

1. Company details

Name of entity:	Atturra Limited
ABN:	34 654 662 638
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$'000
Revenue from ordinary activities	up	32.5% to	178,331
Underlying Earnings Before Interest and Tax (Underlying EBIT)	up	35.2% to	18,695
Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA)	up	38.8% to	21,009
Profit from ordinary activities after tax attributable to the owners of Atturra Limited	up	41.8% to	10,241
Profit for the year attributable to the owners of Atturra Limited	up	41.8% to	10,241

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 financial year to Atturra Limited shareholders. During the current financial year, a dividend of \$513,000 (2022: \$679,000) was paid to the minority shareholders of Noetic Group Pty Ltd, a partly owned subsidiary of Atturra Limited, 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 \$10,241,000 (30 June 2022: \$7,224,000).

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	
	30 June 2023	30 June 2022
	\$'000	\$'000
Profit after income tax	10,643	8,085
Add: Interest expense	1,110	499
Less: Interest income	(490)	(10)
Add: Income tax expense	5,308	3,781
	<u>16,571</u>	<u>12,355</u>
Reported EBIT		
IPO expense	-	480
Share-based payments	1,155	357
Revaluation of contingent consideration	-	619
M&A transaction and Capital raising costs	570	-
M&A related retentions	399	-
	<u>18,695</u>	<u>13,811</u>
Underlying EBIT		
Depreciation	1,846	1,330
Amortisation	208	-
Depreciation included in cost of sales	260	-
	<u>21,009</u>	<u>15,141</u>
Underlying EBITDA		

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>9.79</u>	<u>5.94</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 (\$245,000) (30 June 2022: (\$258,000)).

4. Control gained over entities

During the year, Atturra Group gained control over the following entities:

Acquisition date	Entities	Share capital acquired %
28/02/2023	Hammond Street Developments Pty Ltd	100%
31/03/2023	The Somerville Group Pty Ltd	100%

Refer to note 33 to the consolidated financial statements for further details.

5. Loss of control over entities

Not applicable.

6. Dividends

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There were no further dividends declared or paid, for the current financial 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	72	106
<i>Group's aggregate share of associates entities' profit</i>				
Profit from ordinary activities after income tax			72	106

9. Foreign entities

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

Not applicable.

10. Audit qualification

Details of audit dispute or qualification (if any):


The financial statements were subject to an audit by the auditor and the audit report is attached as part of the Annual Report.

11. Attachments

Details of attachments (if any):

The Annual Report of Atturra Limited for the year ended 30 June 2023 is attached.

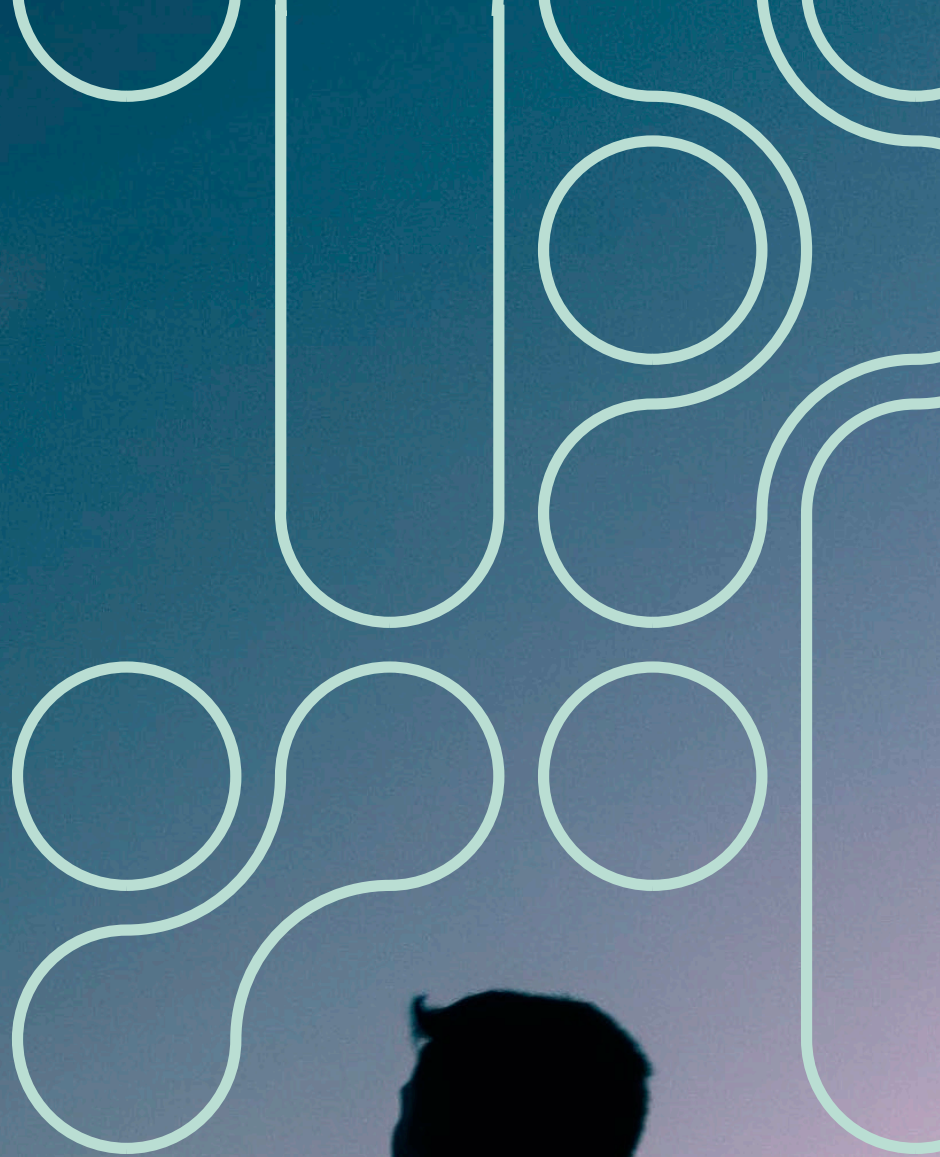
12. Signed

Signed 

Shan Kanji
Non-Executive Chairman
Sydney

Date: 31 August 2023

Annual Report 2023



atturra

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Acknowledgement of Country

Atturra acknowledges the Traditional Custodians of Country throughout Australia and their connections to Land, Sea and Community. We pay our respects to Elders past and present and extend that respect to all First Nations Peoples across Australia and the Torres Strait Islands.

We'll lead you there.

Redefine what your
future looks like
through technology.



Letter to Shareholders

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

Financial Year 2023 Milestones

One of Atturra's key growth areas is to expand our service offerings and industry position through acquisitions. We have been working firmly toward this over the last 12 months. Atturra completed the acquisition of Hammond Street Developments Pty Ltd (HSD) in February 2023 and The Somerville Group Pty Ltd (Somerville) in April 2023.

Somerville brings significant value to our existing portfolio and provides Atturra with a broad-based managed services capability to facilitate large end-to-end projects, further strengthening our position in the education sector and contributing to Atturra's vision.

The HSD team specialises in Microsoft services and has a notable portfolio of Australian government clients, enhancing Atturra's solid public sector portfolio and Microsoft services client base.

Financials

We generated \$134.6 million in revenue and \$12.4 million in EBIT in FY22. This was forecast to grow by 20–25% to \$160–167 million in FY23. We're pleased to say we've surpassed this forecast by 11%+ delivering \$178.3 million in revenue and \$16.6 million in EBIT this FY.

Our business strategy is to target 20–25% revenue growth per annum with a mix of approximately 50% organic and 50% acquisitive growth and to return approximately 10.5%+ underlying EBITDA.

In November 2022, Atturra successfully conducted a \$25 million capital raise for acquisition funding to support our industry and technology strategies.

Focus on People

As we invest in our sovereign capability, bringing together new and different teams across Australia, Atturra has formalised its employee value proposition. It centers on engaging staff and building a cohesive and inclusive team of change-makers and problem-solvers. Our total employee base is now more than 800 team members.



“We remain steadfast – to become Australia’s leading advisory and IT solutions provider, with high engagement across technology, industries, employees and clients.”

Shan Kanji
Non-Executive Chairman

Looking ahead

We remain steadfast—to become Australia’s leading advisory and IT solutions provider, with high engagement across technology, industries, employees and clients.

Our industry strategy is to focus on:

- Expanding into industries with a high barrier to entry, for example, Defence, requiring security clearances, and driving client retention.
- Industries without a clear market leader so that Atturra can become a service provider of choice. Specifically, Education, Manufacturing and Local Government, where we rapidly grew to 130 local councils in H1 FY23.
- Building scale through 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 lockstep with them. For example, we are now market leaders in Microsoft, Boomi, and Smartsheet.
- Becoming the dominant provider of specialist technologies such as webMethods and QAD.

We’re just getting started

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

Shan Kanji
Non-Executive Chairman

Business Overview

Advisory specialists at scale

Atturra is an Australian, ASX-listed advisory and IT solutions business. We're headquartered in Sydney and have over 800 employees across Australia, New Zealand, Singapore and Hong Kong.

We offer end-to-end digital transformation services for our clients. Partnering with other leading global technology providers, we offer scalable, expert solutions.

Atturra helps clients see exciting possibilities through technologies that work today and into the future.

Atturra's Annual Reporting suite includes:

- 2023 full-year financial results
- Governance documents
- 2023 Sustainability Report

2022-23 Highlights

Key Acquisitions

February 2023

Hammond Street Developments Pty Ltd

April 2023

The Somerville Group Pty Ltd

A Selection of Our Awards

2022 CRN Australia Impact Award
for Platform Innovation

Smartsheet 2022 APAC Partner of the Year

Nuix New Partner of the Year Award for APAC

QAD Global Partner Awards - Growth

Key Industries



Defence



Federal & State
Government



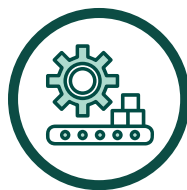
Financial Services



Education



Local Government



Manufacturing



Utilities

Major Partnerships



Revenue Growth

35% CAGR

FY21-FY23

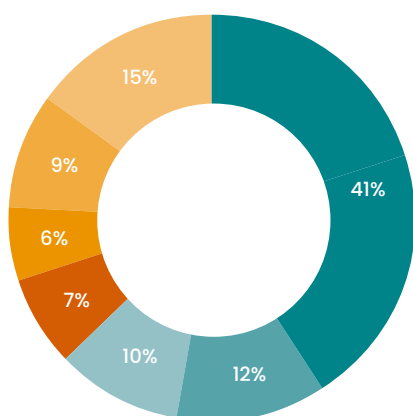
Market Size

\$51 billion

Estimated IT services spend
in Australia in 2023

Client Metrics

Client Metrics FY23 Revenue by Industry



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

Staff

800+ Employees

Security Clearance

250+

Number of security cleared staff

New Clients

70+

New clients during FY23

Client Showcase



Victoria University (VU)

Atturra helped Victoria University streamline operations and improve compliance and user experience. We achieved this by successfully migrating 20 years of historical and current data, business processes and custom apps to TechnologyOne.

Seamlessly collaborating with VU's project team, Atturra provided technical proficiency and knowledge of large-scale application integrations and functional and technical expertise. This enabled the university to overcome technical complexities and successfully go live in August 2022, with a solution that covers the full student lifecycle and is fit for purpose now and into the future.

“ Overall, Atturra’s engagement with the Student One Consolidation Project at Victoria University was a great success. Their dedication and knowledge were instrumental in helping to make it a success, and their collaborative approach and willingness to adapt solutions made them an invaluable part of the team.”

Grant Fink
Technical Project Manager, Victoria University

National Diabetes Services Scheme (NDSS)

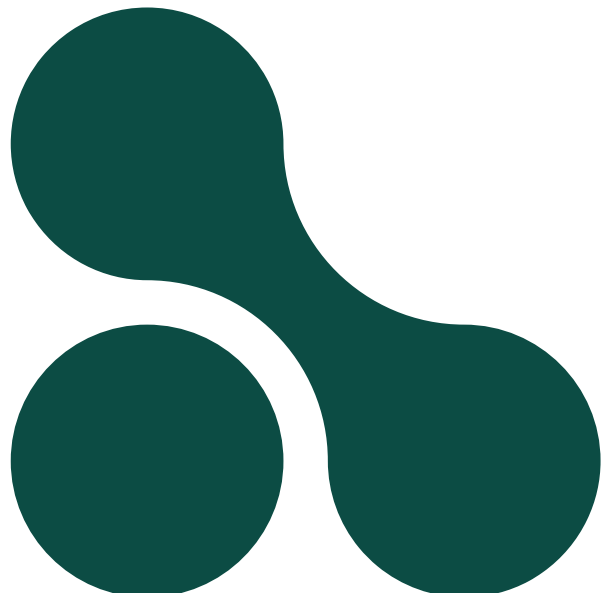
The NDSS is a government initiative administered by Diabetes Australia that helps people with diabetes self-manage their condition by providing access to services, support, and diabetes products.

Atturra worked with the Department of Health and Diabetes Australia to reduce manual processing and streamline access to NDSS products and services through a portal for health professionals.

Using Microsoft Dynamics 365 Customer Engagement and Dynamics PowerApps, the new portal supports a database of more than 1.4 million registrants. It has reduced the registration time from two weeks to two minutes for the 100,000 annual new registrations.

“ On the first release day, about 550 health professionals created a log-on and were validated. More than 500 applications for continuous glucose monitoring subsidies were started that same day. This was a great result for a brand-new portal.”

Tony Wynd
Department of Health and Aged Care



APU Company

A Mongolian beverages giant established in 1924 – with over 310 products including renowned brands like Heineken and Tiger, and over 11,000 customers.

For APU to become a data-driven organisation, a new approach to integration was needed to simplify and reduce risk. As a result, they started the new initiative of enterprise-wide “API-fication” as the solution-enabler to rapidly connect APU applications and data via reusable APIs.

Atturra engaged with APU and leveraged Boomi to integrate key systems and deliver the following business outcomes with our Australian-based consulting team:

- APU can now manage all integrations, and the implementation time for a new integration is down to hours. This gives more opportunities and bandwidth to the business in today's rapidly changing environment.
- All external stakeholders and their systems can now seamlessly work with APU. This includes banks, suppliers, socials, government systems, other open systems, and customers.

“ Working with Atturra on APU ‘API-fication’ has helped us fast-track our maturity from ad hoc API integrations to a structured iPaaS-led environment. All our key systems are now connected using Boomi which enables us to significantly improve partner experience, furthering our philosophy of *win together*.”

Munkhbat Luvsanbyamba
Project Manager at APU



Board of Directors and Key Management

Shan Kanji

**Non-Executive Chairman /
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 former 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.

Nicole was a board member of the charity Dress for Success Sydney Inc. from 2017 to 2022. In 2019, she was appointed the Australia Day Ambassador for Wollongong in recognition of her philanthropic work.

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.

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 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.



Herb To

Chief Financial Officer

Herb To is the CFO of Atturra. He has held CFO roles in the IT, Telecoms, professional services and media industries for over 25 years across Australia, North America and the South Pacific.

Over his career, Herb has been the CFO of ASX-listed companies and held divisional executive positions with global multinational corporations. As CFO at Kantar ANZ, Herb oversaw the successful merger of Kantar with the WPP AUNZ Data Investment Management Group.

Herb is a Chartered Accountant, a Chartered Professional Accountant, and a Chartered Business Valuator. He holds a Bachelor of Accounting and Finance (Hons) from the University of Waterloo and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA).



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

Over the last 12 months, Atturra has continued on its growth trajectory through both organic growth and acquisitions of companies aligned to our business strategy.

An important part of this process includes incorporating newly acquired businesses into our ESG planning. This will enable us to remain sustainably competitive, which is essential if we want 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 have further embedded our values across all business areas, and these define and clarify expected behaviours. The way we conduct business is supported by a robust Corporate Governance structure overseen by the Board of Directors. Staff can access tools to raise any concerns, and we hold regular internal audits to ensure adherence.

2. People and culture

As we continue to grow our business through acquisition, our focus is on One Atturra, where cross-collaboration for our common cause is prioritised. Our Employee Value Proposition has been designed to foster an environment of possibility and growth for our people. It is helping us to retain key talent and create an inclusive and diverse culture.

3. Protecting our workplace and clients

Data security is critical to our operations for both our clients and our organisation. We've focused on minimising risk by implementing Zero Trust and upgrading our employee lifecycle systems, consolidating and migrating key employee data. We are ISO 27001:2013 Cyber Security Framework Information Security Management Systems certified.

4. Community support

Community engagement and support have grown as we integrate more businesses into the Atturra family. In the last year, our staff have raised over \$50,000 for local and national charities close to our hearts, including those that focus on cancer research and mental health.

5. Environmental accountability

We continue working towards being a carbon neutral company and have introduced new processes and policies that help us maintain low emissions across the business and protect the environment during our daily operations. These include carbon offsetting, repurposing assets and having recycling targets for our offices.



General Information

The financial statements cover Atturra Limited and the entities it controlled at the end of, or during, the financial 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 Atturra 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 31 August 2023. 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 Atturra Group at the end of, or during, the year ended 30 June 2023.

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 – 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, business applications, data & integration, cloud services, change management, managed control solutions, industry engagement and managed services.

Dividends

No dividends were paid, recommended, or declared during the current financial year to Atturra Limited shareholders. During the current financial year, a dividend of \$513,000 (2022: \$679,000) was paid to the minority shareholders of Noetic Group Pty Ltd, a partly owned subsidiary of Atturra Limited, 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 800 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.

The profit for Atturra Group after providing for income tax and non-controlling interest was \$10,241,000 (30 June 2022: \$7,224,000).

Shareholders' equity attributable to owners of Atturra Limited increased by \$36,768,000 from 30 June 2022 to \$78,438,000 as at 30 June 2023 and Atturra Group had cash on hand of \$44,250,000 as at 30 June 2023 (2022: \$35,130,000). Atturra Limited has 232,524,941 shares on issue as at 30 June 2023 (2022: 200,550,449).

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.

Directors' Report

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

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Underlying EBIT	18,695	13,811
Depreciation	1,846	1,330
Amortisation	208	-
Depreciation included in cost of sales	260	-
Underlying EBITDA	21,009	15,141

Business risks

A summary of material business risks that could adversely affect Atturra Group's financial performance and growth potential in future years include:

Ability to attract and retain clients

Atturra Group may not be able to retain existing clients when contract terms expire, or otherwise retain those clients to use Atturra Group's service offerings. Atturra 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 Group 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 Executive General Managers that overlook service delivery to ensure satisfaction. In relation to growth, Atturra Group 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 Group 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

Atturra 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 Group 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 Group faces are lower than the general market given the majority of the revenue in Atturra Group is a result of being a leader in certain specialisations, so the risk of disruption is minimised as any new market entrant would have significant resourcing challenges.

Reliance on third party technology

Atturra Group relies on the success of third-party software for the development, implementation and operation of its service offerings. Atturra Group's 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 Group has exposure to changes in directions of third party technology providers, and this exposure is material, it is likely any such change would provide us with a long lead time to react and find an alternative partner/product and it is likely that we would be well positioned to assist the client to transition to a new technology stack.

Cyber security and Information technology infrastructure

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

Significant changes in the state of affairs of Atturra Group during the current financial year

On 30 June 2022, Atturra Holdings Pty Ltd and MOQ Limited entered into a binding Scheme Implementation Deed (SID) under which Atturra Holdings Pty Ltd would acquire 100% of the ordinary shares in MOQ pursuant to a scheme of arrangement. On 16 August 2022, Atturra Limited announced to the ASX that it had elected not to exercise its matching right under clause 11.4 of the SID dated 30 June 2022 (as amended and restated on 11 August 2022) in response to an MOQ Limited Competing Proposal made by Brennan VDI Pty Limited of \$0.075 per MOQ share.

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

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

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

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

The Facility includes:

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

Atturra Group used part of Facility A to repay a related party loan including accrued interest on 27 January 2023, and will implement Facility F over the next six to 12 months. \$4.6 million of Facility A was utilised as at 30 June 2023, and the remainder of the Facilities have not been utilised as at 30 June 2023.

On 27 January 2023, Atturra Group settled a related party loan from 263 Finance Pty Ltd of \$4.9 million, utilising Facility A (\$4.6 million) and internal cash reserves (\$0.3 million).

On 25 January 2023, Atturra Limited announced to the ASX that a wholly owned subsidiary, Veritec Pty Ltd, had entered into a binding sale and purchase agreement to acquire Hammond Street Developments Pty Ltd (HSD), a specialist Microsoft services provider to the government sector including the Victorian public sector, based in Melbourne. The maximum purchase consideration is \$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 there is additional 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. The purchase consideration was funded from internal cash reserves. No contingent consideration has been recognised as the performance hurdles are not expected to be met. The transaction was completed on 28 February 2023.

Directors' Report

On 15 February 2023, Atturra Limited issued 371,239 shares to qualifying staff under the Atturra Limited Exempt Employee Share Plan (**EESP**). The market value of each share on the issue date was the five day volume weighted average price of Atturra Limited's shares on 14 February 2023 which was \$1.01.

On 9 March 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 The Somerville Group Pty Ltd (Somerville), a leading managed services provider to the corporate and education sectors. The maximum total purchase consideration is \$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 there is additional 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. The purchase consideration was funded from the proceeds of the Capital Raising. 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 a rate of 5% resulting in contingent consideration of \$1,910,000 being recognised on acquisition. The transaction was completed on 31 March 2023.

Matters subsequent to the end of the financial year

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 total purchase consideration is \$3.3 million, with \$2.7 million payable upfront (\$2.2 million in cash and \$0.5 million of Atturra Limited shares), with an earn out consideration of up to \$0.6 million of cash, subject to Silverdrop achieving performance hurdles for FY24. The purchase consideration will be funded from internal cash reserves. The transaction is scheduled to complete on or around 31 August 2023.

No other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

Information on likely developments in the operations of Atturra 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 Atturra Group.

Environmental regulation

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

Information on Directors

Name:	Shan Kanji
Title:	Non-Executive Chairman
Qualifications:	Shan holds a Bachelor of Laws and a Bachelor of Commerce from the University of NSW.
Experience and expertise:	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 is a practising lawyer and the Principal of Kanji & Co.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Nominations and Remuneration Committee
Interests in shares:	130,049,595 ordinary shares
Interests in options:	None
Interests in performance 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: 7,072,943 ordinary shares
Interests in options: None
Interests in performance rights: 1,372,614
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 former 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: 113,333 ordinary shares
Interests in options: None
Interests in performance 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, which 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: Member of the Audit and Risk Committee and Nomination and Remuneration Committee
Interests in shares: 6,075,055 ordinary shares
Interests in options: None
Interests in performance 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

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 Atturra Limited's Board of Directors (**Board**) and of each Board committee held during the year ended 30 June 2023, 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	11	11	3	3	8	8
Stephen Kowal*	11	11	-	-	3	8
Nicole Bowman	11	11	3	3	8	8
Jonathan Rubinsztein	11	11	3	3	7	8

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 during the year ended 30 June 2023.

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

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for Atturra 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 (KMPs).

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 KMPs

Principles used to determine the nature and amount of remuneration

The objective of Atturra 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 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 Atturra 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 Atturra 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, except in relation to Shan Kanji and Jonathan Rubinsztein who were not paid any Directors fees in the current or previous financial year. 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. Non-executive Directors do not receive performance rights, share options or other incentives.

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

Executive remuneration

Atturra 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 Atturra Group and comparable market remunerations.

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 Atturra 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 Atturra Group,
- (ii) Revenue controlled by the relevant executive,
- (iii) Consolidated EBIT for Atturra Group, and
- (iv) EBIT controlled by the relevant executive.

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.

Directors' Report

Consolidated entity performance and link to performance

Performance rights are issued by Atturra Group to KMPs 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 KMPs and other executives are revenue growth, Underlying EBIT growth and total shareholder return of Atturra Group. Key metrics for the financial years since Atturra have been listed are set out below:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Revenue	178,331	134,579
Underlying EBIT	18,695	13,811
Underlying EBITDA	21,009	15,141

The share price of Atturra Limited on IPO was \$0.50 and increased to \$0.89 at 30 June 2023.

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

The performance rights in place for KMPs as at 30 June 2023 are set out below:

Plan	Issued to	Grant date	Date of record				Total balance at the end of the financial year
				Total performance rights granted	Converted	Forfeited	
2022 LTI award	KMP - Stephen Kowal	22/12/2021	31/12/2024	375,000	-	-	375,000
2022 LTI award	KMP - Stephen Kowal	22/12/2021	31/12/2025	375,000	-	-	375,000
2023 LTI award	KMP - Stephen Kowal	07/10/2022	31/12/2025	311,307	-	-	311,307
2023 LTI award	KMP - Stephen Kowal	07/10/2022	31/12/2026	311,307	-	-	311,307
				<u>1,372,614</u>	<u>-</u>	<u>-</u>	<u>1,372,614</u>

2022 LTI award: The average fair value of the performance rights at grant date was \$0.29 each.

2023 LTI award: The average fair value of the performance rights at grant date was \$0.38 each.

Each performance right is issued by Atturra Group and converts into one ordinary share in Atturra Limited. If the employment and performance criteria are satisfied, the relevant Executive will be allocated shares on the date of record. Performance rights carry no dividend or voting rights. For performance rights to convert, the relevant Executive must remain employed or engaged by Atturra Group at the relevant date of record and the relevant performance milestones must be satisfied.

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

The key vesting conditions for the LTI awards for KMPs are:

Stephen Kowal

2022 LTI award

- For the financial year ended 30 June 2022, Atturra 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 (dividends plus or minus increase in share price) 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 Group and if the vesting conditions are met, 375,000 shares are scheduled to be issued in December 2024 and 375,000 shares are scheduled to be issued in December 2025.

2023 LTI award

The number of performance rights has been calculated by dividing \$400,000 (being Mr Kowal's on target long term incentive plan remuneration per annum) by 64.2453 cents, being the rounded volume weighted average (VWAP) price of Atturra's shares on 16 August 2022, being the date of preparation of the agreement relating to Mr Kowal's long term incentive.

The percentage (if any) of the 622,614 performance rights that will vest is to be determined in accordance with the total shareholder return post 16 August 2022 (Reference Date) taking into account:

- (a) any dividends paid per Share since the Reference Date; plus or minus
- (b) any increase or decrease in the Atturra Limited share price from:
 - i. 64.2 cents per Share (being an agreed VWAP calculation as at the Reference Date); to
 - ii. Atturra Limited closing share price on the 5th trading day after the date of announcement of the 2025 annual results.

Shareholder return	Percentage of the 622,614 performance rights that will vest
≥ 33% - 42.3%	40%
≥ 42.4% - 52.0%	60%
≥ 52.1% - 62.1 %	80%
≥ 62.2%	100%

If the performance criteria are satisfied and Stephen Kowal is otherwise entitled to be allocated shares, Atturra Limited will allocate:

- 311,307 shares by no later than 31 December 2025; and
- 311,307 shares by no later than 31 December 2026.

Consolidated entity performance and link to remuneration

Remuneration for KMP's is directly linked to the performance of Atturra 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 2023, Atturra Group did not engage a remuneration consultant to advise on the remuneration package awarded to the Directors and KMPs.

Directors' Report

Details of remuneration

Amounts of remuneration

Details of the remuneration of KMPs of Atturra Group are set out in the following tables.

The KMPs of Atturra Group consisted of the Directors of Atturra Limited:

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

And:

- Herbert To (Chief Financial Officer)

Changes since the end of the reporting period:

None.

	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 2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Nicole Bowman	68,182	-	-	7,159	-	-	75,341
Jonathan Rubinsztein	-	-	-	-	-	-	-
Shan Kanji	-	-	-	-	-	-	-
<i>Executive Director:</i>							
Stephen Kowal	371,587	400,000	-	25,292	7,701	108,417	912,997
<i>Other Key Management Personnel:</i>							
Richard Shaw ⁽¹⁾	190,565	-	-	12,646	-	-	203,211
Herbert To ⁽²⁾	187,281	33,000	-	18,969	13,708	-	252,958
	<u>817,615</u>	<u>433,000</u>	<u>-</u>	<u>64,066</u>	<u>21,409</u>	<u>108,417</u>	<u>1,444,507</u>

(1) Richard Shaw departed during the financial year on 14 September 2022, he was previously Chief Financial Officer.

(2) Herbert To joined on 3rd October 2022 as Chief Financial Officer.

	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	57,955	-	-	5,795	-	-	63,750
<i>Executive Director:</i>							
Stephen Kowal	351,432	375,000	-	23,568	36,157	586,663	1,372,820
<i>Other Key Management Personnel:</i>							
Richard Shaw	199,810	62,250	-	19,265	10,303	-	291,628
	609,197	437,250	-	48,628	46,460	586,663	1,728,198

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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>						
Nicole Bowman	100%	100%	-	-	-	-
Jonathan Rubinsztein	-	-	-	-	-	-
Shan Kanji	-	-	-	-	-	-
<i>Executive Director:</i>						
Stephen Kowal	44%	27%	44%	27%	12%	46%
<i>Other Key Management Personnel:</i>						
Richard Shaw	100%	79%	-	21%	-	-
Herbert To	87%	-	13%	-	-	-

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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>				
Nicole Bowman	-	-	-	-
Jonathan Rubinsztein	-	-	-	-
Shan Kanji	-	-	-	-
<i>Executive Director:</i>				
Stephen Kowal	100%	100%	-	-
<i>Other Key Management Personnel:</i>				
Richard Shaw	-	100%	-	-
Herbert To	100%	-	-	-

Directors' Report

Service agreements

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

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

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 \$400,000 per annum, inclusive of superannuation and a discretionary STI cash bonus of up to \$400,000 per annum (inclusive of superannuation) to be paid within three months of the end of the relevant financial year. Stephen may be issued an LTI subject to shareholders approving it at the AGM.

6 months termination notice in writing.

Name: Nicole Bowman
Title: Independent, Non-Executive Director
Agreement commenced: 20 October 2021
Term of agreement: Permanent
Details: \$75,341 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 did not receive a fee for services as a Director of Atturra Limited.

Name: Herbert To
Title: Chief Financial Officer
Agreement commenced: 3 October 2022
Term of agreement: Permanent
Details: Herbert is entitled to receive a remuneration of \$275,000 per annum, inclusive of superannuation. For the period commencing 3 October 2022 to 30 June 2023, Herbert is entitled to a target STI of \$33,000 per annum (inclusive of superannuation) and for the period commencing 1 July 2023 to 30 June 2024, a target STI of \$50,000 per annum (inclusive of superannuation).

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

KMPs have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no ordinary shares of Atturra Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Performance rights

During the year ended 30 June 2023, 622,614 performance rights were issued to Stephen Kowal (30 June 2022: 750,000 performance rights). The fair value of the performance rights at grant date was \$0.38 each (2022: \$0.29 each).

Performance rights granted carry no dividend or voting rights.

Additional disclosures relating to KMPs

Shareholding

The number of shares in Atturra Limited held during the financial year by each Director and KMPs of Atturra 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	-	15,105,883	-	130,049,595
Stephen Kowal	6,872,943	-	200,000	-	7,072,943
Nicole Bowman	100,000	-	13,333	-	113,333
Jonathan Rubinsztein	5,825,055	-	250,000	-	6,075,055
Richard Shaw*	400,000	-	-	(400,000)	-
Herbert To	-	-	-	-	-
	<u>128,141,710</u>	<u>-</u>	<u>15,569,216</u>	<u>(400,000)</u>	<u>143,310,926</u>

* Richard Shaw departed during the financial year on 14 September 2022.

Option holding

No Directors held any options over ordinary shares.

Performance Rights holding

The number of performance rights over ordinary shares in Atturra Limited held during the financial year by each Director and KMPs of Atturra 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	622,614	-	-	1,372,614
Richard Shaw	-	-	-	-	-
Herbert To	-	-	-	-	-
	<u>750,000</u>	<u>622,614</u>	<u>-</u>	<u>-</u>	<u>1,372,614</u>

* Performance rights at the end of the year are unvested and not exercisable.

Other transactions with key management personnel and their related parties

The following transactions occurred with parties related to Shan Kanji.

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Sale of goods and services:		
Sale of services to other related party	360,628	-
Payment for goods and services:		
Payment for services from other related party	41,068	96,986

Directors' Report

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 2023	30 June 2022
	\$	\$
Current receivables:		
Trade receivables from Kanji Group Pty Ltd	15,950	-
Current borrowings:		
Loan from related party (263 Finance Pty Ltd)	-	1,000,000
Non-current borrowings:		
Loan from related party (263 Finance Pty Ltd)	-	3,750,000

There are no other loans provided to or related party transactions with KMPs.

Terms and conditions

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

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	Date of record	Exercise price	Number under rights
22/12/2021	31/12/2024	\$0.00	375,000
22/12/2021	31/12/2025	\$0.00	375,000
29/04/2022	01/11/2024	\$0.00	1,691,000
28/07/2022	01/11/2024	\$0.00	182,910
29/07/2022	01/11/2024	\$0.00	1,302,762
07/10/2022	31/12/2025	\$0.00	311,307
07/10/2022	31/12/2026	\$0.00	311,307
13/04/2023	31/12/2025	\$0.00	60,000
			<u>4,609,286</u>

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 Atturra Limited 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 2023 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 2023 and up to the date of this report.

Indemnity and insurance of officers

Atturra Limited has indemnified the Directors and executives of Atturra Limited 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.

During the financial year, Atturra Limited paid a premium in respect of a contract to insure the Directors and executives of Atturra Limited 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

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

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

Proceedings on behalf of Atturra Limited

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Atturra Limited, or to intervene in any proceedings to which Atturra Limited is a party for the purpose of taking responsibility on behalf of Atturra Limited 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 Atturra Limited who are former partners of Crowe Audit Australia

There are no officers of Atturra Limited who are former partners of Crowe Audit Australia.

Rounding of amounts

Atturra Limited 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
Non-Executive Chairman

31 August 2023

Auditor's Independence Declaration



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31 August 2023

The Board of Directors
Atturra Limited
Level 2, 10 Bond Street
Sydney NSW 2000

Dear Board Members

Atturra Limited

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

As lead audit partner for the audit of the financial report of Atturra Limited for the financial period ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit

Yours sincerely,

A handwritten signature in dark ink that reads "Crowe Audit Australia".

Crowe Audit Australia

A handwritten signature in dark ink that reads "Ash Pather".

Ash Pather
Senior Partner

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.

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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.

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FY23 Financial Report

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

		Consolidated	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
Revenue			
Revenue from contracts with customers	4	178,331	134,579
Cost of providing services		<u>(124,223)</u>	<u>(88,210)</u>
Gross margin		<u>54,108</u>	<u>46,369</u>
Share of profits of associates accounted for using the equity method		72	106
Other income		1,301	6
Interest revenue calculated using the effective interest method		490	10
Expenses			
Depreciation and amortisation expense	5	(2,054)	(1,330)
General and administrative expenses		(35,680)	(31,203)
Sales and marketing expenses		(1,190)	(1,147)
Impairment of receivables	8	(8)	(446)
Finance costs	5	<u>(1,088)</u>	<u>(499)</u>
Profit before income tax expense		15,951	11,866
Income tax expense	6	<u>(5,308)</u>	<u>(3,781)</u>
Profit after income tax expense for the year		10,643	8,085
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>10,643</u></u>	<u><u>8,085</u></u>
Profit for the year is attributable to:			
Non-controlling interest		402	861
Owners of Atturra Limited	23	<u>10,241</u>	<u>7,224</u>
		<u><u>10,643</u></u>	<u><u>8,085</u></u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		402	861
Owners of Atturra Limited		<u>10,241</u>	<u>7,224</u>
		<u><u>10,643</u></u>	<u><u>8,085</u></u>
		Cents	Cents
Basic earnings per share	37	4.71	4.12
Diluted earnings per share	37	4.61	4.11

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 2023

	Note	Consolidated	
		30 June 2023	30 June 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	7	44,250	35,130
Trade and other receivables	8	39,627	32,840
Contract assets	9	422	420
Inventories	10	755	-
Other current assets	11	2,356	2,719
Total current assets		<u>87,410</u>	<u>71,109</u>
Non-current assets			
Investments accounted for using the equity method	12	1,191	1,365
Property, plant and equipment		1,410	141
Right-of-use assets	13	9,951	5,887
Intangible assets	14	56,539	30,746
Deferred tax asset	6	5,869	6,635
Total non-current assets		<u>74,960</u>	<u>44,774</u>
Total assets		<u>162,370</u>	<u>115,883</u>
Liabilities			
Current liabilities			
Trade and other payables	15	41,339	35,945
Contract liabilities	16	7,616	5,712
Borrowings	17	-	1,000
Lease liabilities	18	2,797	1,199
Income tax payable	6	906	3,532
Employee benefits	19	7,670	6,339
Other liabilities	20	3,592	4,063
Total current liabilities		<u>63,920</u>	<u>57,790</u>
Non-current liabilities			
Borrowings	17	5,352	3,750
Lease liabilities	18	7,399	4,947
Employee benefits	19	1,446	766
Other liabilities	20	5,192	6,226
Total non-current liabilities		<u>19,389</u>	<u>15,689</u>
Total liabilities		<u>83,309</u>	<u>73,479</u>
Net assets		<u>79,061</u>	<u>42,404</u>
Equity			
Issued capital	21	77,958	52,312
Reserves	22	(10,983)	(11,762)
Retained earnings	23	11,463	1,120
Equity attributable to the owners of Atturra Limited		<u>78,438</u>	<u>41,670</u>
Non-controlling interest	34	623	734
Total equity		<u>79,061</u>	<u>42,404</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 2023

	Issued capital \$'000	Reserves \$'000	(Accumulated losses) / retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Consolidated					
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 IPO	24,000	-	-	-	24,000
Share issue costs in IPO, net of tax	(2,144)	-	-	-	(2,144)
Issue of shares in share swap acquisition - Noetic	2,837	-	-	-	2,837
Transfer from share-based payment reserve to share capital (note 22)	806	(806)	-	-	-
Share-based payments - Stephen Kowal (note 38)	548	-	-	-	548
Issue of shares under Employee share scheme - share-based payments (note 38)	357	-	-	-	357
Share-based payments - Long-term incentive Plan (note 38)	-	129	-	-	129
Transactions with non-controlling interests (note 22)	-	(2,502)	(177)	(235)	(2,914)
Dividends paid	-	-	-	(679)	(679)
Balance at 30 June 2022	52,312	(11,762)	1,120	734	42,404
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 year	-	-	10,241	402	10,643
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	10,241	402	10,643
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	26,396	-	-	-	26,396
Other	-	-	102	-	102
Issue of shares under Employee share scheme - share-based payments (note 38)	376	-	-	-	376
Share-based payments (note 38)	-	779	-	-	779
Treasury shares	(1,126)	-	-	-	(1,126)
Dividends paid	-	-	-	(513)	(513)
Balance at 30 June 2023	77,958	(10,983)	11,463	623	79,061

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 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		192,426	124,048
Payments to suppliers and employees (inclusive of GST)		<u>(175,611)</u>	<u>(108,205)</u>
		16,815	15,843
Interest received		490	10
Interest and other finance costs paid		(622)	(499)
Income taxes paid		<u>(6,214)</u>	<u>(5,184)</u>
Net cash from operating activities	36	<u>10,469</u>	<u>10,170</u>
Cash flows from investing activities			
Payments for purchase of subsidiaries, net of cash acquired	33	(18,365)	(13,658)
Payments for deferred consideration for purchase of subsidiaries		(3,800)	-
Payments for property, plant and equipment		-	(19)
Payments for intangibles	14	(281)	(19)
Proceeds from disposal of property, plant and equipment		97	-
Proceeds/(payments) for investments		<u>664</u>	<u>(762)</u>
Net cash used in investing activities		<u>(21,685)</u>	<u>(14,458)</u>
Cash flows from financing activities			
Proceeds from issue of shares, net of costs		24,254	20,975
Repayments of borrowings		-	(154)
(Repayment)/proceeds of loans from related parties		(4,750)	3,000
Proceeds from borrowings from third parties		4,600	-
Repayments of lease liabilities		(2,129)	(1,052)
Payments for share buy-backs		(1,126)	-
Dividends paid	24	<u>(513)</u>	<u>(679)</u>
Net cash from financing activities		<u>20,336</u>	<u>22,090</u>
Net increase in cash and cash equivalents		9,120	17,802
Cash and cash equivalents at the beginning of the financial year		<u>35,130</u>	<u>17,328</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>44,250</u></u>	<u><u>35,130</u></u>

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

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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

Atturra Group has adopted all 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.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the 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).

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.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of Atturra 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 as at 30 June 2023 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 Atturra Group.

Subsidiaries are all those entities over which Atturra Group has control. Atturra Group controls an entity when Atturra 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 Atturra Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in Atturra 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 Atturra 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 acquired is recognised directly in equity attributable to the parent.

Non-controlling interest 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 Atturra Group. Losses incurred by Atturra Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Note 1. Significant accounting policies (continued)

Where Atturra Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. Atturra 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 Atturra Limited's functional currency 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 Atturra Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Atturra 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.

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

Project revenue - time and materials agreements

Where Atturra 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 Atturra Group, an amount is recorded as Accounts Receivable.

Project revenue - fixed price agreements

Where Atturra 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. Atturra Group has adopted the practical expedient requirements of AASB 15 (121(a)), where the performance obligations contained in the project have an original expected duration of one year or less.

Note 1. Significant accounting policies (continued)

Software licensing

Software licensing 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 Atturra Group's entities, SME Gateway Pty Ltd (**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 over 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, 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.

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.

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.

Atturra Limited (the 'head entity') and its wholly owned Australian subsidiaries is 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.

Notes to the consolidated financial statements

Note 1. Significant accounting policies (continued)

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 Atturra 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 Atturra 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.

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.

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

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 1. Significant accounting policies (continued)

Associates

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

Atturra 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.

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 Atturra 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 Atturra 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.

Atturra 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.

Note 1. Significant accounting policies (continued)

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.

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.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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 Atturra 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.

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 Atturra Limited 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 Atturra Limited, 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.

Note 1. Significant accounting policies (continued)

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to Atturra 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 Atturra Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Atturra Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before Atturra 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.

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, Atturra 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 Atturra Group has a present (legal or constructive) obligation as a result of a past event, it is probable Atturra 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.

Notes to the consolidated financial statements

Note 1. Significant accounting policies (continued)

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 Plan (**LTIP**) is for executives and Directors and the Exempt Employee Share Plan (**ESSP**) 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 date of record. 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.

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 Atturra Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of Atturra 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 Atturra 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 Atturra Limited.

Note 1. Significant accounting policies (continued)

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 Atturra Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest 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, Atturra Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, Atturra Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, Atturra 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.

Contingent consideration to be transferred by Atturra 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 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 Atturra Group, the difference is recognised as a gain directly in profit or loss by Atturra Group on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and Atturra Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. Atturra 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 Atturra 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.

Notes to the consolidated financial statements

Note 1. Significant accounting policies (continued)

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

Atturra Limited 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

Atturra 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 is the agent in respect of transactions with its customers. This determination has been made on the basis that SME Gateway 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 Atturra Group.

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

Goodwill

Atturra 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 Atturra 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. Atturra 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.

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

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 Atturra 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.

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 Atturra 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

Atturra Group is organised into only one operating and reporting segment based on the market it serves which is Information Technology (IT) Solutions in Australia. This operating segment is based on the internal reports that are reviewed and used 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 4 for revenue from products and services.

Major customers

During the year ended 30 June 2023 and 30 June 2022, no single customer contributed more than 10% of Atturra Group's total revenue.

Note 4. Revenue from contracts with customers

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Time and materials agreements	114,592	83,640
Fixed price agreements	34,209	38,072
Software licencing	2,124	1,021
Software maintenance and managed services	16,661	3,922
Management fee revenue	7,974	6,354
Other revenue	2,771	1,570
Revenue from contracts with customers	<u>178,331</u>	<u>134,579</u>

Notes to the consolidated financial statements

Note 4. 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
2023							
Timing of revenue recognition							
At a point in time	-	34,209	2,124	-	-	2,771	39,104
Over time	114,592	-	-	16,661	7,974	-	139,227
	<u>114,592</u>	<u>34,209</u>	<u>2,124</u>	<u>16,661</u>	<u>7,974</u>	<u>2,771</u>	<u>178,331</u>
2022							
Timing of revenue recognition							
At a point in time	-	38,072	1,021	-	-	1,570	40,663
Over time	83,640	-	-	3,922	6,354	-	93,916
	<u>83,640</u>	<u>38,072</u>	<u>1,021</u>	<u>3,922</u>	<u>6,354</u>	<u>1,570</u>	<u>134,579</u>

Note 5. Expenses

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	16	110
Fixtures and fittings	31	42
Buildings right-of-use assets	1,762	1,142
Equipment right-of-use assets	37	-
Total depreciation	<u>1,846</u>	<u>1,294</u>
<i>Amortisation</i>		
Software	53	36
Client relationships	155	-
Total amortisation	<u>208</u>	<u>36</u>
Total depreciation and amortisation	<u>2,054</u>	<u>1,330</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	332	185
Interest and finance charges paid/payable on lease liabilities	466	136
Interest and finance charges paid/payable on deferred consideration	290	178
Finance costs expensed	<u>1,088</u>	<u>499</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	<u>41</u>	<u>4</u>
<i>Leases</i>		
Short-term lease payments	<u>-</u>	<u>87</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>1,739</u>	<u>1,345</u>
<i>Share-based payments expense</i>		
Share-based payments expense	<u>1,155</u>	<u>1,034</u>
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<u>23,550</u>	<u>18,713</u>

Notes to the consolidated financial statements

Note 6. Income tax

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	4,605	5,500
Deferred tax - origination and reversal of temporary differences	703	(1,719)
	<u>5,308</u>	<u>3,781</u>
<i>Aggregate income tax expense</i>		
	<u>5,308</u>	<u>3,781</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	15,951	11,866
	<u>15,951</u>	<u>11,866</u>
Tax at the statutory tax rate of 30%	4,785	3,560
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Non-deductible expenses	198	148
Share-based payments	346	310
Revaluation of Noetic contingent consideration	-	239
Deductible IPO costs recognised through equity	(212)	(169)
Over/(under) provision and recognition of tax losses not previously recognised	205	(167)
Sundry items	(14)	(140)
	<u>(14)</u>	<u>(140)</u>
Income tax expense	<u>5,308</u>	<u>3,781</u>
<i>Amounts credited directly to equity</i>		
Deferred tax assets	(2)	(677)

Note 6. Income tax (continued)

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	901	982
Employee benefits	4,318	4,139
Lease liabilities	2,635	1,843
Accrued expenses	1,560	827
Other	356	279
Right of use assets	(2,501)	(1,766)
Accrued income	(715)	(346)
Intangibles	(1,364)	-
	<u>5,190</u>	<u>5,958</u>
Amounts recognised in equity:		
Capital raising costs	<u>679</u>	<u>677</u>
Deferred tax asset	<u>5,869</u>	<u>6,635</u>
Amount expected to be recovered within 12 months		
	-	2,156
Amount expected to be recovered after more than 12 months		
	<u>5,869</u>	<u>4,479</u>
	<u>5,869</u>	<u>6,635</u>
Movements:		
Opening balance	6,635	4,033
Credited/(charged) to profit or loss	(703)	1,719
Credited to equity	2	677
Additions through business combinations	(65)	206
Closing balance	<u>5,869</u>	<u>6,635</u>
Consolidated		
30 June 2023 30 June 2022		
\$'000 \$'000		
<i>Provision for income tax</i>		
Provision for income tax	<u>906</u>	<u>3,532</u>

Note 7. Cash and cash equivalents

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank	<u>44,250</u>	<u>35,130</u>

Notes to the consolidated financial statements

Note 8. Trade and other receivables

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	38,100	32,065
Less: Allowance for expected credit losses	(531)	(446)
	<u>37,569</u>	<u>31,619</u>
Other receivables	<u>2,058</u>	<u>1,221</u>
	<u><u>39,627</u></u>	<u><u>32,840</u></u>

Allowance for expected credit losses

Atturra Group has recognised a loss of \$8,000 related to a movement in the allowance for expected credit losses and bad debts (2022: \$446,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	%	%	\$'000	\$'000	\$'000	\$'000
Current	-	-	25,608	16,490	-	-
More than 30 days past due	-	-	9,494	11,184	-	-
More than 60 days past due	-	-	919	643	-	-
More than 90 days past due	-	-	1,114	2,232	-	-
More than 120 days past due	55.00	29.00	965	1,516	531	446
			<u>38,100</u>	<u>32,065</u>	<u>531</u>	<u>446</u>

Atturra 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, Atturra Group believes no further impairment is required.

Note 9. Contract assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current assets</i>		
Contract assets	<u>422</u>	<u>420</u>

Note 10. Inventories

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current assets</i>		
Stock on hand - at cost	805	-
Less: Provision for impairment	(50)	-
	<u>755</u>	<u>-</u>

Note 11. Other current assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current assets</i>		
Prepayments	1,728	1,524
Deposits	628	671
Other	-	524
	<u>2,356</u>	<u>2,719</u>

Note 12. Investments accounted for using the equity method

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Investment in associate - Protegic Pty Ltd	<u>1,191</u>	<u>1,365</u>

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	1,365	497
Share of associates earnings	72	106
Additions	-	762
Share buy-back*	(246)	-
Closing carrying amount	<u>1,191</u>	<u>1,365</u>

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

*This relates to a share buy back by Protegic which resulted in Atturra receiving \$246,000 of proceeds during the year ended 30 June 2023, Atturra's shareholding of 49% in Protegic has not changed from 30 June 2022 to 30 June 2023.

Note 13. Right-of-use assets

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Buildings - right-of-use	12,752	7,903
Less: Accumulated depreciation	(3,766)	(2,016)
	<u>8,986</u>	<u>5,887</u>
Equipment - right-of-use	1,905	-
Less: Accumulated depreciation	(940)	-
	<u>965</u>	<u>-</u>
	<u>9,951</u>	<u>5,887</u>

Atturra 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.

Notes to the consolidated financial statements

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

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.

Reconciliations

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

Consolidated	Buildings \$'000	Equipment \$'000	Total \$'000
Balance at 1 July 2021	3,275	-	3,275
Additions	4,652	-	4,652
Disposals	(905)	-	(905)
Depreciation expense	(1,135)	-	(1,135)
Balance at 30 June 2022	5,887	-	5,887
Additions	3,665	-	3,665
Additions through business combinations (note 33)	1,402	1,002	2,404
Disposals	(206)	-	(206)
Depreciation expense	(1,762)	(37)	(1,799)
Balance at 30 June 2023	<u>8,986</u>	<u>965</u>	<u>9,951</u>

For other lease disclosures refer to:

- note 5 for depreciation on right-of-use assets, interest on lease liabilities and other lease expenses;
- note 18 for lease liabilities;
- note 25 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 14. Intangible assets

	Consolidated	
	30 June 2023 \$'000	30 June 2022 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	<u>51,154</u>	<u>30,715</u>
Customer relationships - at cost	4,661	-
Less: Accumulated amortisation	(155)	-
	<u>4,506</u>	<u>-</u>
Software - at cost	2,246	1,792
Less: Accumulated amortisation	(1,367)	(1,761)
	<u>879</u>	<u>31</u>
	<u>56,539</u>	<u>30,746</u>

Note 14. Intangible 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:

Consolidated	Goodwill \$'000	Customer relationships \$'000	Software \$'000	Total \$'000
Balance at 1 July 2021	8,054	-	48	8,102
Additions	-	-	19	19
Additions through business combinations (note 33)	22,661	-	-	22,661
Amortisation expense	-	-	(36)	(36)
Balance at 30 June 2022	30,715	-	31	30,746
Additions	-	-	281	281
Additions through business combinations (note 33)	20,439	4,661	620	25,720
Amortisation expense	-	(155)	(53)	(208)
Balance at 30 June 2023	<u>51,154</u>	<u>4,506</u>	<u>879</u>	<u>56,539</u>

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 2023	30 June 2022
	\$'000	\$'000
Galaxy 42, ESAM and Chartsmart	3,665	3,665
Noetic	4,388	4,388
Mentum	3,903	3,903
Kettering	4,898	4,898
Hayes Information Systems	13,861	13,861
Hammond Street Developments	4,233	-
The Somerville Group	16,206	-
	<u>51,154</u>	<u>30,715</u>

At 30 June 2023 management performed impairment testing for each CGU of Atturra where there is goodwill. No impairment losses were identified at 30 June 2023.

Note 14. Intangible assets (continued)

Key assumptions

- Revenue growth is based on the Board approved budget for the next financial year (FY24) as well as management assessment over the forecast period (FY25 to FY28). Budgeted revenue for 2024 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. The forecast revenue assumption has been assumed to be the same for all the CGU's due to the risk profile and the composition of the client base being similar historically and this is expected to continue over the forecast period.
- 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 Atturra 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 Atturra Group. The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by Atturra Group's investors. It incorporates a beta factor to reflect the specific risk associated with the industries in which Atturra Group operates. The cost of debt is based on the interest-bearing borrowings Atturra Group is obliged to service. Management utilised a pre-tax discount rate of 18.57% (13.00% post tax) (2022: 18.57% (13.00% 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:

- Revenue would need to increase by less than 3% for the Somerville CGU for the forecast period before goodwill would need to be impaired, with all other assumptions remaining constant.
- The EBIT margin would need to decrease by more than 4% for the Mentum and HSD CGU for the forecast period 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.

Note 15. Trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	28,195	18,055
Accrued expenses	1,408	2,447
Accrued staff bonuses	5,625	6,725
Payroll tax and PAYG payable	2,438	2,429
GST payable	2,089	2,903
Other payables	1,584	3,386
	<u>41,339</u>	<u>35,945</u>

Refer to note 25 for further information on financial instruments.

Note 16. Contract liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Contract liabilities	<u>7,616</u>	<u>5,712</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	5,712	3,353
Payments received in advance	19,148	10,229
Additions through business combinations (note 33)	3,319	2,265
Transfer to revenue	<u>(20,563)</u>	<u>(10,135)</u>
Closing balance	<u>7,616</u>	<u>5,712</u>

Note 17. Borrowings

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Loan from related party (263 Finance Pty Ltd)	<u>-</u>	<u>1,000</u>
<i>Non-current liabilities</i>		
Bank loans	4,600	-
Loan from related party (263 Finance Pty Ltd)	-	3,750
Chattel mortgages and loans	<u>752</u>	<u>-</u>
	<u>5,352</u>	<u>3,750</u>
	<u>5,352</u>	<u>4,750</u>

Refer to note 25 for further information on financial instruments.

Notes to the consolidated financial statements

Note 17. Borrowings (continued)

Financing arrangements

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

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Total facilities		
Bank loans – Westpac Banking Corporation	25,800	-
Loan from related party (263 Finance Pty Ltd)	-	4,750
Chattel mortgages and loans	752	-
	26,552	4,750
Used at the reporting date		
Bank loans – Westpac Banking Corporation*	5,000	-
Loan from related party (263 Finance Pty Ltd)	-	4,750
Chattel mortgages and loans	752	-
	5,752	4,750
Unused at the reporting date		
Bank loans – Westpac Banking Corporation	20,800	-
Loan from related party (263 Finance Pty Ltd)	-	-
Chattel mortgages and loans	-	-
	20,800	-

*\$4.6 million of the \$5 million for Facility A was drawn down, the remainder of \$0.4 million is inaccessible as the limit is reduced.

The total facility is \$25.8 million and includes:

- a \$5 million term loan facility for the repayment of the related party loan which took place on 27 January 2023. It is non-revolving and has a maturity date of 5 years, the interest rate is the Australian Bank Bill Swap Reference Rate + 2.04% +0.5% Line Fee per annum (Facility A);
- a total of \$15 million term loan facilities for funding permitted future acquisitions (\$9 million) and deferred consideration relating to prior acquisitions (\$6 million); each of which mature five years from financial close (Facility B and C);
- a \$5 million overdraft facility for working capital requirements, which is repayable on demand (Facility D);
- a \$0.3 million revolving bank guarantee facility for securing lease obligations of Atturra Group, which is repayable on demand (Facility E); and
- a \$0.5 million corporate credit card facility for day-to-day general corporate purposes of Atturra Group, which is repayable on demand (Facility F).

Note 18. Lease liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Lease liability	2,797	1,199
<i>Non-current liabilities</i>		
Lease liability	7,399	4,947
	10,196	6,146

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

Note 19. Employee benefits

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Annual leave	5,927	4,772
Long service leave	<u>1,743</u>	<u>1,567</u>
	<u>7,670</u>	<u>6,339</u>
<i>Non-current liabilities</i>		
Long service leave	<u>1,446</u>	<u>766</u>
	<u>9,116</u>	<u>7,105</u>

Amounts not expected to be settled within the next 12 months

The leave obligations cover Atturra 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 Atturra Group does not have an unconditional right to defer settlement. However, based on past experience, Atturra 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% (2022: 40%) of the current leave obligations is considered as to be paid within 12 months and 60% (2022: 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:

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Employee benefits obligation expected to be settled after 12 months	<u>4,602</u>	<u>3,803</u>

Note 20. Other liabilities

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Contingent consideration	<u>3,592</u>	<u>4,063</u>
<i>Non-current liabilities</i>		
Contingent consideration	<u>5,192</u>	<u>6,226</u>
	<u>8,784</u>	<u>10,289</u>

Contingent consideration payable relates to the acquisition of subsidiaries. Refer to note 26 for further information.

Notes to the consolidated financial statements

Note 21. Issued capital

	Consolidated			
	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 \$'000	30 June 2022 \$'000
Ordinary shares - fully paid	232,524,941	200,550,449	79,084	52,312
Treasury shares	(1,252,672)	-	(1,126)	-
	<u>231,272,269</u>	<u>200,550,449</u>	<u>77,958</u>	<u>52,312</u>

Note: All issued ordinary shares are fully paid.

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2022	200,550,449		52,312
Issue of shares - Entitlement Offer	5 December 2022	25,935,800	\$0.85	22,045
Issue of shares - Placement	22 December 2022	3,476,279	\$0.85	2,955
Share issue costs, net of tax	22 December 2022			(603)
Issue of shares under ESS - share-based payments	15 February 2023	371,239	\$1.01	373
Issue of shares	28 February 2023	541,126	\$0.92	500
Issue of shares	31 March 2023	1,647,060	\$0.91	1,499
Issue of shares under ESS - share-based payments	13 April 2023	2,988	\$0.87	3
Balance	30 June 2023	<u>232,524,941</u>		<u>79,084</u>

Movements in treasury shares

During the year, 1,252,672 fully paid ordinary shares at an average price per security of \$0.90 were purchased on-market under for the purpose of an employee incentive scheme or to satisfy the entitlements of the holders of performance rights when they are expected to vest between 2024 and 2026.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should Atturra Limited 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 Atturra Limited 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

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

Atturra 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 2022 Annual Report.

Note 22. Reserves

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Share-based payments reserve	908	129
Consolidation reserve	(11,891)	(11,891)
	<u>(10,983)</u>	<u>(11,762)</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.

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 year are set out below:

Consolidated	Share-based payment \$'000	Consolidation reserve \$'000	Total \$'000
Balance at 1 July 2022	129	(11,891)	(11,762)
Share-based payment expense (note 38)	779	-	779
Balance at 30 June 2023	<u>908</u>	<u>(11,891)</u>	<u>(10,983)</u>

Note 23. Retained earnings

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Retained earnings/(accumulated losses) at the beginning of the financial year	1,120	(5,927)
Profit after income tax expense for the year	10,241	7,224
Transfer from other reserves	-	(177)
Other	102	-
Retained earnings at the end of the financial year	<u>11,463</u>	<u>1,120</u>

Notes to the consolidated financial statements

Note 24. Dividends

Dividends

No dividends were paid, recommended, or declared during the current financial year to Atturra Limited shareholders. During the current financial year, a dividend of \$513,000 (2022: \$679,000) was paid to the minority shareholders of Noetic Group Pty Ltd, a partly owned subsidiary of Atturra Limited, with the remainder being paid to Atturra Holdings Pty Ltd and FTS NHC Pty Ltd that was eliminated on consolidation.

Franking credits

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	15,865	10,125

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

Atturra Group's risk management is predominantly controlled by a central finance department headed by the Group CFO under the policies approved by the Board. Atturra Group's finance team identifies, evaluates and hedges financial risks in close cooperation with Atturra Group's operating units. Atturra Group uses a variety of methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Market risk

Foreign currency risk

Atturra 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 Atturra Group's functional currency. Atturra 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. Atturra Group 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

Atturra Group is not exposed to any significant price risk.

Interest rate risk

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

Atturra 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 Atturra Group's overall exposure to interest rate movements is not material.

Note 25. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Atturra Group. Atturra Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. 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. Atturra Group does not hold any collateral.

Liquidity risk

Atturra 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 Atturra Group's short, medium and long term funding and liquidity management requirements. Atturra Group manages liquidity risk by maintaining adequate reserves, borrowing facilities and instruments and by continuously monitoring forecast and actual cash flows.

Maturities of financial liabilities

The tables below analyse Atturra 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 2023	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
Non-derivatives							
Trade and other payables	41,339	41,339	-	-	-	-	41,339
Borrowings	5,352	-	-	-	5,352	-	5,352
Lease liabilities	10,196	1,475	1,445	2,651	4,949	849	11,369
Contingent consideration	8,784	3,592	-	5,445	395	-	9,432
Total non-derivatives	65,671	46,406	1,445	8,096	10,696	849	67,492
Contractual maturities of financial liabilities at 30 June 2022							
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
Non-derivatives							
Trade and other payables	35,945	35,945	-	-	-	-	35,945
Borrowings - Related party loan	4,750	-	1,000	1,000	2,750	-	4,750
Lease liabilities	6,146	700	691	1,379	2,967	692	6,429
Contingent consideration	10,289	4,195	-	2,992	3,345	-	10,532
Total non-derivatives	57,130	40,840	1,691	5,371	9,062	692	57,656

Notes to the consolidated financial statements

Note 26. Fair value measurement

Fair value hierarchy

The following tables detail Atturra 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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 30 June 2023				
<i>Other liabilities</i>				
Contingent consideration	-	-	8,784	8,784
Total liabilities	-	-	8,784	8,784
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 30 June 2022				
<i>Other liabilities</i>				
Contingent consideration	-	-	10,289	10,289
Total liabilities	-	-	10,289	10,289

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. The contingent consideration is measured on a bi-annual basis to determine the fair value.

Note 26. Fair value measurement (continued)

Subsidiary acquired	Fair value at		Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2023 \$'000	30 June 2022 \$'000		
Noetic Group Pty Ltd	600	1,935	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	2,055	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	4,219	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).
The Somerville Group Pty Ltd	1,910	-	Risk-adjusted discount rate (30 June 2022 - 5%)	The estimated fair value would increase (decrease) if the risk-adjusted discount rate were lower (higher).
Total	8,784	10,289		

Level 3 assets and liabilities

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

Consolidated	Contingent consideration
	\$'000
Balance at 1 July 2021	3,038
Expense recognised in profit or loss	797
Additions	6,454
Balance at 30 June 2022	10,289
Expense recognised in profit or loss	385
Additions	1,910
Settlement	(3,800)
Balance at 30 June 2023	8,784

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

Notes to the consolidated financial statements

Note 27. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and KMPs of Atturra Group is set out below:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	1,250,615	1,046,447
Post-employment benefits	64,066	48,628
Share-based payments	108,417	586,663
Long-term benefits	21,409	46,460
	<u>1,444,507</u>	<u>1,728,198</u>

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Crowe Audit Australia, the auditor of Atturra Limited, its network firms, and unrelated firms:

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Audit services - Crowe Audit Australia (30 June 2022: PricewaterhouseCoopers)</i>		
Audit or review of the financial statements	<u>250,000</u>	<u>401,130</u>

Note 29. Contingent liabilities

Atturra Group has given bank guarantees as at 30 June 2023 of \$945,000 (30 June 2022: \$525,000) to various landlords.

Note 30. Commitments

Atturra Group had no capital purchase commitments at 30 June 2023. (30 June 2022: 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 KMPs are set out in note 27 and the remuneration report included in the Directors' report.

Note 31. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
Sale of goods and services:		
Sale of goods to other related party	360,628	-
Payment for goods and services:		
Payment for services from other related party	41,068	96,986

Receivable from and payable to related parties

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

	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
Current receivables:		
Trade receivables from Kanji Group Pty Ltd	15,950	-

Loans to/from related parties

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

	Consolidated	Consolidated
	30 June 2023	30 June 2022
	\$	\$
Current borrowings:		
Loan from related party (263 Finance Pty Ltd)	-	1,000,000
Non-current borrowings:		
Loan from related party (263 Finance Pty Ltd)	-	3,750,000

Terms and conditions

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

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

	Parent	Parent
	30 June 2023	30 June 2022
	\$'000	\$'000
Profit after income tax	456	87
Total comprehensive income	456	87

Notes to the consolidated financial statements

Note 32. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2023	30 June 2022
	\$'000	\$'000
Total current assets	350	-
Total assets	127,741	104,419
Total current liabilities	-	3,571
Total liabilities	-	3,571
Net assets	127,741	100,848
Equity		
Issued capital	125,922	100,275
Share-based payments reserve	1,265	486
Retained earnings	554	87
Total equity	127,741	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 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of Atturra 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

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.

Note 33. Business combinations (continued)

The values identified in relation to the acquisition of HSD are provisional as at 30 June 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 31 December 2023.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	183
Trade and other 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 liabilities	(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	5,269
Less: cash and cash equivalents	(183)
	<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.

Notes to the consolidated financial statements

Note 33. Business combinations (continued)

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.

The values identified in relation to the acquisition of Somerville are provisional as at 30 June 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 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
Trade and other payables	(2,605)
Deferred tax asset	254
Other current liabilities	(423)
Accruals and provisions	(3,972)
Employee benefits	(1,264)
Lease liabilities	(810)
Loans	(1,263)
Financial liabilities	(968)
Other non-current liabilities	(92)
Net assets acquired	2,203
Goodwill	16,206
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
	<u>18,409</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	15,000
Less: cash and cash equivalents	(1,721)
Net cash used	<u>13,279</u>

Note 34. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2023	30 June 2022
		%	%
Anatas Pty Ltd	Australia	100.00	100.00
Atturra Operations Pty Ltd	Australia	100.00	100.00
Atturra Personnel Pty Ltd	Australia	100.00	100.00
Atturra Holdings Pty Ltd	Australia	100.00	100.00
Cubic Consulting 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
Galaxy 42 Pty Ltd	Australia	100.00	100.00
Hammond Street Developments Pty Ltd	Australia	100.00	-
Hayes Information Systems and Communications Pty Ltd	Australia	100.00	100.00
Kettering Professional Services Pty Ltd	Australia	100.00	100.00
Kobold Group Pty Ltd	Australia	100.00	100.00
Mentum Systems Pty Ltd	Australia	100.00	100.00
SME Gateway Pty Ltd	Australia	100.00	100.00
The Somerville Group Pty Ltd	Australia	100.00	-
Veritec Pty Ltd	Australia	100.00	100.00
Anatas Pte Ltd	Singapore	100.00	100.00
Hayes Information Systems and Communications Pte Ltd	Singapore	-	100.00
Anatas Pty Ltd	New Zealand	100.00	100.00
Kettering NZ Limited	New Zealand	100.00	100.00
Cubic Consulting Pty Ltd	New Zealand	100.00	100.00

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest		Non-controlling interest	
			30 June 2023	30 June 2022	30 June 2023	30 June 2022
			%	%	%	%
Noetic Group Pty Ltd	Australia	Holding Company	80.04	80.04	19.96	19.96
Noetic Solutions Pty Ltd	Australia	Advisory and Consulting Services	80.04	80.04	19.96	19.96

Notes to the consolidated financial statements

Note 34. Interests in subsidiaries (continued)

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to Atturra Group are set out below:

	30 June 2023 \$'000	30 June 2022 \$'000
<i>Summarised statement of financial position</i>		
Current assets	4,617	8,403
Non-current assets	2,521	773
Total assets	<u>7,138</u>	<u>9,176</u>
Current liabilities	2,238	5,529
Non-current liabilities	1,777	-
Total liabilities	<u>4,015</u>	<u>5,529</u>
Net assets	<u><u>3,123</u></u>	<u><u>3,647</u></u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	22,571	23,717
Expenses	(19,914)	(19,179)
Profit before income tax expense	2,657	4,538
Income tax expense	(641)	(1,325)
Profit after income tax expense	2,016	3,213
Other comprehensive income	-	-
Total comprehensive income	<u><u>2,016</u></u>	<u><u>3,213</u></u>
<i>Other financial information</i>		
Profit attributable to non-controlling interests	402	861
Accumulated non-controlling interests at the end of reporting period	623	734

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 Atturra Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2023 %	30 June 2022 %
Protegic Pty Ltd	Australia	49.00	49.00

Note 35. Interests in associates (continued)

Summarised financial information

	30 June 2023 \$'000	30 June 2022 \$'000
<i>Summarised statement of financial position</i>		
Current assets	1,543	973
Non-current assets	1,118	2,138
Total assets	2,661	3,111
Current liabilities	219	750
Total liabilities	219	750
Net assets	2,442	2,361
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	7,580	7,992
Expenses	(7,460)	(7,539)
Profit before income tax	120	453
Other comprehensive income	-	-
Total comprehensive income	120	453

Contingent liabilities

There were no contingent liabilities at 30 June 2023 and 30 June 2022.

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

	Consolidated 30 June 2023 \$'000	30 June 2022 \$'000
Profit after income tax expense for the year	10,643	8,085
Adjustments for:		
Depreciation and amortisation	2,282	1,330
Make good provision	-	43
Share-based payments	1,155	1,004
Share of profit - associates	(72)	(106)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(6,424)	(12,357)
Increase in inventories	(755)	-
Decrease/(increase) in deferred tax assets	887	(1,925)
Increase in work-in-progress	(3)	(126)
Increase in trade and other payables	1,306	11,099
Increase in provision for income tax	3,589	522
Increase/(decrease) in other provisions	(2,139)	2,601
Net cash from operating activities	10,469	10,170

Notes to the consolidated financial statements

Note 37. Earnings per share

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Profit after income tax	10,643	8,085
Non-controlling interest	(402)	(861)
	<u>10,241</u>	<u>7,224</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	217,557,863	175,183,372
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	4,609,286	698,077
	<u>222,167,149</u>	<u>175,881,449</u>
	Cents	Cents
Basic earnings per share	4.71	4.12
Diluted earnings per share	4.61	4.11

Note 38. Share-based payments

Atturra Group has two incentive schemes in place, namely the LTIP and EESP.

Long-Term Incentive Plan

Atturra Limited established a LTIP to align the interests of eligible employees with shareholders through the sharing of a personal interest in the future growth and development of the Atturra Limited. A total of 1,372,614 performance rights have been granted to the CEO (Stephen Kowal) under the LTIP. Other executives have been granted a total of 3,236,672 performance rights under the LTIP. 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 was determined using the Monte Carlo option pricing model.

The fair value of performance rights granted to other executives under the LTIP has been determined by the Atturra Limited share price at the date of issue. No dividends assumptions have been taken into account during the date of record due to the future growth strategy of Atturra Group.

Exempt Employee Share Plan

Atturra Limited has also established an EESP to align the interests of eligible employees of Atturra Group with shareholders. 374,227 shares have been issued under the Share Plan as at 30 June 2023. A fair value of \$1.00 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 2023
Outstanding at the beginning of the financial year	2,550,000
Additions during the financial year	2,168,286
Expired/forfeited during the financial year	<u>(109,000)</u>
Outstanding at the end of the financial year	<u><u>4,609,286</u></u>
Exercisable at the end of the financial year	<u><u>-</u></u>

30 June 2023

Grant date	Date of record	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
22/12/2021	31/12/2024	\$0.00	375,000	-	-	-	375,000
22/12/2021	31/12/2025	\$0.00	375,000	-	-	-	375,000
29/04/2022	01/11/2024	\$0.00	1,800,000	-	-	(109,000)	1,691,000
28/07/2022	01/11/2024	\$0.00	-	182,910	-	-	182,910
29/07/2022	01/11/2024	\$0.00	-	1,302,762	-	-	1,302,762
07/12/2022	31/12/2025	\$0.00	-	311,307	-	-	311,307
07/12/2022	31/12/2026	\$0.00	-	311,307	-	-	311,307
13/04/2023	31/12/2025	\$0.00	-	60,000	-	-	60,000
			<u>2,550,000</u>	<u>2,168,286</u>	<u>-</u>	<u>(109,000)</u>	<u>4,609,286</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.00 years.

30 June 2022

Grant date	Date of record	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>-</u>	<u>2,550,000</u>	<u>-</u>	<u>-</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 622,614 performance rights granted during the current financial year to Stephen Kowal (two tranches of 311,307 shares), the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Date of record	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/12/2022	31/12/2025	\$0.90	\$0.00	55.00%	-	3.48%	\$0.398
07/12/2022	31/12/2026	\$0.90	\$0.00	55.00%	-	3.48%	\$0.360

Notes to the consolidated financial statements

Note 38. Share-based payments (continued)

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

	Consolidated	
	30 June 2023	30 June 2022
	\$'000	\$'000
Long-Term Incentive Plan – Key management personnel	108	38
Long-Term Incentive Plan – Other Executives	671	91
Exempt Employee Share Plan	376	357
Long-term incentive share allotment	-	548
	<u>1,155</u>	<u>1,034</u>

Note 39. Events after the reporting period

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 total purchase consideration is \$3.3 million, with \$2.7 million payable upfront (\$2.2 million in cash and \$0.5 million of Atturra Limited shares), with an earn out consideration of up to \$0.6 million of cash, subject to Silverdrop achieving performance hurdles for FY24. The purchase consideration will be funded from internal cash reserves. The transaction is scheduled to complete on or around 31 August 2023.

No other matter or circumstance has arisen since 30 June 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.

Directors' Declaration

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 Atturra Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that Atturra Limited 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


Shan Kanji
Non-Executive Chairman

31 August 2023

Independent Auditor's Report



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Independent Auditor's Report to the Members of Atturra Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Atturra Ltd (the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 2023 and of its financial performance for the year then ended;
- (b) and complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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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.

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

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 of the current period. These 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.

Key Audit Matter	How we addressed the Key Audit Matter
Business Combinations – Note 33	
<p>The group acquired two entities during the year: Hammond Street Developments Pty Limited (HSD); and The Somerville Group Pty Limited (Somerville).</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 value 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 the measurement of separately identifiable intangible assets and the measurement of contingent consideration.</p>	<p>We critically analysed the Group's business combination workings to ensure its appropriateness with AASB 3 Business Combinations, including performing the following procedures:</p> <ol style="list-style-type: none"> developed an understanding of the relevant purchase agreements. obtained the purchase price allocation prepared by an independent valuer and, together with our Corporate Finance experts, evaluated the reasonability of estimates and judgements used within the fair value assessment. agreed the amount of the purchase consideration paid and/or payable to the transaction agreement, bank statements and ASX notices. Where there were contingent considerations, we assessed the appropriateness of management's assumptions in measuring the fair value of the consideration. assessed the reasonableness of the note disclosures in light of the requirements of the Australian Accounting Standards.
Goodwill – Note 14	
<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 of 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 the size of the goodwill balance and the judgement involved in determining the value in use of each CGU.</p>	<p>We critically analysed management's workings, including performing the following procedures:</p> <ol style="list-style-type: none"> assessed whether the Group's identification of CGUs was consistent with our knowledge of the operations, internal reporting lines and level of integration of the acquired businesses discussed and evaluated management's basis for using the significant assumptions and inputs used in the value in use model, and challenged its appropriateness.

	<ul style="list-style-type: none"> c) tested the significant assumptions used by management including discount rates and growth rates by comparing to observable market data, having components reviewed by our internal Corporate Finance experts and reviewing performance against approved budgets. d) interrogated the value in use model using different inputs as a means to perform sensitivity analysis. e) evaluated the reasonableness of the note disclosures in light of the requirements of Australian Accounting Standards.
Revenue – Note 4	
<p>Revenue is significant to the financial statements and disaggregated across multiple entities.</p> <p>This was a key audit matter given the materiality of the amount, high volume of transactions, as well it being a prescribed risk under the Australian Auditing Standards.</p>	<p>We performed the following audit procedures amongst others:</p> <ul style="list-style-type: none"> a) understood and evaluated management's processes and controls relating to the recording and recognition of revenue. b) evaluated the Group's approach to revenue recognition in light of the requirements of the Australian Accounting Standards. c) testing of a sample of revenue transactions, including fixed price agreements, comparing transactions to a range of supporting evidence. d) evaluated the reasonableness of the Group's disclosure 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 Group's Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express 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, 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.

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.

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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 18 to 26 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Atturra Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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.

Crowe Audit Australia

Crowe Audit Australia

Ash Pather

Ash Pather
Senior Partner

31 August 2023
Sydney

Shareholder Information

The shareholder information set out below was applicable as at 22 August 2023.

Corporate Governance

The Company's Corporate Governance Statement can be viewed at <https://investors.atturra.com/governance/>

Distribution of equitable securities

Analysis of number of quoted and unquoted equitable security holders by size of holding:

	Performance rights			Ordinary shares		
	Number of holders	Units	% of total Shares issued	Number of holders	Units	% of total Shares issued
1 – 1,000	-	-	-	77	47,481	0.02
1,001 – 5,000	-	-	-	230	653,711	0.28
5,001 – 10,000	-	-	-	190	1,421,803	0.61
10,001 – 100,000	19	1,305,130	28%	349	8,646,924	3.72
100,001 and over	12	3,304,156	72%	49	221,755,022	95.37
Total	31	4,609,286	100%	895	232,524,941	100.00
Holding less than a marketable parcel				30	7,988	0.00

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 PTY LIMITED	92,579,847	39.82
263 FINANCE PTY LIMITED	37,469,748	16.11
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	21,137,586	9.09
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,241,294	6.12
NATIONAL NOMINEES LIMITED	10,268,208	4.42
YAZARSKIA PTY LIMITED	6,075,055	2.61
SWK FAMILY PTY LIMITED	5,976,731	2.57
CITICORP NOMINEES PTY LIMITED	4,127,626	1.78
MR ANDRIS BALMAKS	2,957,405	1.27
PETER JAMES MURPHY	2,931,985	1.26
J&B FUND MANAGEMENT PTY LTD <J&B SUPERANNUATION FUND A/C>	2,850,872	1.23
INFOGATE PTY LTD	2,801,130	1.20
MERB INVESTMENTS PTY LTD	2,401,936	1.03
CPU SHARE PLANS PTY LTD <ATA EST UNALLOCATED A/C>	1,527,617	0.66
MAYHAM PTY LTD	1,500,987	0.65
MR STEPHEN KOWAL	1,096,212	0.47
STUART ALTHAUS RETIREMENT PTY LTD	1,030,283	0.44
VINMAN NOMINEES PTY LTD <THE VINMAN A/C>	1,020,000	0.44
CRAIG JOHN SOMERVILLE <CRAIG JOHN SOMERVILLE FAM AC>	889,412	0.38
MARHARD SUPERANNUATION PTY LTD <MARHARD SUPER FUND A/C>	750,000	0.32
Total	213,633,934	91.88

Unquoted equity securities

There are 4,609,286 unquoted Performance Rights on issue.

There is one holder who holds 20% or more unquoted equity securities; Stephen Kowal holds 1,372,614 unquoted equity securities.

Shareholder Information

Substantial holders

The following shareholders have disclosed a substantial shareholder notice to the ASX:

	Ordinary Shares		
	Number held	% of total shares issued	Date of notice
Shan Kanji, combined holdings of Driftwood IT Pty Ltd, 263 Finance Pty Ltd and Shan Kanji	130,049,595	55.92%	23 August 2023*
Richmond Hill Capital Pty Ltd and associates	14,187,344	6.10%	3 August 2023

*As disclosed in the Form 604 dated 23 August 2023

Restricted securities

Of the 232,524,941 shares on issue, 121,102,119 shares are restricted securities. The restricted securities will be released from voluntary escrow on 01 October 2023.

On-market buy-back

There is no on-market buy-back scheme in operation for the Company's quoted shares.

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.

Performance Rights

There are no voting rights attached to Performance Rights.

Stock Exchange on which the Company's Securities are Quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Review of Operations

A review of operations is contained in the Directors Report.

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.

Annual General Meeting

As advised to the ASX on 31 July 2023, the Annual General Meeting of the Company is scheduled for Friday, 6 October 2023.

Corporate Directory

Directors	Shan Kanji Stephen Kowal Nicole Bowman Jonathan Rubinsztein
Company secretary	Kunal Shah
Registered office	Level 33, Aurora Place 88 Phillip Street Sydney NSW 2000
Principal place of business	Level 2 10 Bond street Sydney NSW 2000
Share register	Computershare Limited Level 3 60 Carrington Street Sydney NSW 2000
Auditor	Crowe Audit Australia Level 24 1 O'Connell St Sydney NSW 2000
Solicitors	HWL Ebsworth Level 14, Australia Square 264 – 278 George Street Sydney NSW 2000
Bankers	Westpac Banking Corporation
Stock exchange listing	Atturra Limited shares are listed on the Australian Securities Exchange (ASX code: ATA)
Website	https://atturra.com/au-en/

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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