Appendix 4D

Ansarada Group Limited
Preliminary final report for the half year ended 31 December 2022

Results for announcement to the market

Ansarada Group Limited (Ansarada) and its controlled entities (the Ansarada Group or Group) results for announcement to the market are detailed below.

Results for announcement to the market	31 December 2022 $'000	31 December 2021 $'000	Up/(down)	Movement %
Net loss after tax from operations	(4,593)	(2,131)	(2,462)	116%
Total net loss after tax attributable to members of the Group	(4,593)	(2,131)	(2,462)	116%
Revenue from operations	**26,136**	**23,405**	**2,731**	**12%**
Earnings per share (cents)	(0.05)	(0.02)	(0.03)	150%

Other Information

No dividends have been declared for the financial period ended 31 December 2022.

Net Tangible Assets	31 December 2022 $'000	31 December 2021 $'000
Net Tangible assets per security (cents)	**0.06**	**0.12**

Explanation of results

Please refer to the Review of Operations for an explanation of the results.

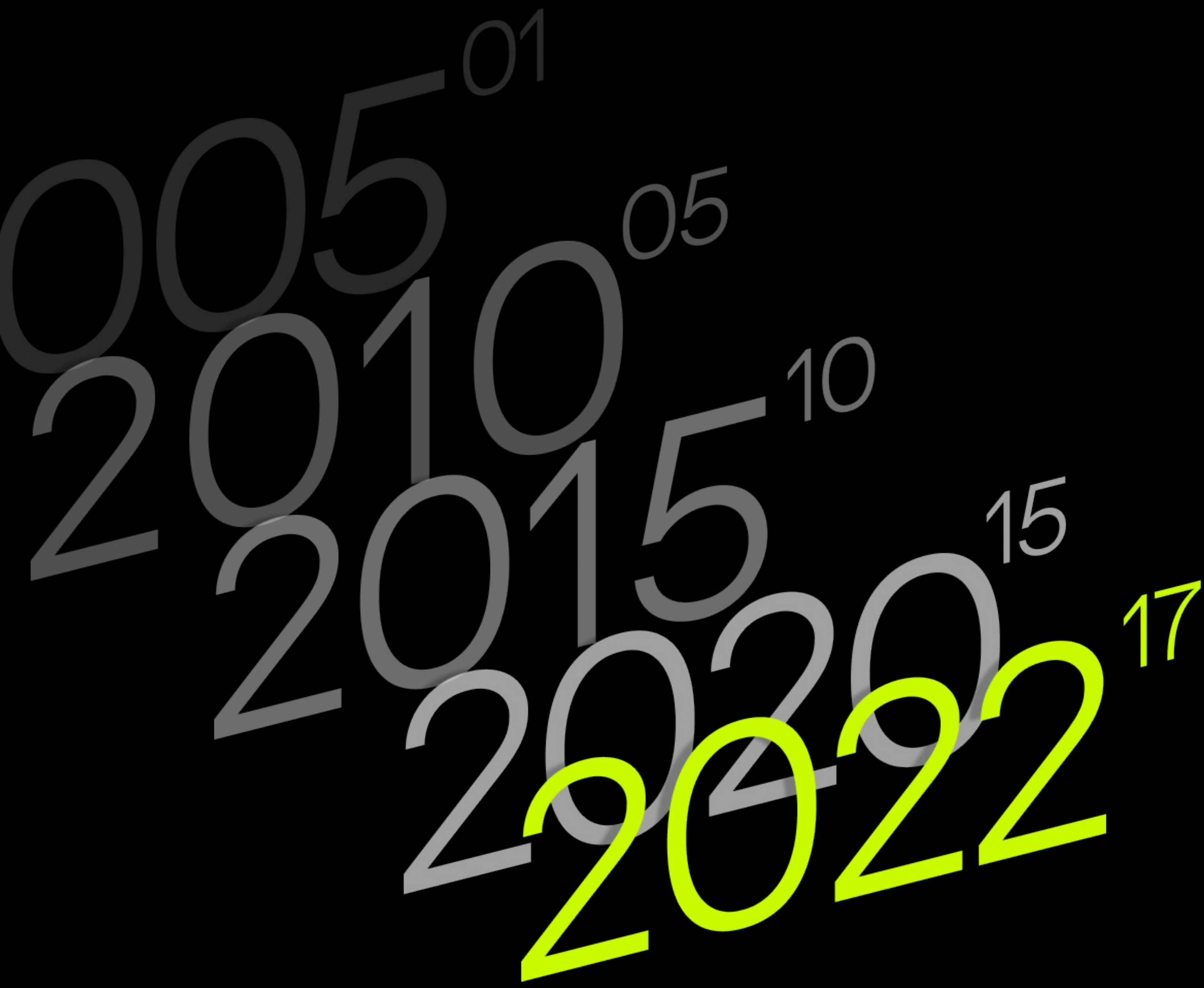
This report should be read in conjunction with the Consolidated Annual Financial Report of Ansarada Group Limited for the year ended 30 June 2022. This report should also be read in conjunction with any public announcements made by Ansarada in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX listing rules.

This Appendix 4D report is based on the Consolidated Interim Financial Report for the period ended 31 December 2022 that have been reviewed by KPMG.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

ANSARADA

Half year ended 31 December 2022 Financial Results



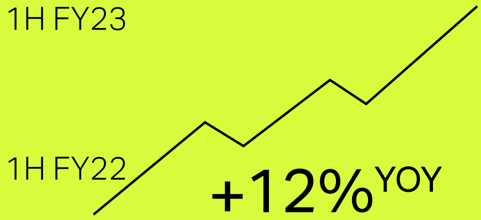
1 Overview

2 Financials

3 Reports

HY AASB Revenue

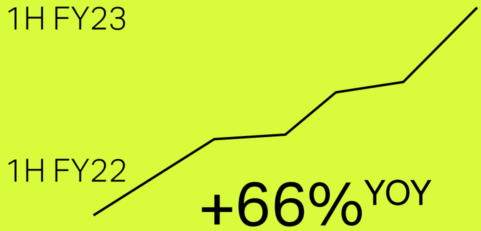
$26.1M



+12% YOY

Customers

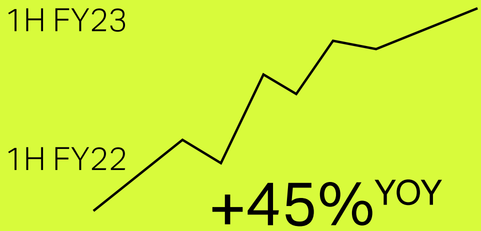
6,092



+66% YOY

Annual Recurring Revenue (ARR)

$10.1M



+45% YOY

ARR Subscribers

197

+25% YOY

Total Subscribers

2,575

-8% YOY

Average Revenue Per Account

1,293

+16% YOY

Gross Margin

$95%

Deferred Revenue

$16.8M

+8% YOY

International Revenue

$11.5M

44% of total revenue

PEOPLE FIRST

Directors' Report

The Directors present their report together with the Consolidated Interim Financial Report of the Group comprising of Ansarada Group Limited and its controlled entities (the Ansarada Group or Group), for the half year ended 31 December 2022, and the Independent Auditor's Review Report thereon.

Directors

The Directors of Ansarada Group Limited at any time during the period ended 31 December 2022 and up to the date of this report are as follows.

Mr. Peter James

Chairman

Independent Non-Executive Director
Appointed 4 December 2020

Peter has extensive experience as Chair, Non-Executive Director and Chief Executive Officer across a range of publicly listed and private companies, particularly in emerging technologies, digital disruption, cyber security, e-commerce and media.

Peter is currently Chairman at Droneshield (ASX: DRO), Halo Food Co (ASX: HLF) and Macquarie Telecom Group (ASX: MAQ).

Peter is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Computer Society.

Mr. Sam Riley

Chief Executive Officer

Executive Director
Appointed 4 December 2020

Sam co-founded Ansarada and was part of the founding team which built Ansarada from $30k in seed capital.

Sam has 17 years experience as CEO and has established Ansarada as an employer of choice, having been listed on the top 50 great places to work for 12 years.

Mr. Stuart Clout

Chief Revenue Officer

Non-Executive Director
Appointed 4 December 2020

Stuart Clout is the Founder of thedocyard. Prior to founding the thedocyard, Stuart practiced as a corporate lawyer both in a large law firm partnership with Colin Biggers & Paisley in Sydney and in-house with the Tesco Group, a Fortune 100 company in London.

Stuart has over 16 years experience as a corporate transactional lawyer and is an admitted solicitor in both New South Wales and England and Wales. In private practice, Stuart acted for a variety of large private and listed corporate clients, primarily on M&A and transactional matters.

Mr. David Pullini

Independent Non-Executive Director
Appointed 4 December 2020

David has advisory experience and general management experience across multiple industries, including technology.

David is currently Principal of Ginostra Capital that actively holds both private and public market investments, together with being Chairman of Humanforce Pty Limited, Director of Vantage Asset Management and Investment Committee Member of Tempus Partners.

01. Officers who were previously partners of the audit firm

None of the Group's officers have been employed as partners of the Group's auditor.

02. Environmental regulation

The Group's operations are not regulated by any significant Commonwealth, State or Territory environmental laws or regulation.

03. Principal activities

Ansarada is a global provider of cloud-based AI-powered virtual data rooms and material information platforms for secure end-to-end document and process management, supporting material transaction and governance outcomes for businesses throughout their lifecycle.

Ansarada's innovative and purpose-driven virtual data rooms enable the hosting, exchange and management of confidential material information between parties during critical events such as M&A (mergers and acquisitions), fundraising, procure and IPOs via a business to business ("B2B") software ("SaaS") based platform.

04. Dividends

No dividends have been paid or declared for the financial period ended 31 December 2022 (2021: $Nil).

05. Events subsequent to reporting date

There were no items, transactions or events of a material or unusual nature that, in the opinion of the Board, are likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group that have arisen in the period from 31 December 2022 to the date of this report.

06. Lead auditor's independence declaration

The Lead Auditor's Independence Declaration as required under section 307c of the Corporations Act 2001, is set out on page 44 and forms part of the Directors' Report for the six months ended 31 December 2022.

07. Rounding off

All amounts in the financial report have been rounded off in accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 to the nearest one thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors:

Dated at 23 February 2023

David Pullini

Samuel Riley
Director

David Pullini
Director

Review of Operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 9 to 20 of this report.

Business Overview

Ansarada Group is a global provider of cloud-based SaaS information governance solutions. Ansarada's product is a cloud-based, artificial intelligence ("AI") powered SaaS platform for end-to-end management of material outcomes for businesses throughout their lifecycle. It provides a single interactive system for managing business events and milestones such as raising capital, M&A, post-acquisition integration, audits, asset portfolio management, procure, governance, risk, board and compliance.

Ansarada enables businesses to monitor information sharing, align, and scorecard individuals and information against outcomes, whilst tracking workflow (via dashboards, notifications, and collaboration tools). The platform enables customers to assess how prepared their business is for an upcoming event and sets out a clear pathway to adhere to in order to optimise the outcome and execute with confidence. It provides tools for information governance, which increases productivity; enables efficiencies and better decision making; while also ensuring compliance and reducing risks across the business lifecycle.

Operating and Financial Review

Our belief

Ansarada believes when information and processes are structured correctly, organisations gain the insight and confidence required to achieve better outcomes, for their business and their people.

Review of Operations

Principal activities

Ansarada is a SaaS Platform with products used by the world's top companies, advisors and governments to govern their most critical information and processes in Deals and Transaction Management, Board Management, Governance, Risk and Compliance and large infrastructure projects through our Procure product. Ansarada enables organisations across the globe to be run more efficiently, with reduced risk and an increased ability to make fast confident decisions. Ansarada's mission is to bring order to the chaos organisations face to increase business value and help them realise their potential by becoming a greater force for good and for growth.

Overview of the Group

The Ansarada Group is a global provider of cloud-based SaaS information governance solutions, enabling businesses to achieve critical outcomes with confidence through secure document management, workflow and high security collaboration tools.

Ansarada's product is a cloud-based, artificial intelligence ("AI") powered SaaS platform for end-to-end management of material outcomes for businesses throughout their lifecycle. It provides a single interactive system for managing business events and milestones such as raising capital, M&A, post-acquisition integration, audits, asset portfolio management, procure, governance, risk, board, compliance and Environmental, Social and Governance (ESG) standards. It provides tools for information governance, which increases productivity, enables efficiencies and better decision making, while also ensuring compliance and reducing risks across the business lifecycle.

Ansarada's market-leading solutions are scalable, serverless and leverage best in class technology, AI and machine learning. Its solutions have supported more than 35,000 critical events for a diverse and global active customer base of more than 6,000 total customers[1] at 31 December 2022 comprising medium and large corporates, small businesses, advisors (including investment banks, legal and accounting advisory firms), state governments, local councils and financial sponsors (including asset managers, private equity firms and venture capital firms). Ansarada is a truly global business with 44% of the Group's $26.1 million half year FY23 revenue generated outside of Australia and over 629,000 unique users[2] across 180 countries.

The extensive data and experience from serving customers throughout these transactions has been leveraged to design technology that drives efficiency through automation and simplicity, valuable insights, workflow collaboration, confidence and security.

As at 31 December 2022, the Group currently employs over 180 people across its offices located in Sydney, Chicago, London, Amsterdam, Johannesburg and Ho Chi Minh City.

[1] Total customers includes any subscription/contract with an active contract. Customers may have more than one deal platform, board portal or governance solution open at any given time. [2] As at 31 December 2022, refers to unique data room user profiles (unique profiles excludes those deleted or disabled).

Our portfolio of SaaS governance solutions

Ansarada's efficient and straightforward end-to-end SaaS offering allows customers to showcase key attributes of their business and manage critical information, risks and opportunities across their business lifecycle to maximise decision making and outcomes.

Customers use Ansarada's advanced virtual data rooms to connect, share information, collaborate, communicate, and facilitate the due diligence process while monitoring activity. Ansarada's platform provides a single interactive system for managing business events and milestones such as raising capital, M&A, post- acquisition integration, audits, asset portfolio management, procure, governance, risk, board and compliance.

The platform significantly assists customers in minimising risks and delivering value more efficiently, through its ability to generate insights, accelerate successful outcomes and provide an accurate, real-time view of a transaction's progress.

Key characteristics of Ansarada's products include:

Simplicity

Intuitive, fast, mobile compatible and user-friendly

Security

Access and document usage control, full visibility

Automation

AI tools automate processes, deliver insights and intelligence

Confidence

Comprehensive range of reports, activity monitoring

Flexibility

Unlimited data and flexible plans to suit requirements and budget

Collaboration

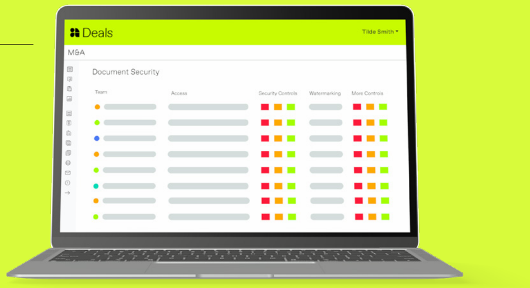
Workflow management and communication tools

Q&A speed and visibility

Ansarada delivers its offering without any software plug-ins or downloads, which provides a seamless experience for businesses and advisors.

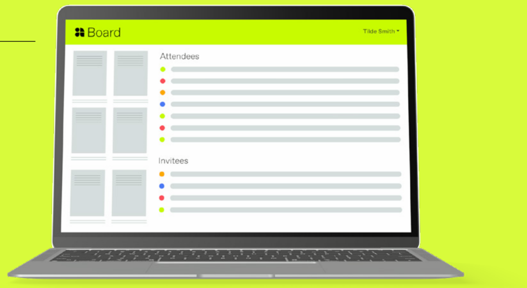
Product development and continuous improvement is a fundamental pillar in everything we do at Ansarada, which is driven by continuing to be agile, flexible, listening to customers and adopting an iterative approach.

Deals



GRC

Board



ESG

Procure

Operating Results

	31 December 2022 $'000	31 December 2021 $'000	Change YOY %
Revenue	25,858	23,110	12%
Other income	278	295	-6%
Total revenue and other income	**26,136**	**23,405**	**12%**
Cost of revenue	(1,384)	(1,266)	9%
Gross profit	**24,752**	**22,139**	**12%**
Gross margin percentage	95%	95%	0%
Product design and development[1]	(6,895)	(4,456)	55%
Sales and marketing[2]	(10,475)	(8,389)	25%
General and administration[2]	(6,253)	(5,803)	8%
Total operating expenses before depreciation and amortisation, and impairment	**(23,623)**	**(18,648)**	**27%**
Percentage of operating revenue	90%	80%	10%
Total operating profit before depreciation and amortisation, and impairment	**1,129**	**3,491**	**-68%**
Impairment	(344)	–	100%
Depreciation and amortisation[3]	(5,064)	(5,267)	-4%
Total operating expenses	**(29,031)**	**(23,915)**	**21%**
Total operating loss	**(4,279)**	**(1,776)**	**141%**
Finance income	41	4	925%
Finance expense	(153)	(330)	-54%
Net finance Income/(expense)	**(112)**	**(326)**	**-66%**
Profit/(loss) before income tax	**(4,391)**	**(2,102)**	**109%**
Income tax benefit/(expense)	(202)	(29)	597%
Profit/(loss) for the year	**(4,593)**	**(2,131)**	**116%**

	31 December 2022 $'000	31 December 2021 $'000	Change YOY %
Key management non-GAAP financial measures			
Adjusted EBITDA[4]	2,759	4,215	-35%
Adjusted cash flow from operations[5]	2,275	6,724	-66%
Adjusted free cash flow[6]	(611)	3,715	-116%
Adjusted EBITDA	**Cents**	**Cents**	**Change YoY%**
Earnings per share (EPS) attributable to owners of Ansarada Group Limited			
Basic earnings per share (cents)	(0.05)	(0.02)	150%
Diluted earnings per share (cents)	(0.05)	(0.02)	150%

[1] Excludes depreciation and amortisation which is included as its own line item in management's adjusted version of results. [2] Excludes depreciation which is included as its own line item in management's adjusted versions of results. [3] Excludes amortisation on contract acquisition assets which is included in cost of revenue. [4] Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation ('EBITDA'), excluding non-cash share-based expense, non-cash impairments, capital raising, business combination fees, redundancy expenses and other abnormal one-time costs including consultancy. [5] Adjusted cash flow from operations is adjusted for one-time costs including business combination costs, restructure payments and consultancy. [6] Adjusted free cash flow is a financial measure that has been included to show readers net cash generated by, and invested into, the business less one-time costs including business combination costs, restructure payments and consultancy.

During 1H FY23, Ansarada continued to execute its growth and transformation strategy to build a stronger business with more recurring revenue.

During the six month period ending 31 December 2022, Ansarada continued to execute its growth and transformation strategy to build a stronger, more resilient business with greater recurring revenues. We delivered healthy financial performance, despite a downturn in macro-environment conditions and deal volumes.

Ansarada achieved an operating revenue milestone of $26.1 million in 1H FY23 which was 12% up vs 1H FY22. Furthermore, there was an improvement in the quality of revenue with Annual Recurring Revenue (ARR)[7] increasing 45% to $10.1 million compared to $7.0 million as at 31 December 2022. Customer retention[8] for ARR contracts was 89% with a 113% net dollar retention[9] illustrating higher usage of the platform year over year. ARR is a higher quality revenue stream as it measures the revenue the Company expects to receive on an annual basis from a subset of its total subscribers. These ARR subscribers use the platform more frequently, or across products used for ongoing operations and therefore form highly recurring relationships.

The 113% net dollar retention is a measure of how much revenue Ansarada retains from its existing customers and also illustrates that the Company is generating additional revenue from this loyal cohort upon renewal.

Revenue growth was also driven by an increase across all subscriptions in annual revenue per account[10] (ARPA) of 16% compared to 1H FY22. This was driven by improvements in pricing and packaging, and growing the proportion of larger customer contracts and revenue.

Ansarada's digital channel which allowed the company to scale a self-service offering, has resulted in a more efficient way of winning business and reducing Customer Acquisition Costs[11] (CAC), driving an increase of 45% in active subscribers[12] or $1.8 million from this channel compared to 1H FY22.

Ansarada reports a gross profit of $24.8 million for the 1H FY23, compared to $22.1 million for the six months to 1H FY22. The Company maintains a healthy gross margin percentage of 95% year on year. The increase in cost of revenue of 9% or $2.6 million is offset with an increase of 12% in total operating revenue or $2.7m compared to 1H FY22.

Total EBITDA is $1.1 million compared to $3.7 million in 1H FY22. Adjusted EBITDA remains positive at $2.8 million, albeit down $1.5 million compared to 1H FY22. Adjusted EBITDA margin for 1H FY23 was 11% compared to 18% in 1H FY22. The business continues to invest in people, technology and go-to-market initiatives which resulted in a $5.1 million increase in operating expenses. This increase was partially offset with an increase in gross profits of $2.6 million compared to 1H FY22. Management has reduced the business' cost base during Q2 FY23 in response to the macroeconomic environment in 1H FY23. The priority in 2H FY23 is to ensure continued investments in product and scalable growth while building a stronger, higher quality revenue base.

Ansarada recognised a net loss of $4.6 million compared to net loss of $2.1 million in 1H FY22. The net loss was materially impacted by non-cash depreciation and amortisation of $5.4 million and non-cash share-based expense of $0.7 million. The net loss was also affected by one-time consulting costs of $0.7 million, relating to Ansarada's rebrand and strategy consulting, and restructure costs of $0.2 million.

Ansarada's total customers[13] increased by 66% to 6,092 compared to prior year driven by improved customer experience and the freemium acquisition strategy. The freemium strategy gives customers an opportunity to experience the product and experience its value before a trigger of conversion to paying subscribers. This gives the Company the future potential opportunity to convert record customer numbers into paying subscribers. Despite the macroeconomic environment, the strong growth in customers demonstrates the increasing demand of Ansarada's solutions throughout Deals, Board, GRC, ESG and Procure. Subscriber numbers decreased by 8% compared to 1H FY22 mainly due to a challenging M&A market driving lower new win volumes and slower velocity through the conversion funnel. The decrease in overall subscribers is partially offset with the increase in ARR subscribers with higher quality longer term relationships. The significant increase in customer numbers, and the continued growth in ARR has positioned Ansarada well to capitalise when deal volumes return.

Ansarada continued to invest in technology modernisation, scaling its product offerings and driving customer growth in Procure and Deals. Additionally, the Company will continue to invest and expand on our ESG and GRC roadmap, with major product launches to help businesses improve their sustainability, reduce operational risks, and increase the value of their company. By investing in these areas, Ansarada will be better positioned to meet the evolving needs of its customers and differentiate itself from competitors.

[7]ARR or Annual recurring revenue refers to revenue, normalised on an annual basis, that Ansarada expects to receive from its ARR Subscribers for providing them with Ansarada's products or services. It is calculated by annualising MRR: Monthly Recurring Revenue (MRR) x 12. [8]Customer retention refers to the ARR subscribers that remain as active paying subscribers after a 12 month period. Retention is calculated as [1-(churn/opening ARR Subscribers)] over a 12 month period. [9] Net Dollar Retention refers to the amount of monthly recurring revenue in a period generated from ARR Subscribers active in a corresponding period 12 months earlier dived by the MRR from that prior period. [10] ARPA represents the average monthly revenue generated from customers on subscription-based contracts (includes TriLine GRC from Q2 FY22 onwards but excludes Procure subscriptions). [11] Customer Acquisition Costs (CAC) are the costs associated with acquiring new customers, and includes Sales Commissions, Sales & Marketing Employee costs and non-headcount marketing costs. [12] Subscriber refers to active paid subscription contracts/customers at period end, and TriLine GRC from Q2 FY22 onwards. [13]Total Customers refers to active customers and includes consolidated customers numbers for both Ansarada NewCo Pty Ltd and Ansarada Group Limited (formerly thedocyard) including periods prior to the merger plus TriLine GRC from Q2 FY22 onwards. Total customers includes any subscription/contract with an active platform. Customers may have more than one deal platform, board portal or governance solution open at any given time. Customer numbers include customers acquired through the freemium strategy.

Revenue

Subscription revenue comprises recurring annual and monthly fees from customers who subscribe to Ansarada's cloud-based SaaS platform.

These fees can either be invoiced up-front or over the subscription period, accounting for deferred revenues.

Transactional revenue fees represent the amount billed to the customers based on the specific level of virtual data room usage (e.g. amount of data uploaded or pages occupied). Consideration from usage fees is recognised as revenue on a straight-line basis in the Statement of Profit or Loss and Other Comprehensive Income over the estimated life of a deal room.

Other income consists of archive fee income and other miscellaneous items.

Year ended	31 December 2022 $'000	31 December 2021 $'000	% Change
Platform Subscription revenue	22,163	19,251	15%
Transactional revenue	3,695	3,859	-4%
Other income	278	295	-6%
Total revenue and other income	**26,136**	**23,405**	**12%**
Platform Subscription revenue as a % of total pro forma revenue	**85%**	**82%**	**3%**
Transaction and other revenue as a % of total pro forma revenue	**15%**	**18%**	**-3%**

As at:	31 December 2022 $'000	30 June 2022 $'000	% Change
Deferred revenue[14]	16,782	16,932	-1%

% of total revenue

Revenue by category
HY FY23

- Subscription Revenue 85%
- Transactional Revenue 14%
- Other Income 1%

Revenue by category
HY FY22

- Subscription Revenue 82%
- Transactional Revenue 17%
- Other Income 1%

[14] Deferred revenue consists of Platform Subscriptions and Transactional Usage which are expected to be recognised on a straight-line basis over the remaining life of the contract.

Total recognised revenue for the half year ended 31 December 2022 was $26.1 million, compared to $23.4 million for the half year ended 31 December 2021. This increase was primarily driven by an increase in ARPA, 45% growth in ARR subscribers and Procure and GRC performance vs prior year. Ansarada launched its e-commerce[15] channel in February 2020, which enabled the Company to scale a self-service offering and expand its digital contract acquisition capability, resulting in a more efficient way of winning larger volumes of business. The Company's e-commerce channel contributed to an increase of $1.8 million, or 93%, compared to 1H FY22.

Revenue growth was delivered despite a 28% decrease in new wins in the period, driven by lower overall global M&A volumes during 1H FY23. Subscription revenue increased as percentage of total revenue by 3% to 85% of total.

TriLine GRC, which was acquired in October 2021, is a market-leading governance, risk and compliance SaaS company, which accounted for 4% of the revenue growth from 1HFY22. Furthermore, the Company plans to launch the first paid subscription product in its ESG strategy in 2H FY23, which will help diversify revenue streams, build higher quality revenue and ensure greater resilience in challenging macroeconomic conditions.

Ansarada's subscription contracts are largely paid upfront, with revenue recognised over the remaining life of the subscription. Deferred revenue represents the contracted revenue to be recognised in coming months and years. Deferred revenue has decreased marginally to $16.8 million, a decrease of 1% compared to 30 June 2022. The Company will continue to target enterprise and infrastructure delivery/Procure contracts with longer contract periods and value. This is further demonstrated by our 45% increase in ARR compared to 1H FY22.

In relation to the $16.8 million deferred revenue, $15.4 million will be recognised within 12 months between 2H FY23 and 1H FY24 and $1.3 million will be recognised between 2H FY23 and FY26.

Revenue by geography

Revenue by geographic location	31 December 2022 $'000	31 December 2021 $'000	% Change
ANZ (Australia and New Zealand)	14,651	13,126	12%
North America	2,739	2,228	23%
Asia	1,426	1,022	40%
Europe	3,365	3,660	-8%
Middle East and Africa	1,353	1,148	18%
United Kingdom	2,602	2,221	17%
Total revenue by geographic location	**26,136**	**23,405**	**12%**

% of total revenue

Revenue by geography
HY FY23

- ANZ 56%
- Other 44%

Revenue by geography
HY FY22

- ANZ 56%
- Other 44%

[15] E-commerce customers refers to Customers acquired through the e-commerce channel.

E-commerce

Our e-commerce channel continued to improve its key metrics from acquisition to conversion, delivering 640 active subscribers at the end of December 2022, a 45% increase in active subscribers through this channel. To accelerate growth, we continue to invest globally in marketing, while continuing to improve the customer experience. With a fast payback on customer acquisition costs, positive adjusted cash flow from operations and a strong balance sheet, Ansarada is well placed to continue scaling in 2H FY23.

Annual Recurring Revenue (ARR)

Annual recurring revenue refers to revenue, normalised on an annual basis, that Ansarada expects to receive from its Enterprise Subscribers for providing them with Ansarada's products or services. Enterprise Subscribers are defined as multi-product or multiple use under a single subscription including Governance, Risk & Compliance, some Procure and Deals contracts and Board products. Where the use case is Deals, enterprise would include a single agreement that includes more than five associated deal rooms.

Year ended	31 December 2022 $'000	31 December 2021 $'000	% Change
ARR	10,109	6,987	45%
ARR Subscribers[16]	197	158	25%

There was a 45% increase in ARR of $10.1 million compared to $7.0 million with a 113% net dollar retention and 89% customer retention. ARR is a higher quality revenue stream as it measures the revenue the company expects to receive on an annual basis from its subscription-based service.

Performance Metrics

	31 December 2022	31 December 2021	% Change
Wins	1,439	2,011	-28%
Subscribers	2,575	2,805	-8%
Customers	6,092	3,670	66%
ARPA	1,293	1,119	16%

The Group saw an 66% increase in pro-forma customers compared to 1H FY22, with total customer numbers reaching a record 6,092. Subscribers ended 2,575, -8% compared to 1H FY22. New wins[17] (including e-commerce) in 1H FY23 were down 28% YoY, reflecting the challenging macroeconomic environment. In addition to customer and revenue growth, ARPA has also increased from $1,119 in 1H FY22 to $1,293 in 1H FY23.

[16] ARR subscribers refers to the subscribers with an enterprise contract that generate annual recurring revenue. Enterprise subscription is defined as multi-product or multiple use under a single subscription including GRC, some Procure and Deals contracts and Board products. Where the use case is Deals, enterprise would include a single agreement that includes more than 5 associated deal rooms. [17] A Win represents Ansarada closing a paying subscription/contract customer.

Gross Profit

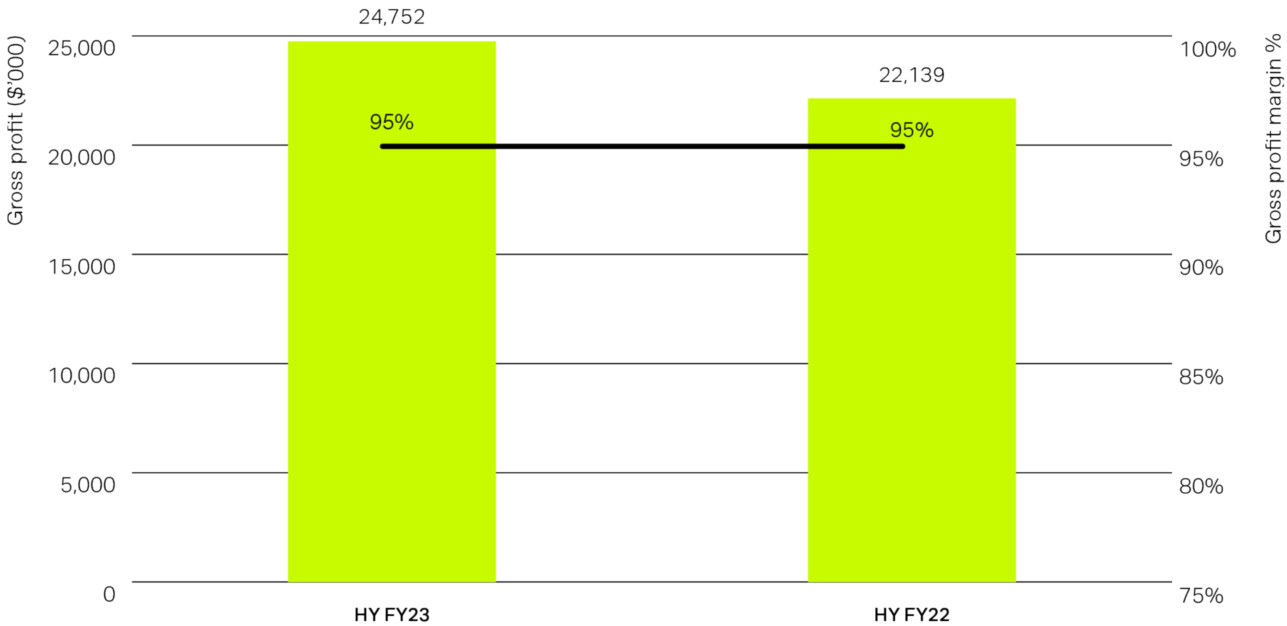
Gross profit represents operating revenue less the cost of revenue. Cost of revenue primarily relates to sales commissions for sales employees and third-party fees for software used to provide product features and VDR archive expenses.

Year ended	31 December 2022 $'000	31 December 2021 $'000	% Change
Revenue and other income	26,136	23,405	12%
Cost of revenue	(1,384)	(1,266)	9%
Gross profit	**24,752**	**22,139**	**12%**
Gross profit margin %	**95%**	**95%**	**0%**

In 1H FY23, the Company's gross profit increased by $2.6 million, representing a 12% increase to $24.8 million, with gross profit margin percentage remaining strong at 95%, which was on par with 1H FY22.

Operating revenue increased by 12%, while cost of revenue increased by $0.1 million to $1.4 million, representing a 9% increase when compared to the same period last year. The increase was primarily driven by an increase in sales commission which is in line with the 12% increase in operating revenue.

Gross Profit and Gross Margin



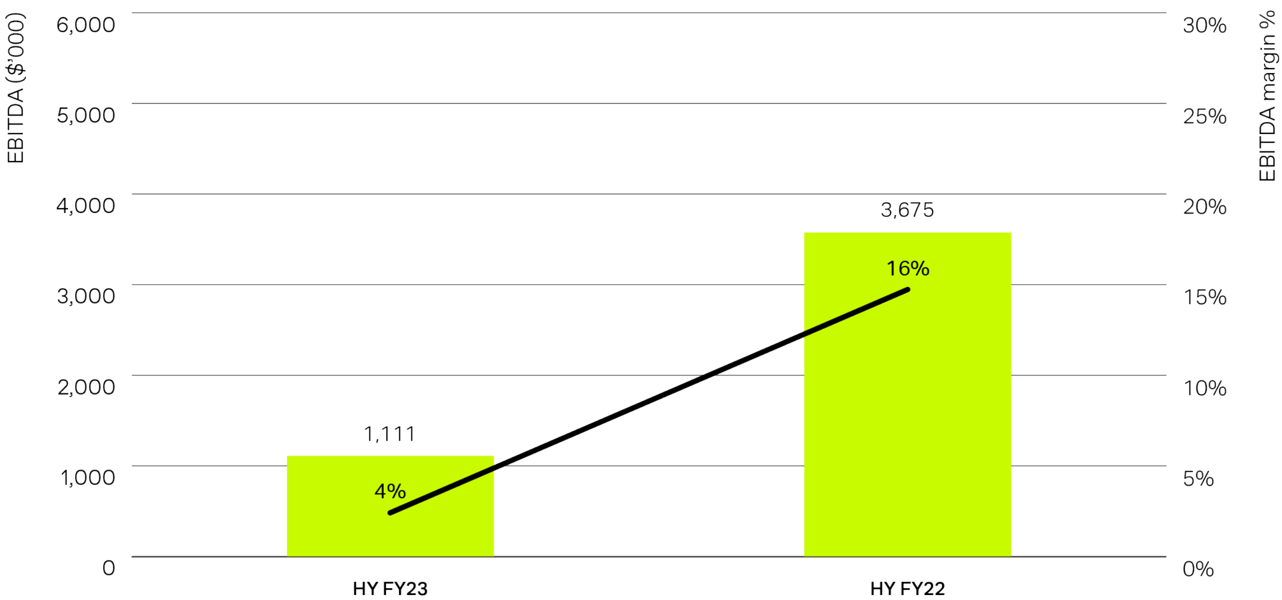
Earnings before interest, tax, depreciation, and amortisation (EBITDA)

Period ended	31 December 2022	31 December 2021	% Change
Profit/(loss) for the year	(4,593)	(2,131)	116%
Add back: current tax expense	202	29	597%
Statutory profit/(loss) before income tax expense	**(4,391)**	**(2,102)**	**109%**
Add back: net finance expense	112	326	-66%
Add back: business combination costs	-	164	-100%
Add back: depreciation and amortisation expense	4,658	4,907	-5%
Add back: non-cash impairment intangible assets	344	20	1,620%
Add back: depreciation right of use asset	388	360	8%
EBITDA	**1,111**	**3,675**	**-70%**
EBITDA margin	**4%**	**16%**	**-12%**

EBITDA decreased by $2.6 million, or 70%, from 1H FY22 to 1H FY23, resulting in a decrease in EBITDA as a percentage of revenue from 16% to 4%.

The decrease was mainly due to an increase in operational costs of $5.1 million, or 21%, which was offset by a revenue increase of $2.7 million, or 12%. The operational costs as a percentage of revenue increased from 80% to 90% from 1H FY22 to 1H FY23. Management has reduced ongoing operational costs in 1H FY23 to improve the Company's efficiency in 2H FY23.

Earnings before interest, tax, depreciation and amortisation (EBITDA)



Adjusted EBITDA

Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation ("EBITDA"), excluding non-cash share-based expense, non-cash impairments, capital raising, business combination fees, redundancies expenses and other abnormal one-time costs including consultancy. Underlying information, including this reconciliation to net profit after income tax expense, has been provided in order to meet the demands from the users of the financial reports for information to better understand aspects of the Company's performance.

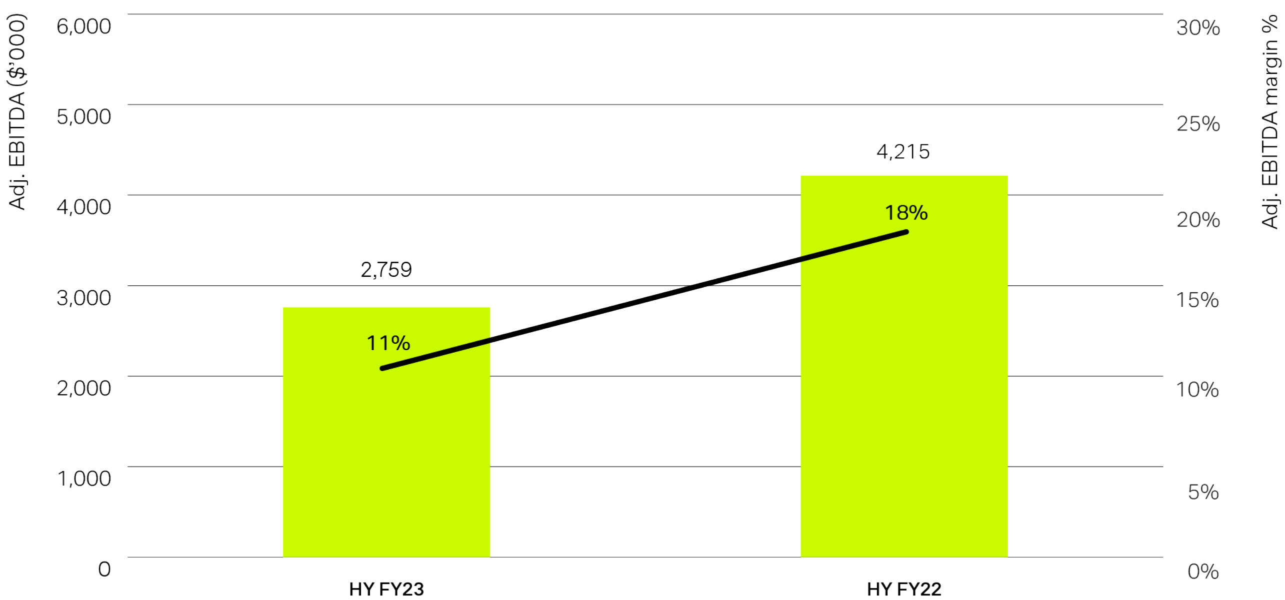
A reconciliation of adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") to statutory profit after tax for the year is as follows:

Period ended	31 December 2022	31 December 2021	% Change
Profit/(loss) for the year	(4,593)	(2,131)	116%
Add back: current tax expense	202	29	597%
Statutory profit/(loss) before income tax expense	**(4,391)**	**(2,102)**	**109%**
Add back: net finance expense	112	326	-66%
Add back: business combination costs	-	164	-100%
Add back: depreciation and amortisation expense	4,658	4,907	-5%
Add back: non-cash impairment intangible assets	344	20	1,620%
Add back: depreciation right of use asset	388	360	8%
Add back: non-cash share-based expense	723	540	34%
Add back: restructure payments	178	-	100%
Add back: one-off consulting costs	747	-	100%
Adjusted EBITDA	**2,759**	**4,215**	**-35%**
Adjusted EBITDA margin	**11%**	**18%**	**-7%**

Adjusted EBITDA for the 1H 23 was $2.8 million, which represents a decrease of 35% or $1.5 million compared to the same period in the 1H FY22.

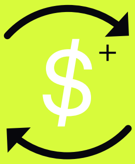
The decrease in Adjusted EBITDA was due to additional one-off expenses of $0.9 million, including consulting costs and restructuring payments, as well as an increase of $0.2 million in non-cash share-based expenses. This led to a decrease of 7% in the adjusted EBITDA as a percentage of operating revenue. To improve efficiency and mitigate the decrease, management took measures to reduce ongoing operational costs to improve the Company's efficiency in 2H FY23.

Adjusted Earnings before interest, tax, depreciation and amortisation (EBITDA)



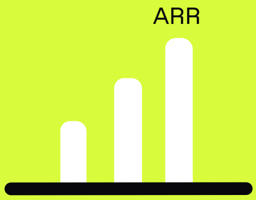
Summary & Outlook

Building a world-class business supported by recurring revenue and a high quality global customer base.



01

02



03

Cash flow positivity

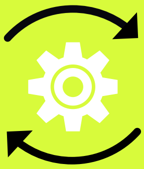
Continue self-funding our growth strategy

Establish & expand ESG products to capture demand

Deliver on our ESG and GRC roadmap to help businesses confidently start and improve their sustainability, reduce operational risks and increase the value of their company.

Grow ARR

Invest in further scale of what we know is working on product, marketing and sales to generate ARR with our GRC, Procure and Deals products.



04

05

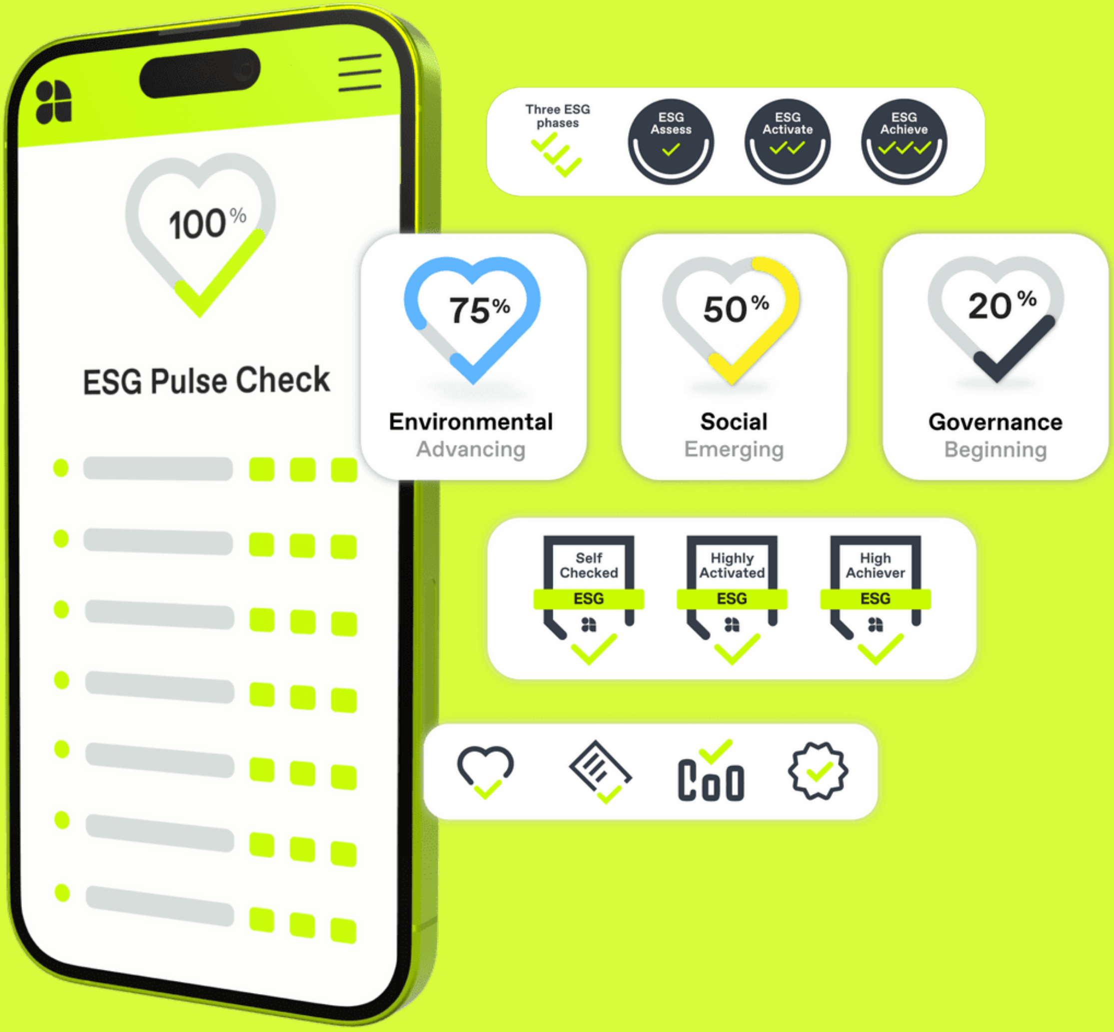
Increase Operational Efficiency

Continued digitisation and automation of customer journey and our operational processes.

Improve conversion from freemium to paid subscribers

Get more value to freemium customers faster in their journey with less friction.

Sustainability - a force for good and for growth. Good growth.



We have conducted an ESG gap analysis and commenced a Materiality Assessment[18] to diagnose the top ESG issues across all our stakeholders. We have put in place a foundational ESG strategy and plan to establish baseline measures and hit targets that form a solid foundation for further action and improvement on ESG.

Our mission is to raise and protect every company's potential. At Ansarada, we believe that being aware of sustainability issues leads to better management. By focusing on delivering game changing ESG products, we believe we can help more customers start an ESG journey and improve their positive impact.

We have already released one product for any organisation to conduct an 'ESG Pulse Check' self-assessment that diagnoses their ESG strength and gaps. We have more ESG products, including a digitised 'ESG Materiality Assessment' in design and development and scheduled for release in coming months.

Our commitment to becoming a sustainability-led business is grounded in our belief that caring for people, planet, and performance is essential for the long-term success of our organisation.

We recognise that this journey will require us to evolve our operations, culture, and processes. Therefore, we are working to embed sustainability considerations across our business, including in our product development, design, delivery, and reporting. We already have aligned pay and incentives across leaders towards execution of our ESG plans. We are collaborating with all our stakeholders to identify the critical issues to act on from their perspectives. We will continuously monitor and manage all ESG issues of importance to our strategy and operations.

[18] A Materiality Assessment is a formal process undertaken by a company to identify and evaluate the ESG factors that are most important to its business and stakeholders. The assessment involves a comprehensive review of the company's operations, products and services, supply chain, and stakeholder engagement activities to identify ESG risks and opportunities.

2.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

	Notes	31 December 2022 $000	31 December 2021 $000
Revenue	3	25,858	23,110
Other income	3	278	295
Total revenue and other income		**26,136**	**23,405**
Cost of revenue		(1,384)	(1,266)
Gross profit		**24,752**	**22,139**
Product design and development	5	(11,811)	(9,414)
Sales and Marketing	5	(10,686)	(8,570)
General and Administration	5	(6,534)	(5,931)
Total operating expenses		**(29,031)**	**(23,915)**
Operating loss		**(4,279)**	**(1,776)**
Finance income		41	4
Finance expense		(153)	(330)
Net finance income/(expense)		**(112)**	**(326)**
Profit/(loss) before income tax		**(4,391)**	**(2,102)**
Income tax (expense)	7	(202)	(29)
Profit/(loss) for the year		**(4,593)**	**(2,131)**
Other comprehensive income			
Items that may subsequently be re-classified to Profit or Loss, net of tax			
Foreign currency translation differences for foreign operations		59	46
Total comprehensive profit/(loss) for the year		**(4,534)**	**(2,085)**

		Cents	Cents
Earnings per share (EPS) attributable to owners of Ansarada Group Limited			
Basic earnings per share (cents)	6	(0.05)	(0.02)
Diluted earnings per share (cents)	6	(0.05)	(0.02)

2.2 Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 $000	30 June 2022 $000
			Restated (Note 16)
ASSETS			
Current assets			
Cash and cash equivalents		18,695	22,438
Trade and other receivables	8	4,838	5,376
Other current assets		3,290	2,402
Total current assets		**26,823**	**30,216**
Non-current assets			
Intangible assets	9	39,714	42,352
Property, plant and equipment		940	1,067
Right of use asset	10	5,251	5,898
Deferred tax asset		3,936	3,936
Total non-current assets		**49,841**	**53,253**
Total assets		**76,664**	**83,469**
LIABILITIES			
Current liabilities			
Trade and other payables	11	(5,704)	(7,925)
Lease liabilities	12	(1,394)	(1,339)
Employee benefits		(1,684)	(1,599)
Current tax liability		(264)	(107)
Deferred revenue	3	(15,433)	(15,210)
Total current liabilities		**(24,479)**	**(26,180)**
Non-current liabilities			
Lease liabilities	12	(4,757)	(5,440)
Employee benefits		(102)	(122)
Deferred revenue	3	(1,349)	(1,722)
Make good provisions		(295)	(293)
Deferred tax liabilities	16	(320)	(320)
Total non-current liabilities		**(6,823)**	**(7,897)**
Total liabilities		**(31,302)**	**(34,077)**
Net assets/(liabilities)		**45,362**	**49,392**
EQUITY			
Contributed equity		95,916	95,916
Retained losses		(52,709)	(48,116)
Reserves		2,155	1,592
Total equity		**45,362**	**49,392**

2.3 Consolidated Statement of Changes in Equity

As at 31 December 2022

	Ordinary shares $'000	Treasury shares $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2022	**95,916**	**(94)**	**1,718**	**(32)**	**(48,116)**	**49,392**
Total comprehensive income for the period:						
Profit/(loss) for the period	–	–	–	–	(4,593)	(4,593)
Foreign currency translation differences for foreign operations net of tax	–	–	–	59	–	59
Total comprehensive loss for the period	**–**	**–**	**–**	**59**	**(4,593)**	**(4,534)**
Transactions with owners recorded directly in equity	**–**	**–**	**–**	**–**	**–**	**–**
Exercising of employee share options	–	–	–	–	–	–
Share-based payment expense	–	–	723	–	–	723
Treasury shares acquired	–	(219)	–	–	–	(219)
Balance at 31 December 2022	**95,916**	**(313)**	**2,441**	**27**	**(52,709)**	**45,362**
Balance at 1 July 2021	**94,864**	**–**	**648**	**(18)**	**(39,509)**	**55,985**
Total comprehensive income for the period:						
Profit/(loss) for the period	–	–	–	–	(2,131)	(2,131)
Other comprehensive (loss)/income	–	–	–	–	–	–
Foreign currency translation differences for foreign operations net of tax	–	–	–	46	–	46
Total comprehensive loss for the period	**–**	**–**	**–**	**46**	**(2,131)**	**(2,085)**
Transactions with owners recorded directly in equity						
Share-based payment expense	–	–	540	–	–	540
Conversion of Share options to ordinary shares	249	–	–	–	–	249
Balance at 31 December 2021	**95,113**	**–**	**1,188**	**28**	**(41,640)**	**54,689**

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

2.4 Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	31 December 2022 $'000	31 December 2021 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	27,799	26,032
Payments to suppliers and employees (inclusive of GST)	(28,237)	(19,300)
Interest received	41	4
Business combination costs	–	(164)
Income tax paid	–	(12)
Net cash (outflow)/inflow from operating activities	**(397)**	**6,560**
Cash flows from investing activities		
Payments for property, plant and equipment	(66)	(68)
Acquisition of subsidiary, net of cash acquired	–	(4,870)
Capitalised contracts acquisition costs	(478)	–
Capitalised development costs	(2,342)	(2,941)
Net cash outflow from investing activities	**(2,886)**	**(7,879)**
Cash flows from financing activities		
Payments for Treasury shares	(219)	–
Repayments of lease liabilities	(528)	(597)
Proceeds from exercise of employee share options	–	249
Net cash outflow from financing activities	**(747)**	**(348)**
Net decrease in cash and cash equivalents	**(4,030)**	**(1,667)**
Cash and cash equivalents at the beginning of the financial period	22,438	22,590
Effect of exchange differences on cash balances	287	(17)
Cash and cash equivalents at end of year	**18,695**	**20,906**

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

2.5 Condensed Notes to the Consolidated Interim Financial Report

Contents

01. Reporting entity

Ansarada Group Limited (the "Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the ASX.

The Company's registered office is Level 2, 80 George Street, The Rocks NSW 2000. The Consolidated Interim Financial Report comprise the Company and its controlled entities (collectively the "Group" or "Ansarada" and individually "Group companies").

The Group is a for-profit entity, and its primary business is the provision of a business to business ('B2B') software as a service ('SaaS') platform for business readiness and deal execution.

All amounts in the Consolidated Interim Financial Report have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 to the nearest one thousand dollars unless otherwise stated.

02. Basis of preparation

The Consolidated Interim Financial Report for the six months ended 31 December 2022 has been prepared in accordance with Accounting Standard *AASB* 134 *Interim Financial Reporting* and the *Corporations Act* 2001. The Consolidated Interim Financial Report also comply with International Financial Reporting Standards (IFRS) and interpretations [IFRICs] adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on 22 February 2023.

The Consolidated Interim Financial Report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2022 and any public announcements made by Ansarada Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act* 2001.

There have been no changes to the Group's accounting policies from the Annual Financial Report for the year ended 30 June 2022.

03. Revenue

Accounting policy

Revenue recognition

Revenue is recognised in a manner that depicts the transfer of access to cloud-based SaaS platform and information governance solutions, through secure document management, workflow and collaboration tools for end-to-end management of material outcomes for businesses throughout their lifecycle. It provides a single interactive system for managing business events and milestones such as raising capital, M&A, post-acquisition integration, audits, asset portfolio management, tenders, governance, risk, board and compliance to customers over time, and in some cases at a point in time in a way that reflects the consideration for which the provider of the goods or services expects to be entitled. This involves following a five-step model of revenue recognition:

- Identifying the contract with a customer
- Identifying performance obligations under the contract
- Determining the transaction price
- Allocating the transaction price to performance obligations under the contract
- Recognise revenue when it satisfies its performance obligations

The key revenue streams and the recognition principles applied by the Group are outlined in the following categories.

Platform subscription fees

Ansarada's key source of revenue is Platform subscription fees, which is recurring annual, semi-annual, quarterly and monthly fees generated from customers who subscribe to its cloud-based SaaS Platform. These fees can either be invoiced upfront, over the subscription period or on a monthly basis. Revenue is recognised in the accounting period in which the services are rendered being the period over which access to the platform is granted. Unearned revenue at year end is recognised in the Statement of Financial Position as deferred revenue and included within liabilities.

Transactional usage fees

Transactional usage fees represents the amount billed to the customers based on the specific level of virtual data room (VDR) usage (e.g. amount of data uploaded, or pages occupied). Consideration from usage fees is recognised as revenue on a straight-line basis in the Statement of Profit or Loss and Other Comprehensive Income over the estimated contract life.

Other income

Other income consists of archive fee income, installation and training income and other miscellaneous items.

Revenue and other incomes	31 December 2022 $'000	31 December 2021 $'000
Platform subscription fees	22,163	19,251
Transactional Usage fees	3,695	3,859
Total revenue	**25,858**	**23,110**
Other income	278	295
Total revenue and other income	**26,136**	**23,405**

Deferred revenue

Deferred revenue consists of Platform Subscription and Transactional Usage which are expected to be recognised on a straight-line basis over the remaining life of the contract.

Total Deferred revenue	31 December 2022 $'000	30 June 2022 $'000
Current deferred revenue	15,433	15,210
Non-current deferred revenue	1,349	1,722
Total	**16,782**	**16,932**

Contract balances

The following table provides information about receivables from contracts with customers.

	31 December 2022 $'000	30 June 2022 $'000
Receivables which are included in Trade and other receivables	**4,341**	**4,845**

04. Segment information

The Group determines and presents Operating Segments based on the information that is internally provided to the Board, CEO and CFO, who are the Group's chief operating decision makers ('CODM'). Our CODM allocates resources and assesses financial performance based upon discrete financial information at the consolidated level. There are no segment managers who are held accountable by the CODM, or anyone else, for operations, operating results and planning for levels or components below the consolidated unit level. Accordingly, we have determined that we operate as a single operating and reportable segment. The CODM assesses the financial performance on the basis of a single segment.

The Company operates in one business segment, providing services across information governance, board management, risk and compliance including business readiness and online deal rooms for customers via a business to business ("B2B") software ("SaaS") based platform.

Information presented to the CODM on a monthly basis is categorised by type of revenue, earnings before interest, tax, depreciation and amortisation (EBITDA) and segment profit after tax. This analysis is presented below.

The amounts of revenue by region in the following table are based on the invoicing location of the customer. The CODM does not review or assess financial performance on a geographical basis.

Disaggregation of revenue

Revenue by geographic location	31 December 2022 $'000	31 December 2021 $'000
ANZ (Australia and New Zealand)	14,651	13,126
North America	2,739	2,228
Asia	1,426	1,022
Europe	3,365	3,660
Middle East and Africa	1,353	1,148
United Kingdom	2,602	2,221
Total revenue by geographic location	**26,136**	**23,405**

05. Expenses

The Group has presented the expense categories within the Consolidated Statement of Profit or Loss and other Comprehensive Income on a functional basis. The categories used are cost of revenues, product design and development, sales and marketing and general and administration. The methodology and the nature of costs within each category are further described below.

Cost of revenues

Cost of revenues consists of sales commissions and third-party fees for software used to provide product features and virtual data room archive expenses.

Product design and development expenses

Product design and development expenses consist primarily of personnel and related costs (including salaries and other benefits) directly associated with the Group's product design and development employees, as well as allocated overheads. Under AASB 138, the proportion of product design and development expenses that create a benefit in future periods is capitalisable as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The amortisation of those costs capitalised is included as a product design and development expense.

Sales and marketing expenses

Sales and marketing expenses consist of personnel and related costs (including salaries and other benefits) directly associated with the sales and marketing team's activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising costs, marketing costs and promotional event costs as well as allocated overheads.

General and administration expenses

General and administration expenses consist of personnel and related costs (including salaries, benefits, and bonuses) for the Group's executive, finance, legal, human resources and administrative employees. They also include legal, accounting and other professional services fees, insurance premiums, other corporate expenses, and allocated expenses.

Overhead allocation

The presentation of the Consolidated Statement of Profit or Loss and other Comprehensive Income by function requires certain overhead costs to be allocated to functions. These allocations require management to apply judgment. The costs associated with Ansarada's facilities, internal information technology and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

Expenses by nature

	31 December 2022 $'000	31 December 2021 $'000
Employee benefits		
Included in functional expenses as follows:		
Sales and marketing expenses	6,403	4,470
Product design and development expenses	3,756	2,915
General and administration expenses	3,971	3,144
Total	**14,130**	**10,529**
Depreciation and amortisation		
Relating to:		
Amortisation of Software - Platform, Mobile Applications and Customer Contracts and Relationships (note 9)	4,437	4,719
Amortisation of contract acquisition assets (note 9)	677	832
Depreciation of property, plant and equipment	218	188
Depreciation of leased buildings (note 10)	409	360
Impairment of Capital WIP (note 9)	344	–
Total Depreciation, amortisation and impairment	**6,085**	**6,099**

	31 December 2022 $'000	31 December 2021 $'000
Included in functional expenses as follows:		
Sales and marketing expenses	211	181
Product design and development expenses	4,916	4,958
General and administration expenses	281	128
Cost of revenue	677	832
Total Depreciation, amortisation and impairment	**6,085**	**6,099**

06. Earnings per share (EPS)

The calculation of basic EPS for the half year ended 31 December 2022 was based on the loss attributable to ordinary shareholders of $4.6 million (December 2021: $2.1 million loss) and a weighted average number of ordinary shares outstanding of 88,896,797 (December 2021: 88,741,438).

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares.

Calculation of earnings per share

Basic earnings per share

Basic EPS is calculated by dividing the net profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share

Diluted EPS is determined by adjusting the net profit/(loss) attributable to ordinary shareholders and the weighted average of ordinary shares on issue for the effects of all potential dilution of ordinary shares. Instruments are only treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	31 December 2022 $'000	31 December 2021 $'000
a. Basic earnings per share		
Total earnings per share from continuing operations attributable to ordinary equity holders of the Company	(0.05)	(0.02)
b. Diluted earnings per share		
Total diluted earnings per share from continuing operations attributable to ordinary equity holders of the Company	(0.05)	(0.02)
c. Reconciliation of earnings used in calculating earnings per share		
Net profit/(loss) for the year from continuing operations attributable to the ordinary equity holders of the Company	(4,593)	(2,131)
Basic and diluted earnings	(4,593)	(2,131)
d. Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic earnings per share		
Basic earnings per share	**88,896,797**	**88,741,438**
Diluted earnings per share	**91,260,069**	**99,293,388**

07. Current and deferred income tax

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the Consolidated Statement of Profit or Loss are:

Income taxes	**31 December 2022 $'000**	**31 December 2021 $'000**
Current tax expense	202	29
Deferred tax expense	–	–
Income tax expense recognised in consolidated statement of profit or loss	**202**	**29**

08. Trade and other receivables

Trade receivables

Trade and other receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, net of allowances for expected credit losses. Trade receivables generally have settlement terms of 30 days and are therefore classified as current. The right to receive consideration is unconditional.

Impairment

Collectability of trade receivables is reviewed on a portfolio basis on an ongoing basis in accordance with AASB 9 Financial Instruments. The Group applies the expected credit loss model to trade receivables on a portfolio basis and have increased the probability of customers delaying payment or being unable to pay due to economic conditions.

Receivables that are known to be uncollectible are written off. An additional allowance for impairment is established when there is objective evidence that Ansarada will not be able to collect all amounts due in addition to the expected credit loss provision. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Cash flows relating to short-term receivables are not discounted.

	31 December 2022 $'000	**30 June 2022 $'000**
Trade receivables	4,625	5,149
Provision for impairment of receivables	(284)	(304)
Trade receivables (net of provision for impairment)	**4,341**	**4,845**
Supplier deposits and other receivables	497	531
Total trade and other receivables	**4,838**	**5,376**

09. Intangible assets

Software development – internally generated intangible assets

Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- it is probable that the project will be a success considering its commercial and technical feasibility;
- the ability to use or sell the asset;
- the intention to complete the development and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- the availability of sufficient resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the costs attributable to the development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Other development expenditure that does not meet the above criteria is recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Research costs and costs associated with maintenance are recognised as an expense as incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Contract acquisition costs

The Group capitalises incremental costs of obtaining customer contracts, in accordance with AASB 15 Revenue from Contracts with Customers. All contract acquisition costs which are incremental to obtaining new revenue contracts are capitalised and amortised over the expected period of benefit, which the Group has determined based on analysis to be the duration of the contract. Capitalisable costs consist of sales commissions that have a direct relationship to new revenue contracts obtained. Capitalised costs are amortised to costs of revenue in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

Useful lives of intangible assets

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

With the exception of goodwill, the estimated useful life of the Group's intangible assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indicators that the assets may be impaired.

Amortisation is recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use.

The estimated useful lives are set out in the table below:

Class of intangible asset	Estimated useful life
Software – Platform	3–5 years
Mobile applications	1– 4 years
Contract acquisition costs	1–3 years
Customer contracts and relationships	3–7 years

Impairment considerations

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell or the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment is recorded if its recoverable amount is less than its carrying amount. The recoverable amount is the higher of fair value less cost to disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate.

Goodwill and goodwill impairment testing

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired in a business combination. Goodwill is carried at cost less accumulated impairment losses and is tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Goodwill is allocated to cash generating units (CGUs), or groups of CGUs, expected to benefit from synergies of the business combination.

The Group's goodwill balance consists of $0.7 million of goodwill recognised on the acquisition of Ansarada Vietnam Limited in March 2022, $4.5 million of goodwill recognised on the acquisition of TriLine GRC Pty Ltd in October 2021, and $17.2 million of goodwill recognised on the acquisition of Ansarada Group Limited in December 2020.

The Group has determined that there are two CGU's:

- TriLine GRC CGU;
- Ansarada CGU

The Group performed its annual impairment test in June 2022 and estimated the recoverable amount of the CGU's based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the CGU's was disclosed in the annual consolidated financial statements for the year ended 30 June 2022. The Group has performed an assessment to review for indicators of impairment for the purpose of the consolidated interim financial report for the period ending 31 December 2022. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2022, the Group has concluded that there are no indicators of impairment.

Notes to the Condensed Consolidated Interim Financial Report (continued)

6 months to 31 December 2022	Software Platform $'000	Customer contracts and relationships $'000	Mobile Applications $'000	Capital WIP $'000	Goodwill $'000	Contract Acquisition Costs $'000	Total $'000
Cost							
Opening balance	62,963	304	1,044	857	22,047	3,564	90,779
Acquired via Business combination (restated)[1]	–	-	–	–	320	–	320
Opening balance restated	62,963	304	1,044	857	22,367	3,564	91,099
Additions	1,566	–	–	776	–	478	2,820
Reclassification	212	–	–	(212)	–	–	–
Disposal	–	–	–	–	–	–	–
Closing balance	**64,741**	**304**	**1,044**	**1,421**	**22,367**	**4,042**	**93,919**
Accumulated amortisation and impairment losses							
Opening balance	(44,640)	(50)	(1,016)	(96)	–	(2,945)	(48,747)
Amortisation	(4,371)	(38)	(28)	–	–	(677)	(5,114)
Impairment	–	–	–	(344)	–	–	(344)
Disposal	–	–	–	–	–	–	–
Closing balance	**(49,011)**	**(88)**	**(1,044)**	**(440)**	**–**	**(3,622)**	**(54,205)**
Carrying amounts							
At 30 June 2022 (restated)[1]	**18,323**	**254**	**28**	**761**	**22,367**	**619**	**42,352**
At 31 December 2022	**15,730**	**216**	**–**	**981**	**22,367**	**420**	**39,714**

[1] The amount of goodwill is restated and does not correspond to the figures in the 2022 Annual Report due to adjustments to the final valuation of the acquisition of TriLine GRC Pty Ltd and associated completion of previously provisional purchase price accounting, as detailed in note 16.

10. Right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Non-current assets

	31 December 2022 $'000	30 June 2022 $'000
Right-of-use assets (buildings)	**5,251**	**5,898**

Reconciliations

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

	31 December 2022 $'000
Opening balance at 1 July 2022	5,898
Additions	–
Depreciation expense	(673)
Foreign exchange adjustment	26
Closing balance at 31 December 2022	**5,251**

Amount recognised in Consolidated Statement of Profit and Loss and Other Comprehensive Income:

	31 December 2022 $'000	31 December 2021 $'000
Depreciation of leased buildings	673	523
Less: capitalised depreciation of leased buildings	(264)	(163)
Total	**409**	**360**

11. Trade and other payables

Trade and other payables are stated at their amortised cost and are non-interest bearing. Trade payables are normally settled within 30 days. The carrying amount of trade payables approximates net fair value.

	31 December 2022 $'000	30 June 2022 $'000
Trade payables	1,912	2,951
Sundry payables and accrued expenses	1,405	2,679
Accrued employee costs	2,387	2,295
Total trade and other payables	**5,704**	**7,925**

12. Lease liabilities

	31 December 2022 $'000
Opening balance at 1 July 2022	**6,779**
Additions	–
Principal Repayments	(791)
Interest expense	133
Foreign exchange adjustment	30
Closing balance at 31 December 2022	**6,151**
Current lease liability	1,394
Non-current lease liability	4,757
Total	**6,151**

Under AASB 16: Leases the Group is required to recognise lease contracts identified as containing a lease, except when the lease is for 12 months or less or the underlying asset is of low value.

Lease liabilities are initially measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. Subsequently, the carrying value of the liability is adjusted to reflect interest and lease payments made. Lease liabilities may be re-measured when there is a change in future lease payments arising from a change in an index or market rate, or if there is a change in the Group's estimate of the amount expected to be payable.

13. Financial instruments – Fair values and risk management

a. Fair values

The following information notes the reliability of the inputs used in determining the fair value of financial assets and liabilities carried at fair value. The three levels in the hierarchy reflect the level of independent observable market data used in determining the fair values and are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: other valuation methods for which all inputs that have a significant impact on fair value are observable, either directly (as prices) or indirectly (derived from prices).
- Level 3: one or more key inputs for the instrument are not based on observable market data (unobservable inputs). All assets and liabilities carrying values are aligned to their fair value, with the exception of convertible notes.

Accounting classifications and fair values

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

		31 December 2022 $'000		30 June 2022 $'000	
	Accounting classification	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	Amortised cost	4,838	4,838	5,376	5,376
Cash and cash equivalents	Amortised cost	18,695	18,695	22,438	22,438
Trade and other payables	Amortised cost	(5,704)	(5,704)	(7,925)	(7,925)

14. Contingent assets and contingent liabilities

There were no contingent assets or liabilities that have been incurred by the Group in relation to the period ending 31 December 2022 (30 June 2022: nil).

15. Share-based payments

At 31 December 2022, the Group had the following share-based payment arrangements.

Employee Matching Share Rights Plan

Employees have the opportunity to purchase shares in the Company using up to 25% of their annual base salary on a monthly basis. For every two acquired shares, the employee will be awarded a right to receive one additional share of the Company under the conditions outlined in the Employee Matching Share Rights Plan. The matching rights are purchased on market by the Company throughout the contribution period, and subsequently reissued to employees once the rights vest. The Company does not issue new shares under the Employee Matching Share Rights Plan. The Group recorded a net expense of $55,000 in the period ended 31 December 2022 (31 December 2021: $nil) in relation to the Employee Matching Share Rights Plan.

Employee Share Option Plan

During the reporting period of 31 December 2022, the Company granted 2,063,802 options under the Group's Long Term Incentive Plan (LTI) in July 2022, with a calculated value of $0.536 determined using a Monte Carlo Simulation (2023 ESOP). The share options are subject to the Company's total shareholder return and will vest on the third anniversary of the date of the grant of the options.

The significant inputs into the model were the share price at grant date, the exercise price of $1.64, the expected annualised volatility of 64.38%, a dividend yield of 0%, performance period of three years and risk-free interest rate of 3.3%. Set out below is a summary of the LTI plan:

Grant date	**1 July 2022**
Number of Options issued	2,063,802
Exercise price	$1.64
Contractual life of Options	3 years

Employee Share Option Plan – Outperformance options

During the reporting period of 31 December 2022, the Company granted 600,000 'outperformance' options under the Group's Long Term Incentive Plan (LTI) in July 2022, with a calculated value of $1.60 determined using a Black Scholes simulation (2023 OO). The share options are subject to meeting the Group's target revenue compound annual growth rate (CAGR). The options will vest in FY25, however, if the vesting condition is not met, it will be assessed again from FY22 to FY26, and if not met again, will be assessed from FY22 to FY27 otherwise the options will lapse.

The significant inputs into the model were the share price at grant date, the exercise price of $0, the expected annualised volatility of 64.38%, a dividend yield of 0%, performance period of three years and risk-free interest rate of 3.3%. Set out below is a summary of the LTI plan:

Grant date	**1 July 2022**
Number of Options on acquisition	600,000
Exercise price	$nil
Vesting period	3-5 years

Notes to the Condensed Consolidated Interim Financial Report (continued)

	31 December 2022 $'000	31 December 2021 $'000
Legacy employee share option plan	3	54
LTI Options (2021 ESOP)	262	406
LTI Options (2022 ESOP)	95	80
LTI Options (2023 ESOP)	77	–
Outperformance options (2022 OO)	177	–
Outperformance options (2023 OO)	11	–
Employee matching share rights plan (ESS)	98	–
Total share-based payments expense	**723**	**540**

	Number of share options	Fair value of share options	Weighted average fair value per option
Opening 1 July 2022	11,039,354	4,387,094	0.395
Granted 23 ESOP Options	2,063,802	1,106,198	0.536
Granted 23 OO Options	600,000	960,000	1.6
Lapsed Options FY21 LTIP	(4,667)	(832)	0.178
Lapsed TDY Options	(1,197)	(2,166)	1.81
Share options on issue as at 31 December 2022	**13,697,292**	**6,450,294**	**0.471**

16. Business combination

Acquisition of TriLine GRC Pty Ltd

On 29 October 2021, Ansarada Group Limited completed the acquisition of 100% of the share capital in TriLine GRC Pty Ltd and its Subsidiaries. TriLine GRC Pty Ltd provides technology solutions to businesses in order to strengthen their governance, risk and compliance framework.

Under accounting standards, the Group has 12 months from the date of the acquisition in which to complete its assessment of the fair value of assets and liabilities acquired. At the date of the release of the 30 June 2022 annual report, the tax computation for the allocable cost amount ("ACA") was in progress, therefore, the acquisition accounting was provisional. In October 2022, the tax computation for the ACA was completed and the assessment of the fair value of assets and liabilities acquired is final. The 2022 comparative information was restated to reflect the adjustment to provisional amounts.

Details of the purchase consideration, the net assets acquired, and goodwill attributed to the acquisition are summarised in the table below:

Consideration transferred

	$'000
Cash	5,318

Assets acquired and liabilities assumed at the date of acquisition

The fair values of the identifiable assets and liabilities acquired by Ansarada are as follows:	**$'000**	**$'000**	**$'000**
	Provisional fair values	**Adjustment**	**Final fair values**
Cash and cash equivalents	448		448
Trade and other receivables	120		120
Property, plant and equipment	3		3
Software platform – Intangibles	1,092		1,092
Customer relationships – Intangibles	139		139
Customer contracts – Intangibles	165		165
Trade and other payables	(428)		(428)
Provisions	(76)		(76)
Related party loan payable	(332)		(332)
Deferred tax liability	–	(320)	(320)
Net identifiable assets acquired	**1,131**	**(320)**	**811**
Goodwill acquired	4,187	320	4,507
Net assets acquired	**5,318**	**–**	**5,318**

The fair values of the acquired intangible assets was performed in accordance with AASB 3 and AASB138.

Acquisition of Ansarada Vietnam Limited

On 1 March 2022, Ansarada Group Limited completed the acquisition of 100% of the share capital in Ansarada Vietnam Limited. Ansarada Vietnam Limited is a development centre that provides software development services for the Ansarada Group.

Under accounting standards, the Group has 12 months from the date of the acquisition in which to complete its assessment of the fair value of assets and liabilities acquired. The valuation was completed for the 30 June 2022 financial statements and therefore there have been no further adjustments to the fair value of assets and liabilities acquired.

17. Subsequent events

There were no items, transactions or events of a material or unusual nature, that, in the opinion of the Board, are likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group that have arisen in the period from 31 December 2022 to the date of this report.

3.1 Directors' Declaration

1. In the opinion of the Directors of Ansarada Group Pty Limited ('the Group'):

a. the Condensed Consolidated Interim Financial Report and notes are in accordance with the *Corporations Act* 2001, including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance, for the six month period ended on that date; and

   ii. complying with Australian Accounting Standard *AASB* 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001; and

b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the six month period ended 31 December 2022.
3. The Directors draw attention to Note 2 to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at 23 February 2023

	David Pullini
Samuel Riley Director	**David Pullini** Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Ansarada Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Ansarada Group Limited for the half-year ended 31 December 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trent Duvall

Partner

Sydney

23 February 2023

Independent Auditor's Review Report

To the shareholders of Ansarada Group Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Ansarada Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Ansarada Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2022.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Ansarada Group Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

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

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Trent Duvall

Partner

Sydney

23 February 2023