9. Borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Non-current liabilities</i>		
Bank loans	21,800	4,600
Chattel mortgages and loans	980	752
	<u>22,780</u>	<u>5,352</u>

Financing arrangements

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

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Total facilities		
Bank loans – Westpac Banking Corporation	65,400	25,800
Chattel mortgages and loans	980	752
	<u>66,380</u>	<u>26,552</u>
Used at the reporting date		
Bank loans – Westpac Banking Corporation	21,800	5,000
Chattel mortgages and loans	980	752
	<u>22,780</u>	<u>5,752</u>
Unused at the reporting date		
Bank loans – Westpac Banking Corporation	43,600	20,800
Chattel mortgages and loans	-	-
	<u>43,600</u>	<u>20,800</u>

Note 9. Borrowings (continued)

The total facility is \$65.4 million and includes:

- \$40 million term loan facility for funding future permitted acquisitions;
- \$4.6 million term loan facility for the repayment of related party loans;
- a total of \$15 million term loan facilities for funding permitted future acquisitions (\$9 million) and deferred consideration relating to prior acquisitions (\$6 million); each of which mature three years from financial close;
- a \$5 million overdraft facility for working capital requirements, which is repayable on demand;
- a \$0.3 million revolving bank guarantee facility for securing lease obligations of Atturra Group, which is repayable on demand; and
- a \$0.5 million corporate credit card facility for day-to-day general corporate purposes of Atturra Group, which is repayable on demand.

Note 10. Issued capital

	Consolidated			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Ordinary shares - fully paid	298,905,094	232,524,941	133,155	79,084
Treasury shares	(1,817,326)	(1,252,672)	(1,624)	(1,126)
	<u>297,087,768</u>	<u>231,272,269</u>	<u>131,531</u>	<u>77,958</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	232,524,941		79,084
Issue of shares	15 November 2023	577,367	\$0.87	500
Issue of shares	15 November 2023	1,176,471	\$0.85	1,000
Issue of shares	11 December 2023	15,937,505	\$0.88	14,049
Issue of shares	19 December 2023	48,688,810	\$0.80	38,951
Share issue costs, net of tax				(429)
Balance	31 December 2023	<u>298,905,094</u>		<u>133,155</u>

Movements in treasury shares

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	(1,252,672)		(1,126)
Share buy-back	July 2023 to August 2023	(564,654)	\$0.88	(498)
Balance	31 December 2023	<u>(1,817,326)</u>		<u>(1,624)</u>

Note 11. Reserves

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Share-based payments reserve	1,508	908
Consolidation reserve	(11,891)	(11,891)
	<u>(10,383)</u>	<u>(10,983)</u>

Note 11. Reserves (continued)

Share-based payments reserve

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

Consolidation reserve

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

Movements in reserves

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

Consolidated	Share-based payments reserve \$'000	Consolidation reserve \$'000	Total \$'000
Balance at 1 July 2023	908	(11,891)	(10,983)
Share-based payment expense	600	-	600
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	<u>1,508</u>	<u>(11,891)</u>	<u>(10,383)</u>

Note 12. Retained earnings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Retained profits at the beginning of the financial half-year / financial year	11,463	1,121
Profit after income tax expense for the half-year / financial year	2,709	10,240
Transfer to other reserves	37	102
Transaction with non-controlling interests	(3,325)	-
	<hr/>	<hr/>
Retained profits at the end of the financial half-year / financial year	<u>10,884</u>	<u>11,463</u>

Note 13. Dividends

Dividends

No dividends were paid, recommended, or declared during the current half-year period to Atturra Limited shareholders. During the current half-year period, a dividend of \$265,000 (31 December 2022: \$513,000) was paid to the minority shareholders of Noetic Group Pty Ltd, with the remainder being paid to Atturra Holdings Pty Ltd and FTS NHC Pty Ltd that was eliminated on consolidation.

Note 14. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured, or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Other Liabilities</i>				
Contingent consideration	-	-	8,146	8,146
Total liabilities	-	-	8,146	8,146

Consolidated - 30 Jun 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Other Liabilities</i>				
Contingent consideration	-	-	8,784	8,784
Total liabilities	-	-	8,784	8,784

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

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

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

Valuation techniques for fair value measurements categorised within level 2 and level 3

The contingent consideration payable relates to acquisition of subsidiaries. The fair value of the contingent consideration is estimated by calculating the present value of the future expected cash flows. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. The contingent consideration is measured on a bi-annual basis to determine the fair value.

Note 14. Fair value measurement (continued)

Subsidiary / Business acquired	Fair value at	Fair value at	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 Dec 2023	30 Jun 2023		
Silverdrop	\$'000 600	\$'000	- Risk-adjusted discount rate - 5% (30 June 2023 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Sabervox Pty Ltd	2,500		- Risk-adjusted discount rate - 5% (30 June 2023 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Noetic Group Pty Ltd	-	600	Risk-adjusted discount rate - 5% (30 June 2023 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Kettering Professional Services Pty Ltd	1,098	2,055	Risk-adjusted discount rate - 5% (30 June 2023 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Hayes Information Systems and Communications Pty Ltd	2,348	4,219	Risk-adjusted discount rate - 5% (30 June 2023 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
The Somerville Group Pty Ltd	1,600	1,910	Risk-adjusted discount rate - 5% (30 June 2023 - 5%)	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
	<u>8,146</u>	<u>8,784</u>		

Level 3 assets and liabilities

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

	Contingent consideration \$'000
Consolidated	
Balance at 1 July 2023	8,784
Expense recognised in profit or loss	555
Additions	3,100
Settlement	<u>(4,293)</u>
Balance at 31 December 2023	<u>8,146</u>

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

Note 15. Contingent liabilities

Atturra Group has given bank guarantees as at 31 December 2023 of \$893,000 (30 June 2023: \$945,000) to various landlords.

Note 16. Related party transactions

Parent entity

Atturra Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Sale of goods and services:		
Sale of services to other related party	-	19,763
Payment for goods and services:		
Payment for services from other related party	41,988	34,528

Receivable from and payable to related parties

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

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Current receivables:		
Trade receivables from Kanji Group Pty Ltd	-	15,950
Current payables:		
Trade payables to Kanji Group Pty Ltd	42,932	-

Loans to/from related parties

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

Terms and conditions

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

Note 17. Business combinations

Hammond Street Developments Pty Ltd

On 25 January 2023, Veritec Pty Ltd, a wholly owned subsidiary of Atturra Limited, entered into a share sale agreement to acquire 100% of the ordinary shares of Hammond Street Developments Pty Ltd (HSD) for a maximum purchase consideration of \$7,800,000. \$5,498,000 was settled on completion in cash with a working capital adjustment of \$229,000 resulting in a net cash payment of \$5,269,000, \$500,000 of Atturra Limited shares were issued to the HSD vendors (541,126 shares at an issue price \$0.92) and an earn out consideration of up to \$2,000,000 (\$500,000 relates to FY23 performance and \$1,500,000 relates to FY24 performance) in cash subject to HSD achieving performance hurdles based on audited EBIT results for FY23 and FY24. No contingent consideration has been recognised as the performance hurdles are not expected to be met. The transaction completed on 28 February 2023.

The acquired business contributed revenue of \$3,433,000 and profit after tax of \$215,000 to Atturra Group from 1 March 2023 to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenue of \$8,625,000 and a loss after tax of \$394,000 respectively. The goodwill of \$4,233,000 relates predominantly to customer relationships, software, 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 Hammond Street Developments Pty Ltd are final as at 31 December 2023.

Note 17. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	183
Trade receivables	316
Income tax refund due	40
Equipment	24
Right-of-use assets	200
Customer relationships	1,471
Software	620
Trade and other payables	(183)
Deferred tax liability	(133)
Employee benefits	(490)
Lease liability	(200)
Other current liabilities	(312)
	<hr/>
Net assets acquired	1,536
Goodwill	4,233
	<hr/>
Acquisition-date fair value of the total consideration transferred	5,769
	<hr/> <hr/>
Representing:	
Cash paid or payable to vendor	5,269
Atturra Limited shares issued to vendor	500
Contingent consideration	-
	<hr/>
	5,769
	<hr/> <hr/>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,769
Less: cash and cash equivalents	(183)
Less: shares issued by Company as part of consideration	(500)
	<hr/>
Net cash used	5,086
	<hr/> <hr/>

The Somerville Group Pty Ltd

On 8 March 2023, Atturra Holdings Pty Ltd, a wholly owned subsidiary of Atturra Limited, entered into a share sale agreement to acquire 100% of the ordinary shares of The Somerville Group Pty Ltd (Somerville) for a maximum purchase consideration of \$19,100,000. \$15,000,000 was settled on completion in cash, \$1,498,825 of Atturra Limited shares were issued to the Somerville vendors (1,647,060 shares at an issue price \$0.91) and an earn out consideration of up to \$2,600,000 (\$500,000 relates to FY23 performance and \$2,100,000 relates to FY24 performance) in cash subject to Somerville achieving performance hurdles based on audited EBIT results for FY23 and FY24.

An additional retention payment of \$1,000,000 is payable to selected Somerville employees. This will be paid between 30 months and 42 months post completion of the transaction. No contingent consideration has been recognised for the FY23 performance hurdle as the performance hurdle has not been met. Contingent consideration has been recognised for the FY24 performance hurdles and has been discounted at 5% resulting in contingent consideration of \$1,910,000 being recognised on acquisition. The transaction completed on 31 March 2023.

The acquired business contributed revenue of \$5,313,000 and profit after tax of \$1,479,000 to Atturra Group from 1 April 2023 to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenue of \$33,237,000 and profit after tax of \$1,371,000 respectively. The goodwill of \$16,206,000 relates predominantly to customer relationships, 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.

Note 17. Business combinations (continued)

The values identified in relation to the acquisition of The Somerville Group Pty Ltd are final as at 31 December 2023.

	Fair value \$'000
Cash and cash equivalents	1,721
Trade and other receivables	3,596
Inventories	914
Prepayments	173
Deposits	29
Other current assets	131
Equipment	1,388
Right-of-use assets	2,204
Customer relationships	3,190
Deferred tax asset	254
Trade and other payables	(2,605)
Employee benefits	(1,264)
Accruals and provisions	(3,972)
Borrowings	(1,263)
Lease liability	(810)
Other current liabilities	(423)
Financial liabilities	(968)
Other non-current liabilities	(92)
	<hr/>
Net assets acquired	2,203
Goodwill	16,206
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>18,409</u>
Representing:	
Cash paid or payable to vendor	15,000
Atturra Limited shares issued to vendor	1,499
Contingent consideration	1,910
	<hr/>
	<u>18,409</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	18,409
Less: cash and cash equivalents	(1,721)
Less: contingent consideration	(1,910)
Less: shares issued by Company as part of consideration	(1,499)
	<hr/>
Net cash used	<u>13,279</u>

Note 17. Business combinations (continued)

Silverdrop Education Pty Ltd business acquisition

On 20 July 2023, Atturra Limited announced to the ASX that a wholly owned subsidiary, Galaxy 42 Pty Ltd, had entered into a binding sale and purchase agreement to acquire the business and certain assets of Silverdrop Education Pty Ltd (Silverdrop), a specialist HR and payroll consulting firm. The maximum purchase consideration is \$3,300,000. \$2,120,000 was settled on completion, \$500,000 of Atturra Limited shares were issued to the Silverdrop vendors (577,367 shares at an issue price \$0.87) and there is additional earn out consideration of up to \$600,000 in cash subject to Silverdrop achieving performance hurdles based on audited EBIT results for the 10 months to 30 June 2024. The purchase consideration was funded from the Westpac debt facility. The transaction was completed on 30 August 2023.

The acquired business contributed revenue of \$656,000 and profit after tax of \$206,000 to Atturra Group from 31 August 2023 to 31 December 2023. The contributed revenue and profit after tax from 1 July 2023 to 31 December 2023 has not been disclosed as Atturra did not purchase the shares of the company. The goodwill of \$3,340,000 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 business acquisition of Silverdrop Education are provisional as at 31 December 2023 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 30 June 2024.

Details of the acquisition are as follows:

	Fair value \$'000
Trade and other payables	(33)
Employee benefits	(87)
Net liabilities acquired	(120)
Goodwill	3,340
Acquisition-date fair value of the total consideration transferred	<u>3,220</u>
Representing:	
Cash paid or payable to vendor	2,120
Atturra Limited shares issued to vendor	500
Contingent consideration	600
	<u>3,220</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	3,220
Less: contingent consideration	(600)
Less: shares issued by Company as part of consideration	(500)
Net cash used	<u>2,120</u>

Sabervox Pty Ltd

On 6 September 2023, Atturra Holdings Pty Ltd, a wholly owned subsidiary of Atturra Limited, entered into a share sale agreement to acquire 100% of the ordinary shares of Sabervox Pty Ltd (Sabervox) for a maximum purchase consideration of \$7,500,000. \$4,000,000 was settled on completion in cash with a working capital adjustment of \$148,000 resulting in a net cash payment of \$3,852,000, \$1,000,000 of Atturra Limited shares were issued to the Sabervox vendors (1,176,471 shares at an issue price \$0.85) and an earn out consideration of up to \$2,500,000 in cash subject to Sabervox achieving performance hurdles based on audited EBITDA results for the 12 months ended 30 September 2024. The transaction completed on 29 September 2023.

Note 17. Business combinations (continued)

The acquired business contributed revenue of \$1,445,000 and profit after tax of \$123,000 to Atturra Group from 30 September 2023 to 31 December 2023. If the acquisition occurred on 1 July 2023, the half year contributions would have been revenue of \$3,088,000 and a profit after tax of \$513,000 respectively. The goodwill of \$5,570,000 relates predominantly to customer relationships, software, 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 Sabervox are provisional as at 31 December 2023 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 30 June 2024.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	220
Trade and other receivables	514
Inventories	13
Other current assets	27
Equipment	425
Right-of-use assets	288
Customer relationships	2,758
Trade and other payables	(574)
Deferred tax liability	(1,015)
Employee benefits	(244)
Other current liabilities	(417)
Other non-current liabilities	(213)
Net assets acquired	1,782
Goodwill	5,570
Acquisition-date fair value of the total consideration transferred	<u>7,352</u>
Representing:	
Cash paid or payable to vendor	3,852
Atturra Limited shares issued to vendor	1,000
Contingent consideration	2,500
	<u>7,352</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	7,352
Less: cash and cash equivalents	(220)
Less: contingent consideration	(2,500)
Less: shares issued by Company as part of consideration	(1,000)
Net cash used	<u>3,632</u>

Techtonics Group Limited

On 26 September 2023, Anatas Pty Ltd, a wholly owned subsidiary of Atturra Limited, entered into a share sale agreement to acquire 100% of the ordinary shares of Techtonics Group Limited (Techtonics) for a purchase consideration of \$1. There is no earn out consideration for the transaction. The transaction completed on 29 September 2023.

Note 17. Business combinations (continued)

The acquired business contributed revenue of \$950,000 and loss after tax of \$38,000 to Atturra Group from 30 September 2023 to 31 December 2023. If the acquisition occurred on 1 July 2023, the half year contributions would have been revenue of \$1,784,000 and a loss after tax of \$393,000 respectively.

The values identified in relation to the acquisition of Techtonics Group Limited are provisional as at 31 December 2023 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 30 June 2024.

Details of the acquisition are as follows:

	Fair value \$'000
Trade and other receivables	326
Prepayments	38
Property, plant and equipment	98
Customer relationships	368
Software	818
Cash and cash equivalents	(635)
Trade and other payables	(408)
Deferred tax liability	(103)
Employee benefits	(79)
Other current liabilities	(76)
	<hr/>
Net assets acquired	347
Gain on bargain purchase	(347)
	<hr/>
Acquisition-date fair value of the total consideration transferred	-
	<hr/>
Net cash used	-
	<hr/> <hr/>

Cirrus Networks Holdings Limited

On 11 September 2023, Atturra Holdings Pty Ltd, a wholly owned subsidiary of Atturra Limited, entered into a binding scheme implementation deed to acquire 100% of the ordinary shares of Cirrus Networks Holdings Limited (Cirrus) for a purchase consideration of \$58,617,000. \$44,568,000 was settled in cash and \$14,048,900 was newly issued Atturra shares (15,937,505 shares at an issue price of \$0.8815). The transaction completed on 11 December 2023.

The acquired business contributed revenue of \$2,256,000 and profit after tax of \$266,000 to Atturra Group from 11 December 2023 to 31 December 2023. If the acquisition occurred on 1 July 2023, the half year contributions would have been revenue of \$20,328,000 and a loss after tax of \$14,660,000 respectively. The loss pre completion is primarily related to one off adjustments such as the write off of goodwill as part of the purchase price allocation exercise and the write off of a deferred tax asset.

The values identified in relation to the acquisition of Cirrus Networks Holdings Limited are provisional as at 31 December 2023 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 30 June 2024.

Note 17. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	9,103
Trade and other receivables	11,719
Equipment	534
Right-of-use assets	925
Customer relationships	14,567
Deferred tax asset	1,991
Trade and other payables	(17,638)
Deferred tax liability	(4,370)
Employee benefits	(1,654)
Lease liability	(991)
Other non-current liabilities	(492)
	<hr/>
Net assets acquired	13,694
Goodwill	44,923
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>58,617</u>
Representing:	
Cash paid or payable to vendor	44,568
Atturra Limited shares issued to vendor	14,049
	<hr/>
	<u>58,617</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	58,617
Less: cash and cash equivalents	(9,103)
Less: shares issued by Company as part of consideration	(14,049)
	<hr/>
Net cash used	<u>35,465</u>

Note 18. Earnings per share

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
Profit after income tax	2,656	4,538
Non-controlling interest	53	(204)
	<hr/>	<hr/>
Profit after income tax attributable to the owners of Atturra Limited	<u>2,709</u>	<u>4,334</u>
	<hr/>	<hr/>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	236,519,388	204,406,281
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	5,897,870	4,105,667
	<hr/>	<hr/>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>242,417,258</u>	<u>208,511,948</u>

Note 18. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	1.15	2.12
Diluted earnings per share	1.12	2.08

Note 19. Events after the reporting period

The Retail Entitlement Offer was completed on 30 January 2024 and resulted in 13,865,695 fully paid ordinary shares being issued. The New Shares issued under the Retail Entitlement Offer rank equally with existing Atturra shares on completion of the Capital Raising.

Post transaction costs, approximately \$10,865,000 was raised from the Retail Entitlement Offer. Post the Retail Entitlement Offer, Atturra has 312,770,789 shares on issue.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect Atturra Group's operations, the results of those operations, or Atturra Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Shan Kanji
Non-Executive Chairman

26 February 2024

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

Conclusion

We have reviewed the half-year financial report of Atturra Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, including material accounting policy information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report.

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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.

© 2024 Findex (Aust) Pty Ltd

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Crowe Audit Australia

Crowe Audit Australia

Ash Pather

Ash Pather
Senior Partner

26 February 2024
Sydney