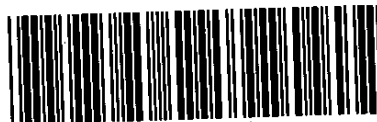


REGISTERED NUMBER: 08802975 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023
FOR
LEAP LEGAL SOFTWARE LTD**

THURSDAY



ACFGSXHL

A21

02/11/2023

#186

COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2023**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Profit or Loss	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Statement of Cash Flows	16
Notes to the Financial Statements	17

COMPANY INFORMATION
for the Year Ended 30 June 2023

DIRECTORS:

R D Hugo-Hamman
C M Beck
J Espley

REGISTERED OFFICE:

10 John Street
London
WC1N 2EB

REGISTERED NUMBER:

08802975 (England and Wales)

AUDITORS:

Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

STRATEGIC REPORT
for the Year Ended 30 June 2023

The directors present their strategic report for the year ended 30 June 2023.

LEAP Legal Software Limited's principal activity is the provision of cloud-based practice management software for small to mid-sized firms.

REVIEW OF BUSINESS

FY23 was another strong year for the business. Just under 3800 net new users subscribed to LEAP's flagship product, further consolidating our position as the leading provider of cloud practice management software.

During the year LEAP made a further 3 acquisitions; WillSuite, a company providing cloud software for will writers and estate planning professionals was purchased in August 2022 and Solicitor's Own Software and LineTime, both providers of legal practice management software were acquired in April 2023.

Combined, the 3 new businesses add a further 1200 new customers to our portfolio.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks reside around the strength of the UK economy, including the impact of rising interest rates on the property market.

These macroeconomic factors could impact on a law firms' ability and desire to invest in premium technology. This especially applies to those firms that specialise in conveyancing or derive a large proportion of their business through residential or commercial property transactions.

LEAP mitigates these risks by appealing to a diverse client base that practice law in a variety of areas.

STRATEGY

LEAP Legal Software Ltd aims to further consolidate its position in the market by maximising growth and expanding market share.

This will be done primarily through continuous R&D investment and enhancement of the core software, customer service excellence and effective articulation of our value proposition to prospective and existing customers.

RESULTS & PERFORMANCE

The results of the company for the year, as set out on page 8 show a profit before tax of £6.8m (2022: £4.9m) and an increase in revenue of 19% from the previous year to £28.2m.

The main driver of growth remains the continuing expansion of the subscriber base, through new sales and existing customer growth. Growth was further aided by competitor acquisitions since FY21.

STRATEGIC REPORT
for the Year Ended 30 June 2023

BUSINESS ENVIRONMENT

The market for practice management software is highly competitive with several long-established companies and new start-up entrants offering products in LEAP's target market.

Threats from the competition are mitigated by positioning LEAP as the premium solution thereby differentiating ourselves from low-cost providers and newer entrants.

ON BEHALF OF THE BOARD:



.....
J Espley - Director

Sep 29, 2023

Date:

**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2023**

The directors present their report with the financial statements of the company for the year ended 30 June 2023.

LEAP Legal Software Limited is a private company limited by shares domiciled in England & Wales with its principal place of business at Regal House, 70 London Road, Twickenham, TW1 3QS.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of legal practice management software provider.

DIVIDENDS

No dividends have been distributed for the year ended 30 June 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2022 to the date of this report.

R D Hugo-Hamman
C M Beck
J Espley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

LEAP LEGAL SOFTWARE LTD (REGISTERED NUMBER: 08802975)

REPORT OF THE DIRECTORS
for the Year Ended 30 June 2023

AUDITORS

The auditors, Oury Clark Chartered Accountants, are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
J Espley - Director

Date: Sep 29, 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LEAP LEGAL SOFTWARE LTD

Opinion

We have audited the financial statements of LEAP Legal Software Ltd (the 'company') for the year ended 30 June 2023 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be misstated. If we identify such inconsistencies or apparent misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LEAP LEGAL SOFTWARE LTD**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any matters in the Strategic Report and the Report of the Directors that are inconsistent with our overall view of the financial statements.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability 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 company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LEAP LEGAL SOFTWARE LTD

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential irregularities, including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Considering the nature of the industry, sector, control environment and current business activities, including possible performance targets and subsequent remuneration

- Enquiring of management concerning policies and procedures relating to:

1. Complying with laws and regulations and whether there were any instances of non-compliance

2. Mitigating, detecting and responding to fraud risk and whether there has been any actual or possible instances of fraud

- Discussing within the engagement team and internal specialists where necessary, regarding how and where fraud may occur in the financial statements along with the possible indicators of fraud. We identified the following areas most likely to be susceptible to fraud:

1. Revenue recognition

2. Management override

- Discussing within the engagement team and internal specialists where necessary, the legal and regulatory framework in which the group operates and in particular those which would have an impact on the financial statements. The key laws and regulations considered were the Companies Act 2006, UK tax legislation and UK employment law.

Audit response to the risks identified

As noted above, we identified revenue recognition and management override as matters that would most likely be susceptible to fraud. Our procedures to respond to these risks included the following:

- Reviewing a sample of sales contracts and invoices to ensure sales are legitimate, recognised in the correct accounting period and are in line with applicable accounting standards.

- Review of journals posted in the year to ensure there was no evidence of management override.

Further, we also identified compliance with the Companies Act 2006, UK tax legislation and employment law as being key areas where there may be possible non-compliance. Our procedures to respond to these risks included the following:

- Review the financial statement disclosures with completion of a disclosure checklist and testing to supporting documentation to assess compliance with the Companies Act 2006;

- Safeguard review of financial statements by a qualified person independent from the engagement team;

- Safeguard review of tax computations by a person qualified as a CTA or equivalent independent from the engagement team;

- We have checked a sample of compliance with right to work checks and reviewed legal fees for indications of material issues arising out of non-compliance with employment law.

The above matters and identified laws and regulations and potential fraud risks were communicated to all engagement team members and internal specialists where necessary, in order to enable the team to have the ability to identify such risks. The whole team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LEAP LEGAL SOFTWARE LTD**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Crowley (Senior Statutory Auditor)
for and on behalf of Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

Date: 29/9/2023

STATEMENT OF PROFIT OR LOSS
for the Year Ended 30 June 2023

		30.6.23	30.6.22 as restated
	Notes	£	£
CONTINUING OPERATIONS			
Revenue		28,171,423	23,634,602
Administrative expenses		(20,284,598)	(17,127,417)
OPERATING PROFIT		7,886,825	6,507,185
Finance costs	4	(2,356,840)	(2,318,089)
Finance income	4	1,293,864	691,173
PROFIT BEFORE INCOME TAX	5	6,823,849	4,880,269
Income tax	6	(1,434,115)	(905,256)
PROFIT FOR THE YEAR		5,389,734	3,975,013

The notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Year Ended 30 June 2023

	30.6.23	30.6.22 as restated
	£	£
PROFIT FOR THE YEAR	5,389,734	3,975,013
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>5,389,734</u>	<u>3,975,013</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
30 June 2023

		30.6.23	30.6.22 as restated
	Notes	£	£
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	8	1,955,047	2,198,211
Property, plant and equipment	9	216,018	226,668
Right-of-use			
Property, plant and equipment	9, 17	538,731	737,466
Investments	10	46,443,921	340,720
Trade and other receivables	11	19,454,993	19,666,783
		68,608,710	23,169,848
CURRENT ASSETS			
Trade and other receivables	11	7,348,993	6,353,668
Cash and cash equivalents	12	1,112,451	4,284,942
		8,461,444	10,638,610
TOTAL ASSETS		77,070,154	33,808,458
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	14,795	14,795
Share premium	14	171,840	171,840
Retained earnings	14	5,518,355	128,621
TOTAL EQUITY		5,704,990	315,256

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION - continued
30 June 2023

		30.6.23	30.6.22 as restated
	Notes	£	£
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	15	4,919,680	14,104,563
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	352,732	511,066
Deferred tax	18	40,579	29,892
		<u>5,312,991</u>	<u>14,645,521</u>
CURRENT LIABILITIES			
Trade and other payables	15	65,118,602	17,649,732
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	296,068	282,864
Tax payable		637,503	915,085
		<u>66,052,173</u>	<u>18,847,681</u>
TOTAL LIABILITIES		<u>71,365,164</u>	<u>33,493,202</u>
TOTAL EQUITY AND LIABILITIES		<u>77,070,154</u>	<u>33,808,458</u>

The financial statements were approved by the Board of Directors and authorised for issue on Sep 29, 2023.....
and were signed on its behalf by:


.....

J Espley - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 June 2023

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 July 2021	14,795	(3,846,392)	171,840	(3,659,757)
Changes in equity				
Total comprehensive income	-	3,975,013	-	3,975,013
Balance at 30 June 2022	<u>14,795</u>	<u>128,621</u>	<u>171,840</u>	<u>315,256</u>
Changes in equity				
Total comprehensive income	-	5,389,734	-	5,389,734
Balance at 30 June 2023	<u><u>14,795</u></u>	<u><u>5,518,355</u></u>	<u><u>171,840</u></u>	<u><u>5,704,990</u></u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2023

		30.6.23	30.6.22 as restated
		£	£
Cash flows from operating activities			
Cash generated from operations	1	2,995,267	7,780,973
Lease interest paid		(79,866)	(152,372)
Finance costs paid		(2,276,974)	(2,165,717)
Tax paid		(1,701,010)	(180,815)
Net cash from operating activities		<u>(1,062,583)</u>	<u>5,282,069</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(357,863)	(578,796)
Purchase of tangible fixed assets		(281,275)	(200,361)
Purchase of fixed asset investments		(46,156,875)	-
Sale of tangible fixed assets		-	7,850
Sale of fixed asset investments		150,000	-
Loan asset repaid		-	49,620
Interest received		1,293,864	691,173
Net cash from investing activities		<u>(45,352,149)</u>	<u>(30,514)</u>
Cash flows from financing activities			
Reclass of debtors to group		(1,335,852)	-
Reclass of creditors to group		45,449,940	-
Loan repayments in year		-	(4,583,893)
Payment of lease liabilities		(145,130)	(331,775)
Revaluation of ROU		51,723	-
Funding of intercompany loans		(778,440)	-
Net cash from financing activities		<u>43,242,241</u>	<u>(4,915,668)</u>
(Decrease)/increase in cash and cash equivalents		<u>(3,172,491)</u>	<u>335,887</u>
Cash and cash equivalents at beginning of year	2	4,284,942	3,949,055
Cash and cash equivalents at end of year	2	<u><u>1,112,451</u></u>	<u><u>4,284,942</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2023

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	30.6.23	30.6.22 as restated
	£	£
Profit before income tax	6,823,849	4,880,269
Depreciation charges	823,493	615,634
Profit on disposal of fixed assets	(148,500)	-
Impairment of intangibles	216,471	496,000
Impairment of subsidiary	52,174	260,870
Finance costs	2,356,840	2,318,089
Finance income	(1,293,864)	(691,173)
	<u>8,830,463</u>	<u>7,879,689</u>
Decrease/(increase) in trade and other receivables	1,330,757	(6,611,931)
(Decrease)/increase in trade and other payables	<u>(7,165,953)</u>	<u>6,513,215</u>
Cash generated from operations	<u><u>2,995,267</u></u>	<u><u>7,780,973</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 June 2023

	30.6.23	1.7.22
	£	£
Cash and cash equivalents	<u>1,112,451</u>	<u>4,284,942</u>

Year ended 30 June 2022

	30.6.22	1.7.21
	as restated	
	£	£
Cash and cash equivalents	<u>4,284,942</u>	<u>3,949,055</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2023

1. STATUTORY INFORMATION

LEAP Legal Software Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's trading address is; Level 1, Regal House, 70 London Road, Twickenham. TW1 3QS.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period in excess of 12 months from the date these financial statements were approved. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Preparation of consolidated financial statements

The financial statements contain information about LEAP Legal Software Ltd as an individual company and do not contain consolidation financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, ATI Global Limited, Level 8, 135 King Street, Sydney, 2000, NSW, Australia.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial report requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial report was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

- Revenue from contracts with customers

Revenue stems from complex contracts with customers, where the more complex contracts include revenues in relation to several different revenue streams, such as license revenue and support and maintenance revenue. In these contracts, the executive management estimates how the revenues should be allocated to each performance obligation, and different principles for the revenue recognition can be applied for different performance obligations. These principles include full revenue recognition up-front at date of delivery and over-time revenue recognition over the term of the contract.

- Capitalized contract costs

In accordance with IFRS 15, all costs directly attributable to obtaining a contract with a customer must be capitalized and expensed over the period of revenue recognition for the underlying contract. There are primarily direct contract costs in relation to commission for sales representatives.

In accordance with what is permitted by the standard, direct contract costs are capitalized and expensed per the contract, following the licence fee agreement terms.

- Depreciation and amortisation

Management uses judgement to estimate the useful lives and residual value of depreciating tangible and intangible assets.

- Impairment

Management uses judgement to estimate impairment of investments.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Changes in accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, together with several supporting illustrative standards. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Company adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect on initially applying the standard recognised at the date of initial application. In adopting IFRS 16 the Company elected to use the transition practical expedient, permitted by the standard, to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 at the date of initial application.

The Company has lease contracts for property and other equipment. Before the adoption of IFRS 16, the Company classified each of its leases as either a finance lease or an operating lease. The Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the 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 twelve months after the reporting period

The Company classifies all other liabilities as non-current.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023**

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue from contracts with customers

License fee contracts may include various services which are combined in a joint performance obligation. Revenue is recognised as the company's performance obligations are satisfied.

License fee revenue entitles the customer to use a licensed product developed by the group for an agreed period. Perpetual and annual licenses entitle the customer to use the underlying product during its useful life (right-to-access), but where the product is still dependent on the company to provide further development or maintenance in order to function as intended. In these cases, the company is considered to satisfy its performance obligations over time instead of at the point of delivery and the license revenue is thus recognised over time.

For three year contracts, some of these are at times financed using an external provider. The revenue is received up front from the finance provider which is then amortised over the life of the contract. The finance charge is viewed as connected to the long term revenue and therefore has taken a substance over form approach amortising over the life of the contract.

Intangible assets

Development costs incurred in respect of research and development for clearly defined projects whose outcome can be assessed with reasonable certainty are capitalised as intangible fixed assets where they are separately identifiable. These projects are considered to have a reasonable expectation that they will be technically feasible and commercially viable.

Intangible assets are internally generated and stated at cost, less accumulated amortisation.

The Company policy is to capitalise development expenditures if the development phase is longer than twelve months, where the product or process is technically and commercially feasible and future economic benefits are probable. Amortisation is recognised on a straight-line basis, 25% per annum from the date that the relevant asset is fully operating.

Investments

Investments in subsidiaries are recorded at cost, plus contingent consideration valued at fair value, even if at the date of acquisition, it is not deemed probable that a payment will eventually be made. All subsequent changes to that contingent consideration are recognised through the income statement, per IFRS3 (Revised).

Investments in subsidiaries are reviewed annually for impairment.

Impairment of fixed asset investments

Fixed assets investments are carried at cost less any identified impairment.

The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, or when annual impairment testing is required the company makes an estimate of the asset's recoverable amount in order to determine the extent of any impairment loss.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying value of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial instruments

The company's financial instruments comprise cash, trade receivables and trade and other payables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of such cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Trade and other receivables

A receivable represents the company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Trade and other payables

Trade and other payables are carried at amortised cost and, due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method, if applicable.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost
Leasehold property	- Over the life of the lease term

Issued capital

Ordinary shares are classified as equity. 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.

Finance income

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to financial assets.

Finance costs

Finance costs are recognised on an accrual basis.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided on all material timing differences, arising from the different treatment of transactions and events for financial statements and taxation purposes. Deferred tax is calculated at the rates at which it is estimated that the deferred tax balances are expected to reverse.

A deferred tax asset is only recognised where there are reliable forecasts to demonstrate recoverability.

Research and development

Expenditure on research and development is written off in the year in which it is incurred, unless expenditure relates to a clearly defined project and the outcome of the project is expected to be technically viable.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

2. ACCOUNTING POLICIES - continued**Statement of cash flows**

The cash flow statement is presented using the indirect method.

3. EMPLOYEES AND DIRECTORS

	30.6.23	30.6.22 as restated
	£	£
Wages and salaries	7,464,553	6,154,158
Social security costs	959,434	809,962
Other pension costs	393,720	330,571
	<u>8,817,707</u>	<u>7,294,691</u>

The average number of employees during the year was as follows:

	30.6.23	30.6.22 as restated
Sales	34	36
Operations	83	69
Development	15	13
	<u>132</u>	<u>118</u>

Director's emoluments for the year amounted to £448,789 (2022: £364,531) and pension contributions of £44,434 (2022: £17,255). This related entirely to the highest paid director.

4. NET FINANCE COSTS

	30.6.23	30.6.22 as restated
	£	£
Finance income:		
Interest received	<u>1,293,864</u>	<u>691,173</u>
Finance costs:		
Leasing	79,866	152,372
Finance charge	<u>2,276,974</u>	<u>2,165,717</u>
	<u>2,356,840</u>	<u>2,318,089</u>
Net finance costs	<u>1,062,976</u>	<u>1,626,916</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	30.6.23	30.6.22 as restated
	£	£
Leases	101,307	14,520
Depreciation - owned assets	130,627	111,387
Depreciation - assets on finance leases	308,310	282,889
Profit on disposal of fixed assets	(148,500)	-
Development costs amortisation	384,556	221,389
Auditors' remuneration	99,210	21,575
Foreign exchange differences	10,748	24,216
	<u>1,434,115</u>	<u>905,256</u>

6. INCOME TAX**Analysis of tax expense**

	30.6.23	30.6.22 as restated
	£	£
Current tax:		
Tax	1,423,428	915,085
Deferred tax	10,687	(9,829)
Total tax expense in statement of profit or loss	<u>1,434,115</u>	<u>905,256</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2022 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.23	30.6.22 as restated
	£	£
Profit before income tax	<u>6,823,849</u>	<u>4,880,269</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.496% (2022 - 19%)	1,398,616	927,251
Effects of:		
Expenses not deductible for tax purposes	14,211	15,274
Depreciation in excess of capital allowances	136,420	132,416
Right-of-use asset depreciation utilised against same trading	(70,381)	(53,749)
Deferred Tax	10,687	(9,829)
Research & Development gross expenditure	(55,438)	(106,107)
Tax expense	<u>1,434,115</u>	<u>905,256</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

6. INCOME TAX - continued

An average corporation tax rate was computed for the period due to the main rate of corporation tax rising to 25% from April 2023. As such the tax rates have been apportioned from 9 months of corporation tax rate at 19% and three months at 25% which provides a weighted average rate of 20.496%.

7. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to reanalyse £2,130,154 of prepaid finance charges which should have been included in short term other debtors rather than long term other debtors. There has been no net impact upon the income statement as a whole.

8. INTANGIBLE ASSETS

	Patents and licences £	Development costs £	Totals £
COST			
At 1 July 2022	960,000	1,572,733	2,532,733
Additions	-	357,863	357,863
Impairments	(216,471)	-	(216,471)
At 30 June 2023	743,529	1,930,596	2,674,125
AMORTISATION			
At 1 July 2022	-	334,522	334,522
Amortisation for year	-	384,556	384,556
At 30 June 2023	-	719,078	719,078
NET BOOK VALUE			
At 30 June 2023	743,529	1,211,518	1,955,047
At 30 June 2022	960,000	1,238,211	2,198,211

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 July 2022	2,324,819	431,882	2,756,701
Additions	191,705	89,570	281,275
Revaluations	(51,723)	-	(51,723)
At 30 June 2023	2,464,801	521,452	2,986,253
DEPRECIATION			
At 1 July 2022	1,530,061	262,506	1,792,567
Charge for year	341,005	97,932	438,937
At 30 June 2023	1,871,066	360,438	2,231,504
NET BOOK VALUE			
At 30 June 2023	593,735	161,014	754,749
At 30 June 2022	794,758	169,376	964,134

Cost or valuation at 30 June 2023 is represented by:

	Fixtures and fittings £	Computer equipment £	Totals £
Cost	2,464,801	521,452	2,986,253

10. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2022	340,720
Additions	46,156,875
Disposals	(1,500)
Impairments	(52,174)
At 30 June 2023	46,443,921
NET BOOK VALUE	
At 30 June 2023	46,443,921
At 30 June 2022	340,720

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

10. INVESTMENTS - continued

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

iLAW Legal Limited

Registered office: 10 John Street, London, England, WC1N 2EB

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary £1 Shares	100.00

The investment has been fully impaired.

Leap Legal Software (Ireland) Limited

Registered office: 312 House, Sinnottstown Business Park, Drinagh, Wexford

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary 1 Euro	100.00

LeapOffice SP z.o.o.

Registered office: ul. Smolensk 29, 31-112 Krakow, Poland

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Lawpro Legal Systems Limited

Registered office: Level 1, Regal House, 70 London Road, Twickenham, England TW1 3QS

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Rodine Limited

Registered office: Ireland

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Leap Legal Software Ltd doesn't have direct investment in this company, it is a subsidiary of Leap Legal Software (Ireland) Limited.

Expd8 Ltd

Registered office: Ireland

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Leap Legal Software Ltd doesn't have direct investment in this company, it is a subsidiary of Leap Legal Software (Ireland) Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

10. INVESTMENTS - continued

Willsuite Limited

Registered office: Level 1, Regal House, London Road, Twickenham, England, TW1 3QS

Nature of business: Provision of legal software.

	%
Class of shares:	holding
Ordinary	100.00

Solicitors Own Software Limited

Registered office: Orion Gate 1st Floor, Guildford Road, Woking, GU22 7NJ

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Linetime Limited

Registered office: Moorfield House, Moorfield Close, Yeadon, LS19 7YA

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Love Legal Group Limited

Registered office: Level 1, Regal House, London Road, Twickenham, England, TW1 3QS

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

Trustsuite Ltd

Registered office: Level 1, Regal House, London Road, Twickenham, England, TW1 3QS

Nature of business: Provision of legal software

	%
Class of shares:	holding
Ordinary	100.00

11. TRADE AND OTHER RECEIVABLES

	30.6.23	30.6.22 as restated
	£	£
Current:		
Trade debtors	86,039	307,030
Amounts owed by group undertakings	1,335,852	-
Other debtors	1,969,993	2,335,457
Prepayments and accrued income	3,957,109	3,711,181
	<u>7,348,993</u>	<u>6,353,668</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

11. TRADE AND OTHER RECEIVABLES - continued

	30.6.23	30.6.22 as restated
	£	£
Non-current:		
Amounts owed by group undertakings	5,654,861	4,876,421
Other debtors	13,800,132	14,790,362
	<u>19,454,993</u>	<u>19,666,783</u>
Aggregate amounts	<u>26,803,986</u>	<u>26,020,451</u>

During the year, the Leap Legal Software Ltd group was acquired by Leap Legal Software UK Holdings Limited, bringing the group into the wider ATI Global Limited group. As a result, some debts that were owed to the Company, included in other debtors, by companies that were outside the group last year are now included within group balances this year.

12. CASH AND CASH EQUIVALENTS

	30.6.23	30.6.22 as restated
	£	£
Bank accounts	<u>1,112,451</u>	<u>4,284,942</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.6.23	30.6.22 as restated
Number:	Class:	Nominal value:		
			£	£
1,479,543	Ordinary	£0.01	<u>14,795</u>	<u>14,795</u>

All shares carry full and equal rights to participate in voting in all circumstances, in dividends and in capital distributions, whether on a winding up or otherwise. The shares are not redeemable.

14. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 July 2022	128,621	171,840	300,461
Profit for the year	<u>5,389,734</u>		<u>5,389,734</u>
At 30 June 2023	<u>5,518,355</u>	<u>171,840</u>	<u>5,690,195</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

15. TRADE AND OTHER PAYABLES

	30.6.23	30.6.22 as restated
	£	£
Current:		
Trade creditors	251,220	194,607
Amounts owed to group undertakings	45,449,940	-
Social security and other taxes	345,415	361,484
Other creditors	5,303,547	977,269
Accruals and deferred income	12,593,327	14,778,765
Accrued expenses	547,026	504,788
VAT	628,127	832,819
	<u>65,118,602</u>	<u>17,649,732</u>
Non-current:		
Accrued and Deferred income	<u>4,919,680</u>	<u>14,104,563</u>
Aggregate amounts	<u>70,038,282</u>	<u>31,754,295</u>

During the year, the Leap Legal Software Ltd group was acquired by Leap Legal Software UK Holdings Limited, bringing the group into the wider ATI Global Limited group. As a result, some debts that were owed by the Company, included in other creditors, by companies that were outside the group last year are now included within group balances this year.

16. FINANCIAL LIABILITIES - BORROWINGS

	30.6.23	30.6.22 as restated
	£	£
Current:		
Leases (see note 17)	<u>296,068</u>	<u>282,864</u>
Non-current:		
Leases (see note 17)	<u>352,732</u>	<u>511,066</u>

Terms and debt repayment schedule

	1 year or less	1-2 years	2-5 years	Totals
	£	£	£	£
Leases	<u>296,068</u>	<u>237,617</u>	<u>115,115</u>	<u>648,800</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

17. LEASING**Right-of-use assets****Property, plant and equipment**

	30.6.23	30.6.22 as restated
	£	£
COST OR VALUATION		
At 1 July 2022	1,997,220	1,831,683
Additions	161,298	165,537
Revaluations	(51,723)	-
	<u>2,106,795</u>	<u>1,997,220</u>
 DEPRECIATION		
At 1 July 2022	1,259,754	976,865
Charge for year	308,310	282,889
	<u>1,568,064</u>	<u>1,259,754</u>
 NET BOOK VALUE	<u>538,731</u>	<u>737,466</u>
 Other leases		
	30.6.23	30.6.22 as restated
	£	£
Short-term leases	<u>101,307</u>	<u>14,520</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023

17. LEASING - continued**Lease liabilities**

Minimum lease payments fall due as follows:

	30.6.23	30.6.22 as restated
	£	£
Gross obligations repayable:		
Within one year	366,389	389,814
Between one and five years	386,230	598,500
	752,619	988,314
Finance charges repayable:		
Within one year	70,321	106,950
Between one and five years	33,498	87,434
	103,819	194,384
Net obligations repayable:		
Within one year	296,068	282,864
Between one and five years	352,732	511,066
	648,800	793,930

18. DEFERRED TAX

The deferred tax liability of £40,579 (2022: £29,892) relates to differences between the carrying amount of fixed assets in the accounts and the tax written down value.

19. RELATED PARTY DISCLOSURES

During the year the Company had transactions with related parties, who were related by virtue of them being members of the Leap worldwide group, and had balances outstanding with them at the year end 30 June 2023.

At 30 June 2023 the amount owed from LEAP USA was £13,025,714 (2022: £12,625,345). During the year, the company made purchases from LEAP USA amounting to £52,112 (2022: Nil), recharged staff amounting to £341,473 (2022: £147,513) and charged interest to that company of £651,718 (2022: £574,705).

The amount owed from LEAP Canada was £88,729 (2022: £68,024). During the year the company made purchases from LEAP Canada amounting to £166,494 (2022: £55,631) and recharged wages to that company of £556,854 (2022: £616,162).

The amount owed from Divorcemate was £34,186 (2022: Nil). During the year the Company made purchases from Divorcemate amounting to £9,066 (2022: Nil) and recharged wages to that company of £179,592 (2022: Nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2023**

20. CONTROLLING PARTY

The immediate parent company is Leap Legal Software UK Holdings Limited, a company incorporated in England and Wales.

The smallest and largest group to consolidate the results and financial position of the company is ATI Global Limited. Copies of the ATI Global Limited financial statements are publicly available and can be obtained from the Australian Securities & Investments Commission (ASIC), at asic.gov.au "or" from the ATI Global Limited registered office Level 8, 135 King Street, Sydney, 2000, NSW, Australia.

The Company's ultimate parent is ATI Global Limited, a company registered in Australia, which is controlled by C M Beck, who is regarded as the ultimate controlling party.

21. SECURED DEBTS

There is a fixed charge over the Investments and Related Rights arising in relation to the acquisition of TrustSuite Ltd, Love Legal Group Ltd, and WillSuite Ltd. in the year.

There is a debenture in favour of Global Loan Agency Services Australia Nominees Pty Limited over all assets and undertakings of the company, in relation to a Deed of Accession.

COMPANY NUMBER: 08802975

**ATI GLOBAL LIMITED
AND ITS CONTROLLED ENTITIES
ACN 634 158 204**

**CONSOLIDATED GENERAL PURPOSE (SDS) FINANCIAL
STATEMENTS**

For the year ended 30 June 2023

Contents

Directors' Report.....	2
Auditor's Independence Declaration.....	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	6
Consolidated Statement of Financial Position.....	7
Consolidated Statement of Changes in Equity.....	8
Consolidated Statement of Cash Flows.....	9
Notes to the Consolidated Financial Statements.....	10
Directors' Declaration.....	61
Independent Audit Report.....	62

Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of ATI Global Limited ("the Company") and its controlled entities (collectively "the Group") for the year ended 30 June 2023.

DIRECTORS

The following were the Directors of the Company during or since the end of the financial year and up to the date of this report:

Christian Beck
 John Ahern
 Stephen Wood
 Marcus Fletcher
 Phillipa Downes
 Craig Farrow
 Chris Champion (appointed 01/08/22)

COMPANY SECRETARIES

Antonio Ghiazza
 Shelley Burger (resigned 27/06/23)

DIVIDENDS

Dividends declared and paid in the financial year was \$410,000(2022: \$9,962,184).

The Group demerged Commercial Credit Group on 1 September 2022. Refer to Note 29 for further details on demerger distribution.

CORPORATE INFORMATION

ATI Global Limited is an unlisted public company that is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is Level 8, 135 King Street, Sydney NSW 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were:

- a) the provision of a proprietary SaaS (software as a service) platform to allow clients to search and analyse property, company and personal information from a range of different government entities, corporates and other information providers;
- b) the provision of legal & banking settlement services;
- c) the provision of practice management and document automation software to small and medium law
- d) the provision of court filing services; and
- e) provision of commercial credit bureau services.

There were no significant changes in the nature of the activities of the Group during the year apart from the demerger of Commercial Credit group on 1 September 2022. Refer to Note 29 for further details.

REVIEW OF OPERATIONS

During the year, the Group continued to engage in its principal activity. The results are disclosed in the attached financial statements.

OPERATING AND FINANCIAL REVIEW

	2023	2022
Operating results for the year	<u>\$ 000's</u>	<u>\$ 000's</u>
Total comprehensive loss of the Group for the year ended was:	(176,928)	(122,753)

Directors' Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes for the Group in financial year 2023 included the following:

- (i) In July 2022, the Legal Software group entered into a syndicated Term Loan B (TLB) facility arrangement for \$400m to fund future acquisitions.
- (ii) On 27 July 2022, the Group acquired Leap Legal Software Ltd ('LEAP UK') for \$276.6m. LEAP UK distributes the LEAP Legal platform in the UK.
- (iii) In September 2022, the Group acquired WillSuite for £7.3m. WillSuite is a will writing software platform, based in UK.
- (iv) On 1 September 2022, the Group demerged Commercial Credit sub-group. The dermerger was effected through an in specie distribution of shares in Commercial Credit Holdings Pty Ltd (CC Holdings), distributed to the Group's shareholders. The dermerger is intended to provide enhanced management focus on Commercial Credit growth strategy together with a streamlined capital structure.
- (v) In September 2022, the Group increased its Legal Software Group TLB facility by another \$20m.
- (vi) In September 2022, the Group acquired ElderLawNet for US\$4m. The ElderLawNet platform provides referral and marketing source for Elder Law attorneys and special needs planning attorneys as well as content marketing for estate planning attorneys. ElderLaw is a Massachusetts Corporation.
- (vii) The Group acquired additional interest in Settify Pty Ltd for \$2.4m in July 2022 and \$0.5m in September 2022 bringing the Group's total stake to 57.3%.
- (viii) In March 2023, the Group increased its stake in Settify Pty Ltd to 96.1% for \$3.6m.
- (ix) The Group acquired Perfect Portal (Australia) Pty Ltd for \$21.9m on April 2023. Perfect Portal provides a conveyancing sales management system that delivers end-to-end solutions to law firms in Australia and UK.
- (x) In May 2023, the Group acquired LawLabs Inc. LawLabs provides user-focused technology to legal real estate practices to enable them to close off real estate transactions.
- (xi) The Group acquired Flint House Limited (Landscape Software) for GBP2.5m in May 2023. Landscape Software is a UK-based provider of property tax and compliance software.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no other significant events occurring after the balance sheet date which may affect either the Group's operations or results of those operations or Group's state of affairs.

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the economic entity.

ENVIRONMENTAL REGULATION

The Group is not subject to any particular or significant environmental regulation under laws of the any jurisdiction in which it operates.

Directors' Report (continued)

SHARE OPTIONS

ATF US Inc., a subsidiary of the Group has issued 14,983,670 options to US-based employees under the ATF US Equity Incentive Plan. These options have a weighted average exercise price of US\$1 and expire in 2032.

INDEMNIFICATION AND INSURANCE OF DIRECTORS/OFFICERS AND AUDITORS

The Group has paid the premium for Directors and Officers liability insurance in respect of Directors/Officers of the Group as permitted by the Corporations Act 2001. The terms of the policy prohibit disclosure of details of the insurance cover and premium. The auditors of the Group are indemnified out of the assets of the Group.

ROUNDING

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 5 of the report.

This report is made in accordance with a resolution of directors pursuant to section 298(2) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

DocuSigned by:

Stephen Wood

765A28C64D09479

Executive Chairman/Director
Stephen Wood

DocuSigned by:

Christian Mackie Beck

BD9AE7307D19469

Director
Christian Beck



Building a better
working world

Ernst & Young
Chartered Accountants
Suite 10.01, Level 10
100 Market Street, Singapore 048907

Ernst & Young
Chartered Accountants
100 Market Street, Suite 10.01, Level 10
Singapore 048907

Auditor's Independence Declaration to the Directors of ATI Global Limited

As lead auditor for the audit of the financial report of ATI Global Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ATI Global Limited and the entities it controlled during the financial year.

Ernst & Young

John Robinson
Partner
26 October 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Continuing operations			
Revenue from contracts with customers	4	883,932	772,048
Expenses			
Cost of sales	4	(352,900)	(354,413)
Staff costs		(259,774)	(177,289)
Marketing costs		(14,760)	(9,069)
Occupancy costs		(2,321)	(1,656)
Office costs		(26,927)	(18,321)
Professional fees		(33,041)	(17,699)
Depreciation & amortisation	4	(141,226)	(89,602)
Other operating expenses	5	(13,802)	(17,926)
Operating profit		39,181	86,073
Finance costs	23	(305,991)	(207,949)
Finance income		14,478	4,679
Other (loss)/gain		(2,663)	202
Change in fair value of financial derivative		18,594	31,723
Share of loss of associate and a joint venture		(15,169)	(13,070)
Profit/(loss) before tax from continuing operations		(251,570)	(98,342)
Income tax (expense)/benefit	6(a)	(6,698)	(21,668)
Profit/(loss) after tax from continuing operations		(258,268)	(120,010)
Gain on demerger	29	81,810	-
Profit for the year from discontinued operations	29	348	1,653
Profit/(loss) after tax for the year		(176,110)	(118,357)
Other comprehensive income			
Exchange differences on translation of foreign operations		(818)	(4,396)
Other comprehensive income/(loss) for the year, net of tax		(818)	(4,396)
Total comprehensive income/(loss) for the year, net of tax		(176,928)	(122,753)
Total comprehensive income/(loss) for the period is attributable to:			
Equity holders of the parent		(175,352)	(123,407)
Non-controlling interests		(1,576)	654
		(176,928)	(122,753)

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	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	200,880	194,134
Trade and other receivables	8	109,467	73,745
Other assets	9	31,930	17,533
Income tax receivable		6,948	-
Total current assets		349,225	285,412
Non-current assets			
Derivative asset	26a	50,545	32,410
Right-of-use assets	10	15,909	22,438
Property, plant and equipment	11	6,247	7,460
Intangible assets	12	1,866,110	1,573,019
Deferred tax assets	6(b)	32,831	32,647
Investment in associates and a joint venture	13	22,048	26,066
Other assets		145,126	122,110
Total non-current assets		2,138,816	1,816,150
Total assets		2,488,041	2,101,562
Liabilities			
Current liabilities			
Trade and other payables	14	107,910	64,600
Income tax payable		-	7,282
Provisions	15	29,209	24,629
Lease liabilities	10	6,788	7,366
Contract Liabilities	16	51,286	24,009
Interest-bearing loans and borrowings	17	11,768	6,016
Total current liabilities		206,961	133,902
Non-current liabilities			
Provisions	15	20,365	17,751
Lease liabilities	10	12,829	18,751
Contract Liabilities	16	-	1,531
Interest-bearing loans and borrowings	17	2,505,384	1,906,182
Deferred tax liabilities	6(c)	120,099	97,937
Total non-current liabilities		2,658,677	2,042,152
Total liabilities		2,865,638	2,176,054
Net assets		(377,597)	(74,492)
Equity			
Issued capital	18	2,130,528	2,233,263
Other reserves		(2,163,481)	(2,139,829)
Share-based payments reserve		3,339	-
Foreign currency translation reserve		(3,798)	(2,980)
(Accumulated losses)/Retained earnings		(352,227)	(176,278)
Equity attributable to equity holders of the parent		(385,639)	(85,824)
Non-controlling interests		8,042	11,332
Total equity		(377,597)	(74,492)

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	(Accumulated losses)/Retained earnings \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Other equity \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 July 2022	2,233,263	(176,278)	(2,980)	-	(2,139,829)	11,332	(74,492)
Profit/(loss) after tax from continuing operations	-	(175,352)	-	-	-	(1,576)	(176,928)
Shareholders' equity reduction on demerger of Commercial Credit Holdings Pty Ltd (Note 29)	(102,735)	-	-	-	(27,574)	-	(130,709)
Hedge reserve	-	-	-	-	4,322	-	4,322
Share-based payments	-	-	-	3,339	-	-	3,339
Payments to non-controlling interests	-	-	-	-	-	(8,134)	(8,134)
Dilution of non-controlling interests	-	(187)	-	-	-	187	-
Non-controlling interests arising on business combinations	-	-	-	-	-	6,233	6,233
Exchange differences on translation of foreign operations	-	-	(818)	-	-	-	(818)
Dividends paid/payable	-	(410)	-	-	-	-	(410)
At 30 June 2023	2,130,528	(352,227)	(3,798)	3,339	(2,163,431)	8,042	(377,597)

	Issued capital \$'000	(Accumulated losses)/Retained earnings \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000	Other equity \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 July 2021	860,055	(44,909)	1,416	-	(787,726)	11,580	40,416
Profit/(loss) for the year	-	(123,407)	-	-	-	654	(122,753)
Share capital issued during the year (Note 18)	1,375,677	-	-	-	(1,350,695)	-	24,982
Shares cancelled (Note 18)	(2,469)	-	-	-	-	-	(2,469)
Excluded components reserve (hedge accounting)	-	-	-	-	(1,408)	-	(1,408)
Acquisition of non-controlling interests	-	2,000	-	-	-	(2,000)	-
Non-controlling interests arising on business combinations	-	-	-	-	-	1,098	1,098
Exchange differences on translation of foreign operations	-	-	(4,396)	-	-	-	(4,396)
Dividends paid/payable	-	(9,962)	-	-	-	-	(9,962)
At 30 June 2022	2,233,263	(176,278)	(2,980)	-	(2,139,829)	11,332	(74,492)

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

	Note	2023 \$'000	2022 \$'000
Operating activities			
Receipts from customers		954,213	879,062
Payments to suppliers and employees		(786,820)	(713,369)
Interest received		1,864	4,683
Interest paid (lease liabilities)	10	(1,620)	(1,857)
Income tax paid (net of refunds)		(22,022)	2,369
Net cash flows from operating activities	29	145,614	170,888
Investing activities			
Purchase of property, plant and equipment	11	(2,561)	(4,014)
Purchase of intangible assets	12	(77,264)	(58,319)
Investment in associates & joint venture	13	(19,529)	(18,188)
Net cash assets demerged - Commercial Credit Group		(10,194)	-
Acquisition of non-controlling interest		(9,512)	(2,000)
Acquisition of subsidiaries, net of cash		(332,497)	(612,777)
Net cash flows used in investing activities		(451,558)	(695,298)
Financing activities			
Repayment of Term Loan B (old)		-	(734,764)
Net proceeds to Term Loan B (new)		426,300	798,597
Repayment of Term Loan B (new)		(9,462)	(1,557)
Net proceeds from borrowings - PIK facility		-	637,125
Payment of principal portion of lease liabilities		(7,649)	(6,743)
Repayment of Vendor loan note		-	(57,831)
Borrowing costs paid		(96,500)	(54,029)
Dividends paid		-	(9,962)
Net cash flows from financing activities		312,689	570,836
Net (decrease) / increase in cash and cash equivalents		6,746	46,426
Cash and cash equivalents at 1 July		194,134	147,708
Cash and cash equivalents at 30 June	7	200,880	194,134

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

1 CORPORATE INFORMATION

The consolidated financial report of ATI Global Limited ("the Company") and its subsidiaries (collectively, the Group) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 26 October 2023.

The company was incorporated on 17th June 2019 and is an unlisted public company incorporated and domiciled in Australia.

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 22. Information on other related party relationships of the Group is provided in Note 27.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards – Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a for-profit entity for the purposes of preparing these consolidated financial statements. The Financial report has been prepared in accordance with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value.

(b) Statement of compliance

The financial statements of the Group comply with Australian Accounting Standards - AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ii) Exposure, or rights, to variable returns from its involvement with the investee
- iii) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- i) The contractual arrangement(s) with the other vote holders of the investee
- ii) Rights arising from other contractual arrangements
- iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs with the exception of transfer taxes are expensed as incurred and included in other operating expenses. Transfer taxes like stamp duty are capitalised as part of investment cost on the statement of financial position.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Going concern

The Directors believe the Group will be able to continue as a going concern and, as a consequence, the financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2023, the Group had a net asset deficiency position of \$377.6m and as of that date, the consolidated entity had a net cash inflow from operations of \$145.6m (2022: \$170.9m) and a net current asset position of \$142.3m (2022: \$151.5m).

The Directors note the following items in particular:

- the board approved forecast for FY24 is EBITDA and cashflow positive;
- the Group has historically funded its acquisitions via debt raisings from institutional, sophisticated investors. These loans which make the majority of the liabilities on the balance sheet are long term (5 years plus);
- the Group historically has had no issues in servicing the long term debt given positive cashflows from operations;
- the PIK facility has a 8.5 year term with no principal or interest repayment till maturity in 2030;
- the Group will apply for extension or refinance the above facilities in advance of respective maturity dates.

Having regard to the above factors, the Directors have concluded that these are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due. On this basis the financial report has been prepared on a going concern basis.

(f) Comparatives

The consolidated financial statements provide comparative information in respect of the previous period. Certain numbers of prior period have been reclassified to be consistent with the current year's disclosure presentation.

(h) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investment in associates and joint ventures (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(i) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in the normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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

(j) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Australian Tax consolidation

ATI Global Limited and its wholly-owned Australian controlled entities are part of the tax consolidated group.

The head entity, ATI Global Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. In the US, the Group has 2 tax consolidated Groups for the respective Legal Search and Legal Software entities. There is no consolidated tax Group in the UK, however sister entities with a common ownership of more than 70% are able to utilise losses amongst themselves. This is commonly known as 'group loss relief'.

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 Group.

(k) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- (i) When the Sales tax incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the sales tax is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- (ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the Taxation Authority.

Cash flows are included in the statement of cash flows on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(l) Leases

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment assessment.

ii) Lease liabilities

At the commencement of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies a recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies a recognition exemption to leases that are considered of low value. Lease payments from short-term and low-value leases are recognised as expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases (continued)

ii) Lease liabilities (continued)

iv) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After initial recognition, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

(m) Revenue from contracts with customers

The Group is in the business of providing property, company and personal information reports from a range of different government entities, corporates and other information providers as well as the sale of software for small and medium law firms. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

To determine whether to recognise revenue under AASB 15, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue from Legal Search reports

The performance obligation for online search and company registrations is the delivery of respective reports to customers while for settlement revenue it is the provision of settlement services. Performance obligation for court filings and service of process is the provision of those services.

Revenue is recognised when online search and registration orders are complete and settlement revenue is recognised on completion of the settlement. Revenue from court filing or the service of process is recognized at a point in time upon completion of the filing or the service of process.

Revenue from Legal Software - Practice Management Software

Revenue from software sales are bundled together with the sale of support services, implementation transition services and the provision of legal precedents content.

The Group assessed that there are three performance obligations: provision of software license & support services, implementation transition services and provision of legal content.

Where the Group provides proprietary legal SaaS (software as a service) platform, revenue is recognised over the term of the contract while the provision of traditional on-server software is recognised upfront. Support services and the provision of legal content are recognised over the term of the contract. Revenue from implementation transitions services are recognised on completion of the transition service.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue from contracts with customers (continued)

Revenue from Commercial Credit Bureau

Performance obligation for the credit management tool is the provision of the credit management platform.

Subscription revenue from provision of credit management tool is recognised over the term of the contract in line with the satisfaction of the performance obligations under the contract.

(n) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

(o) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is calculated using the following methods and rates to allocate their cost or deemed cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold improvements	Straight line	Lease term
Plant and equipment	Straight line	2-5 years
Motor vehicles	Straight line	8 years
Furniture, fixtures and fittings	Straight line	5-20 years

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(q) Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of the loan facility is recognised as transaction costs of the loan. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Intangible assets (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Computer software licenses

Computer software licences are capitalised on the basis of the cost incurred to acquire and install the specific software.

Client Lists

Client lists and relationships are the assessed values of the customer contracts for supply of goods and services that exist at the date of acquisition. A discounted cash flow valuation methodology is used, including consideration of historic customer retention and projected future cash flows.

Data Sets

The Group capitalises costs incurred relating to storable data purchases. Costs are capitalised when control is established, and it is probable that future economic benefit arise.

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

A summary of the policies applied to the Group's intangible assets is, as follows:

	<i>Acquired software</i>	<i>Development costs</i>	<i>Client Lists</i>	<i>Data Sets</i>
<i>Useful lives</i>	Up to 25 years	4 years	Up to 10 years	Up to 4 years
<i>Amortisation method</i>	Straight-line basis over useful life	Straight-line basis over 4 years	Straight-line basis over useful life	Straight-line basis over useful life
<i>Internally generated or acquired</i>	Acquired	Internally generated	Acquired	Acquired

(s) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in section (k) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i) Financial assets at amortised cost (debt instruments)
- ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- And
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and other assets including prepayments.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- And
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

At June 2023 (2022: Nil) the Group has not designated any debt instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and non-listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends from non-listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired or:

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due unless there are contractual payment arrangements for amounts owed over 90 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(t) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually in June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(u) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(v) Share-based payments

Under the ATI US Inc. 2022 Equity Incentive Plan, share options of ATI US Inc. (a subsidiary of the Parent) are issued to US-based employees. Employees must remain in service for a period of four years from the date of grant in order for the share options to vest although 25% of the options vests at Year 1. The fair value of share options granted is estimated at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted. The grant expires in 2032 and there are no cash settlement alternatives for employees.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Hedging activities and derivatives

The Group obtains pay-fixed receive-float cross-currency interest rate swap as required. For further information on hedging activities and derivatives refer to Note 26a.

There is no ineffectiveness recognised in profit or loss.

(x) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 currencies that match, as closely as possible, the estimated future cash outflows.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

Revenue from software sales are bundled together with the sale of support services, implementation transition services and the provision of legal precedents content. The Group determined that there are three performance obligations in a contract for bundled sales of software license, transition services and provision of legal precedents content because its promises to provide the services are capable of being distinct and separately identifiable. Performance obligation for online search and company registrations is the delivery of respective reports to customers while for settlement revenue it is the provision of settlement services.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Determining the timing of satisfaction of software sales and services

Where the Group provides proprietary legal SaaS (software as a service) platform, revenue is recognised over the term of the contract while the provision of traditional on-device software is recognised upfront. Support services and the provision of legal content are recognised over the term of the contract in line with the satisfaction of performance obligations under the contract.

The Group determined that the over a period of time measure for SaaS platform, support services and provision of legal precedents content is most appropriate because the software and legal precedents content are provided continuously while for support customers can log in or call helpdesk when they like over the fixed time period.

Principal versus agent considerations

The Group has determined that it has control over the services it provides given it is able to direct the use of and obtain substantially all of the remaining benefits from the service and is the entity that is primarily responsible for fulfilling the promise to provide the service.

The Group also has discretion in establishing the price for the services.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset). The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). Refer to Note 10 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of trade receivables and contract assets (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 8.

Taxes

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 30 June 2023, the carrying amount of capitalised development costs was \$121,640k (2022: \$81,969k).

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the value of the underlying shares, expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Black-Scholes model.

3a NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 2020-3 Amendments to AASB 137 - Onerous Contracts: Costs of Fulfilling a Contract

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

3a NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

AASB 2020-3 Amendments to AASB 3 - Reference to the Conceptual Framework

The amendments add an exception to the recognition principle of AASB 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets or AASB Interpretation 21 Levies, if incurred separately. The exception requires entities to apply the criteria in AASB 137 or AASB Interpretation 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to AASB 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments.

AASB 2020-3 Amendments to AASB 16 Leases - Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

AASB 2020-3 Amendment to AASB 1 - Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of AASB 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of AASB 1.

AASB 2020-3 Amendment to AASB 9 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for AASB 139 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

AASB 2020-3 Amendment to AASB 141 - Taxation in Fair Value Measurements

The amendment removes the requirement in paragraph 22 of AASB 141 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of AASB 141.

These amendments had no impact on the consolidated financial statements of the Group.

	2023 \$ (000's)	2022 \$ (000's)
4 Revenue from contracts with customers - continuing operations		
Legal Search - Search reports	616,108	611,707
Legal Software - Practice Management	267,824	160,341
	883,932	772,048
Cost of sales - continuing operations		
Legal Search - Search & decisioning reports	330,955	342,270
Legal Software - Practice Management	21,945	12,143
	352,900	354,413
Depreciation & amortisation		
Depreciation of property, plant & equipment	3,108	2,389
Amortisation of finite life intangibles	130,402	79,433
Amortisation of Right-of-use assets	7,716	7,780
	141,226	89,602

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

5 Expenses

	Consolidated	
	2023	2022
	\$ (000's)	\$ (000's)
Other operating expenses		
Travel and entertainment costs	10,037	4,668
Other costs	3,765	14,242
	13,802	18,910

6 Income tax

a) Income tax expense

Income tax expense is comprised of:

Current income tax	7,359	10,513
Deferred income tax	(935)	11,286
Adjustment recognised for prior periods	274	(131)
Income tax (benefit)/expense reported in the statement of profit or loss	6,698	21,668

Profit/(loss) before income tax from continuing operations	(170,230)	(96,689)
Income tax calculated at 30%	(51,069)	(29,007)

Add tax effect of:

Difference in tax rate of foreign operations	7,095	(1,971)
Non deductible permanent differences	12,565	15,117
Under/over provision in prior years	274	(131)
Research & Development tax offset	5,181	4,908
Unrealised capital loss of equity accounted investments	4,551	3,920
Deferred tax not raised on tax losses	9,375	14,201
Utilisation of losses for which deferred tax not recognised previously	-	(3)
Derecognition of derivative on warrant conversion	-	16,134
Change in valuation allowance	9,187	-
Other	9,539	(1,500)
Income tax (benefit)/expense	6,698	21,668

b) Deferred tax asset

	Opening balance	Recognised in Business Combination	Recognised in equity	Recognised in Profit and Loss	Closing Balance
2023	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
Employee entitlements	4,258	-	-	97	4,355
Make good provision	(18)	-	-	(152)	(170)
Borrowing costs	4,942	-	-	(263)	4,679
Capital expenditure deductions	2,234	-	-	(952)	1,282
Doubtful debts	301	-	-	(113)	188
Lease liability	7,905	-	-	(1,934)	5,971
Tax losses carried forward	5,196	-	-	(2,914)	2,282
Other	7,829	-	-	6,415	14,244
	32,647	-	-	184	32,831

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

6 Income tax (continued)

b) Deferred tax asset (continued)

	Opening balance	Recognised in Business Combination	Recognised in equity	Recognised in Profit and Loss	Closing Balance
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
2022					
Employee entitlements	1,475	1,040	-	1,743	4,258
Make good provision	-	-	-	(18)	(18)
Borrowing costs	555	-	-	4,387	1,942
Capital expenditure deductions	2,738	-	-	(504)	2,234
Doubtful debts	296	-	-	5	301
Lease incentive	-	-	-	-	-
Lease liability	5,881	-	-	2,024	7,905
Tax losses carried forward	2,889	295	-	2,012	5,196
Other	3,220	851	-	3,758	7,829
Financial derivative liability	16,134	-	-	(16,134)	-
	33,188	2,186	-	(2,727)	32,647

c) Deferred tax liability

	Opening balance	Recognised in Business Combination	Recognised in equity	Recognised in Profit and Loss	Closing Balance
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
2023					
Deferred commission costs	(202)	-	-	(13)	(215)
PP&E and Leasehold	(2,696)	-	-	(2,358)	(5,054)
Intangibles	(77,595)	(24,120)	-	7,863	(93,852)
Right-of-use assets	(6,731)	-	-	1,978	(4,753)
Derivative asset	(9,723)	-	-	(5,441)	(15,164)
Other	(990)	-	-	(71)	(1,061)
	(97,937)	(24,120)	-	1,958	(120,099)

	Opening balance	Recognised in Business Combination	Recognised in equity	Recognised in Profit and Loss	Closing Balance
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
2022					
Contract asset - License fees	(33)	(1)	-	34	-
costs	(2)	-	-	(200)	(202)
PP&E and Leasehold	(1,034)	(171)	-	(1,491)	(2,696)
Intangibles	(58,860)	(25,052)	-	6,317	(77,595)
Right-of-use assets	(5,248)	-	-	(1,483)	(6,731)
Derivative asset	-	-	-	(9,723)	(9,723)
Other	-	-	-	(990)	(990)
	(65,177)	(25,224)	-	(7,536)	(97,937)

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

6 Income tax (continued)

	Consolidated	
	2023	2022
	\$	\$
<i>d) Franking credits</i>		
Franking credit balance	7,077,193	7,470,688

7 Cash and cash equivalents

	\$ (000's)	\$ (000's)
Cash at banks and on hand	195,712	183,779
Short-term deposits	5,168	10,355
	200,880	194,134

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

8 Trade and other receivables

Current

Trade receivables	54,652	51,718
Other receivables	26,691	(204)
Contract asset	29,628	24,536
Allowance for expected credit losses	(1,504)	(2,305)
	109,467	73,745

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract assets

As at 30 June, the Group has the following contract assets under AASB 15:

Current:

Unbilled revenue - Legal Search	29,628	24,536
Unbilled revenue - Legal Software	-	-
	29,628	24,536

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

As at 1 July	Note	2,305	1,498
Acquired through business combination		56	145
Provision for expected credit losses		(442)	1,390
Write-off		(415)	(728)
As at 30 June	26	1,504	2,305

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

	2023 \$ (000's)	2022 \$ (000's)
9 Other assets		
Prepayments	31,320	16,361
Deposits	610	1,172
	31,930	17,533

10 Right-of-use assets and lease liabilities

	Right-of-use assets	Lease liabilities
Balance at 1 July 2022	22,438	(26,117)
Additions	3,714	(4,621)
Additions through business combination (Note 25)	1,520	(1,520)
Disposal from demerger of Commercial Credit Group	(4,541)	5,614
Amortisation	(7,716)	-
Cash payments	-	9,269
Accretion interest	-	(1,620)
Exchange differences	494	(622)
Balance 30 June 2023	15,909	(19,617)

Lease liabilities are represented by:

	2023	2022
Current	(6,788)	(7,366)
Non-current	(12,829)	(18,751)
	(19,617)	(26,117)

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	7,716	7,780
Interest expense on lease liabilities	1,620	1,857
Expense relating to short-term leases and leases of low-value assets	776	994
Variable lease payments	1,704	593
Total amount recognised in profit or loss	11,816	11,224

The Group had total cash outflows for leases of \$11.816k in 2023 (2022: \$11.224k).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

There are no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

11 Property, plant and equipment

	Leasehold Improvements	Plant & Equipment	Furniture & fixtures	Motor vehicles	Total
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
Gross carrying amount					
Balance 1 July 2022	4,071	11,822	10,328	981	27,202
Additions	785	1,203	490	83	2,561
Acquisition - business combination	91	892	659	-	1,642
Disposals	(80)	(415)	(464)	-	(959)
Disposal from demerger of Commercial Credit Group	(777)		(1,199)	-	(1,921)
Exchange differences	-	2	7	-	9
Balance 30 June 2023	4,145	13,504	9,821	1,064	28,534
Depreciation and impairment					
Balance 1 July 2022	(2,663)	(9,326)	(7,404)	(349)	(19,742)
Acquisition - business combination	-	(511)	(475)	-	(986)
Depreciation	(579)	(1,458)	(1,009)	(129)	(3,175)
Disposals	-	483	133	-	616
Demerger of Commercial Credit	130	-	639	-	769
Exchange differences	78	163	2	(12)	231
Balance 30 June 2023	(3,034)	(10,649)	(8,114)	(490)	(22,287)
Net book value					
Carrying amount at 30 June 2023	1,111	2,855	1,707	574	6,247
Carrying amount at 30 June 2022	1,408	2,496	2,924	632	7,460

12 Intangible assets

	Acquired Software & distribution rights	Internally Developed Software	Client Lists	Goodwill	Total
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
Gross carrying amount					
Balance 1 July 2022	578,549	127,522	109,409	978,106	1,793,586
Additions	52	75,724	-	1,487	77,263
Acquisition - business combination	42,826	-	77,573	274,219	394,618
Demerger of Commercial Credit	(8,807)	(16,321)	(3,154)	(37,031)	(65,313)
Reclassification			-	-	-
Exchange differences	(12)	(250)	-	-	(262)
Balance 30 June 2023	612,608	186,675	183,828	1,216,781	2,199,893
Amortisation and impairment					
Balance 1 July 2022	(130,655)	(45,553)	(44,359)	-	(220,567)
Amortisation	(80,500)	(25,969)	(24,926)	-	(131,395)
Reclassification 2023	-	103	-	-	103
Disposal from Demerger of CCH Gro	8,625	6,537	3,154	-	18,316
Exchange differences	(79)	(152)	(9)	-	(240)
Balance 30 June 2023	(202,608)	(65,035)	(66,140)	-	(333,783)
Net book value					
Carrying amount at 30 June 2023	410,000	121,641	117,688	1,216,781	1,866,110
Carrying amount at 30 June 2022	447,894	81,969	65,050	978,106	1,573,019

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

12 Intangible assets (continued)

Impairment testing

The Group reviews the business performance at a CGU level. Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	Consolidated	
	2023	2022
	\$ (000's)	\$ (000's)
Legal Search	670,512	636,020
Legal Software Practice Management	546,269	305,055
Commercial Credit Bureau	-	37,031
	1,216,781	978,106

The recoverable amount of the Group's CGUs has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by the Board. The 5 year cashflow projection includes the Group's best estimate of business activity post COVID-19.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive

Pre-tax discount rate of 17.4% has been used for Legal Search CGU while 16.7% was used for the Legal Software CGU. Management determined that the recoverable amount calculated based on value in use exceeded the carrying value of the respective CGU.

Management believes that there are no reasonable changes in the key assumptions (on which the recoverable amount of the cash-generating unit's goodwill is based on) that would cause the cash-generating unit's carrying amount to exceed its recoverable amount.

13 Investment in associates and a joint venture

a) Investment in an associate

In FY22, the Group held 37.9% interest in Settify Pty Ltd which was equity accounted given it had significant influence but not control over Settify. On July 4th, 2022, the Group acquired an additional interest in Settify Pty Ltd for \$2.4 million, followed by an additional \$0.5 million on September 2nd, 2022. It was on this latter date that control was achieved and the Group began consolidating the Company.

	2023	2022
	\$ (000's)	\$ (000's)
Group's investment in associate's equity	5,543	1,455
Share of profit/(loss) of associate	(72)	(462)
Investment in the financial year	2,907	4,550
Group's investment in associate's equity	(8,378)	-
Group's net investment in associate	-	5,543

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

13 Investment in associates and a joint venture (continued)

b) Investment in a joint venture

On 31st May 2018, ATI entered into a joint venture with the Australian Stock Exchange Limited, subscribing for 49% of ordinary shares in Sympli Australia Pty Ltd ("Sympli").

	Consolidated	
	2023 \$ (000's)	2022 \$ (000's)
Group's net investment in joint venture at 1 July	20,523	19,492
Investment in the financial year	16,622	13,638
Share of loss of joint venture	(15,097)	(12,607)
Group's net investment in associate	22,048	20,523
<i>Summarised statement of financial position of Sympli:</i>		
Current assets, including cash and cash equivalents	14,415	12,697
Non-current assets	38,889	36,933
Current liabilities	(7,363)	(5,788)
Non-current liabilities	(946)	(2,213)
Equity	44,995	41,629
Group's share in equity - 49% (2022:49%)	22,048	20,523
Group's carrying amount of the investment	22,048	20,523
<i>Summarised statement of profit or loss of Sympli:</i>		
Gross loss	(16)	22
Operating expenses	(25,443)	(16,465)
Other expenses	(5,327)	(9,038)
Net Finance income	225	(90)
Total comprehensive income/(loss) for the year	(30,561)	(25,571)
Group's share of loss for the year	(15,097)	(12,607)

14 Trade and other payables

Trade payables	22,423	17,646
Other payables	78,526	46,945
Interest payable	6,961	9
	107,910	64,600

Terms and conditions of the above financial liabilities:

- (i) Trade payables are non-interest bearing and are normally settled on 60-day terms
- (ii) Other payables are non-interest bearing and have an average term of six months
- (iii) Interest payable is normally settled quarterly throughout the financial year

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

		Consolidated	
		2023	2022
		\$ (000's)	\$ (000's)
15 Provisions			
<i>Current</i>			
Employee entitlements		15,389	14,609
Deferred settlement		13,820	10,020
		29,209	24,629
<i>Non-current</i>			
Employee entitlements		2,376	2,564
Deferred settlement		17,151	14,462
Makegood		838	725
		20,365	17,751
16 Contract liabilities			
<i>Current</i>			
Deferred revenue - software and support subscription		51,286	24,009
<i>Non current</i>			
Deferred revenue - software and support subscription		-	1,531
Contract liabilities include long-term advances received to deliver software as a service and support services for the Legal Software CGU.			
17 Interest-bearing loans and borrowings			
<i>Term Loan B facilities</i>			
In March 2022, the Legal Search group entered into a syndicated Term Loan B facility arrangement for \$818.6m, amortising at 0.25% per quarter (First Lien). The new facility has a maturity date of 31 March 2029 and was used to repay the existing Term Loan B facility held by Leap Legal Software Pty Ltd.			
In July 2022, the Legal Software group entered into a 5 year \$435m Term Loan B facility (TLB), amortising at 0.25% per quarter (First Lien). The facility has a maturity date of 17 July 2027.			
<i>Payment In Kind (PIK) facility</i>			
In October 2019, the Group entered into a 5 year \$250m facility by issue of structured securities to the lenders. The facility had an interest rate of 12.5% per annum compounding quarterly. In July 2021, the Group entered into an agreement to refinance the facility. Under the new arrangement the Group obtained a total funding facility of \$1b with an interest rate of 15.5% and a maturity date of 28 February 2030.			
<i>Current</i>			
Loans from Shareholders*		1,402	-
Borrowings - TLB		10,366	6,016
Total current		11,768	6,016
<i>Non current</i>			
Loans from Shareholders*		-	2,631
Borrowings - TLB		1,211,257	795,188
Borrowings - structured securities		1,294,127	1,108,363
Total Non current		2,505,384	1,906,182

* Loan to Practice Evolve Group from non-controlling equity holders is at 7.5% interest rate per annum.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

18 Issued capital

	Consolidated	
	2023	2022
	\$ (000's)	\$ (000's)
Share capital as at 1 July	2,233,263	860,055
Share capital issued	-	1,375,677
Share capital reduction on demerger of Commercial Credit Holdings Pty Limited (Note 29)	(102,735)	-
Shares cancelled**	-	(2,469)
Share capital at 30 June	2,130,528	2,233,263
	Number	Number
Ordinary shares at 1 July	4,633,574	4,607,274
Shares issued	-	1,607,136
Shares cancelled**	-	(1,580,836)
Ordinary shares at 30 June	4,633,574	4,633,574

** In August 2021, the Group acquired 100% interest in Leap Software Developments Pty Ltd ('LSD'). LSD shareholders received, as consideration for the sale of their LSD shares, a combination of approximately \$200m cash and fully paid shares in ATIG equal to the number (1,580,836) held by LSD itself in ATIG. The shares cancelled as indicated above relate to the cancellation of LSD's at cost shares in ATIG. Share capital issued includes 1,580,836 fully paid shares issued at fair value to LSD shareholders as part of ATIG's acquisition of LSD as noted above.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The Group is subject to certain financing arrangement information covenants. There are no financial covenants applicable to the Group. There have been no events of default on the information covenants during the financial year.

19 Commitments and contingencies

	2023	2022
	\$ (000's)	\$ (000's)
<i>Guarantees</i>		
Office leases and other guarantees	3,771	6,595
Guarantees to authorities	2,275	3,715
	6,046	10,310

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

20 Significant events after the balance date

There have been no other significant events occurring after the balance sheet date which may affect either the Group's operations or results of those operations or Group's state of affairs.

21 Information relating to ATI Global Limited (the parent)

	Consolidated 2023 \$ (000's)	Consolidated 2022 \$ (000's)
<i>Statement of financial position</i>		
Non-current assets - Investments in subsidiaries	794,770	824,077
Total liabilities - borrowings	-	-
Net assets	794,770	824,077
Issued capital	2,130,528	2,233,262
Other reserves	(1,359,077)	(1,350,694)
Retained earnings	23,319	(58,491)
Total equity	794,770	824,077
<i>Profit or loss statement</i>		
Dividend income	-	9,962
Other gain/(loss)	81,810	-
Finance costs	-	(1,310)
Profit/(loss) after tax from continuing	81,810	8,652

21a Information relating to 'Closed Group 1'

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Legal Search Holdings Pty Ltd and the wholly-owned Australian subsidiaries ('Closed Group 1') identified in Note 22 'Group information' have entered into the Deed on 10 June 2022. The effect of the deed is that each party has guaranteed to pay any deficiency in the event of winding up of any of the entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. Financial information relating to Closed Group 1 is set out below:

	2023 \$ (000's)
<i>Current assets</i>	
Cash & cash equivalents	29,521
Trade and other receivables	32,982
Other current assets	35,193
Total current assets	97,696
<i>Non-current assets</i>	
Intangibles & PP&E	503,633
Deferred tax assets	13,389
Investments	22,798
Total Non current assets	539,820
Total Assets	637,516

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

21a Information relating to 'Closed Group 1' (continued)

Consolidated Statement of financial position (continued)

Current liabilities

Trade payables	8,054
Current tax liability	29,427
Total current liabilities	<u>37,481</u>

Non-current liabilities

Deferred tax liability	26,826
Borrowings	217,873
Total Non-current liabilities	<u>244,699</u>
Total liabilities	<u>282,180</u>
Net assets	<u>355,336</u>

Equity

Issued capital	165,431
Accumulated profits	189,905
Total equity	<u>355,336</u>

Consolidated profit or loss statement

	2023
	\$ (000's)
Revenue	290,318
Cost of sales	(184,705)
Staff costs	(43,094)
Other operating expenses	(7,445)
Net finance costs	(26,350)
Depreciation & amortisation	(18,795)
Income tax expense	1,922
Net profit or loss after tax	<u>11,851</u>

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

21b Information relating to 'Closed Group 2'

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Legal Software Holdings Pty Ltd and the subsidiaries identified in Note 22 'Group information' (Closed Group 2) have entered into the Deed on 17 June 2022. The effect of the deed is that each party has guaranteed to pay any deficiency in the event of winding up of any of the entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. Financial information relating to Closed Group 2 is set out below:

Consolidated Statement of financial position

	2023 \$ (000's)
<i>Current assets</i>	
Cash & cash equivalents	46,636
Trade and other receivables	823,779
Other current assets	11,083
Total current assets	881,498
<i>Non-current assets</i>	
Intangibles and PP&E	72,222
Deferred tax assets	9,603
Investments	1,553,095
Total Non-current assets	1,634,920
Total Assets	2,516,418
<i>Current liabilities</i>	
Trade and other payables	27,028
Total current liabilities	27,028
<i>Non-current liabilities</i>	
Borrowings	424,436
Other provisions	13,020
Deferred tax liability	16,160
Total Non-current liabilities	453,616
Total liabilities	480,644
Net assets	2,035,774
<i>Equity</i>	
Issued capital	698,499
Reserves and other equity	(2,295)
Accumulated profits	1,339,570
Total equity	2,035,774

Consolidated profit or loss statement

Revenue	124,519
Cost of sales	(13,566)
Other operating expenses	(75,898)
Net finance costs	(24,486)
Depreciation & amortisation	(26,054)
Income tax expense	(543)
Net profit or loss after tax	(16,028)

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

21c Information relating to 'Closed Group 3'

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, ATI International Pty Ltd and the subsidiaries identified in Note 22 'Group information' (Closed Group 3) have entered into the Deed on 7 June 2022. The effect of the deed is that each party has guaranteed to pay any deficiency in the event of winding up of any of the entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. Financial information relating to Closed Group 3 is set out below:

Consolidated Statement of financial position

	2023 \$ (000's)
<i>Current assets</i>	
Cash & cash equivalents	38,845
Trade and other receivables	6
Other current assets	196,353
Total current assets	235,204
<i>Non-current assets</i>	
Deferred tax assets	4,518
Investments	1,577,253
Total Non current assets	1,581,771
Total Assets	1,816,975
<i>Current liabilities</i>	
Trade and other payables	7,668
Total current liabilities	7,668
<i>Non-current liabilities</i>	
Borrowings	1,294,126
Deferred tax	2,893
Total Non-current liabilities	1,297,019
Total liabilities	1,304,687
Net assets	512,288

Consolidated Statement of financial position (continued)

	2023 \$ (000's)
<i>Equity</i>	
Issued capital	810,442
Reserves	29,637
Accumulated profits	(327,791)
Total equity	512,288

Consolidated profit or loss statement

Finance income and other income	81,210
Transaction costs and consulting fees	(467)
Finance costs	(185,764)
Income tax expense	-
Net profit or loss	(105,021)

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

22 Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2023	2022
ATI Global Limited	Parent/Holding company	Australia	100	100
ATI International Pty Ltd***	Holding company	Australia	100	100
ATI Enterprise Co Pty Ltd***	Holding company	Australia	100	100
ATI Holdings Co Pty Ltd***	Holding company	Australia	100	100
Australian Technology Innovators Pty Limited***	Holding company	Australia	100	100
InfoTrack Group Pty Ltd*	Holding company	Australia	100	100
InfoTrack Pty Ltd*	Online search	Australia	100	100
LEAP Searching Pty Ltd*	Dormant entity	Australia	100	100
Scott Ashwood Pty Ltd*	Manual settlements	Australia	100	100
InfoTrack International Pty Limited*	Holding company	Australia	100	100
InfoTrack Limited (NZ)	Online search	New Zealand	100	100
Secureexchange Pty Ltd*	Incorporated legal practice	Australia	100	100
LEAP Legal Software Pty Limited**	Software sales	Australia	100	100
CNCNA Pty Ltd*	Electronic company registrations	Australia	100	100
ATI InvestCo Pty Ltd**	Holding company	Australia	100	100
Practice Evolve Group Pty Ltd	Holding company	Australia	87.4	87.4
Practice Evolve Pty Ltd	Software sales	Australia	87.4	87.4
Practice Evolve UK Ltd	Software sales	UK	87.4	87.4
Practice Evolve Limited	Software sales	Ireland	87.4	87.4
Documatics Australia Pty Ltd	Dormant entity	Australia	87.4	87.4
Linetime Limited	Software sales	UK	100	87.4
Linetime Holdings Limited	Holding company	UK	100	87.4
InfoTrack Group Limited (UK)	Holding company	UK	100	100
Infotrack Limited (UK)	Online search	UK	100	100
Southern Tech Invest Ltd (UK)	Dormant entity	UK	100	100
STL Group Pty Ltd (UK)	Dormant entity	UK	100	100
Legal Search (US) Pty Ltd*	Holding company	Australia	100	100
ATI Holdings US Inc.	Holding company	USA	100	100
ATI US Inc.	Holding company	USA	100	100
InfoTrack US Inc.	Online search and court filing	USA	100	100
Westin Consulting, LLC	Web-based solutions	USA	100	100
InfoTrack Services Limited	Dormant entity	Canada	100	100
Infinity Law Holdings Pty Ltd**	Holding company	Australia	100	100
Infinity Law Australia Pty Ltd**	Software sales	Australia	100	100
Infinity Law New Zealand Limited	Software sales	New Zealand	100	100
LawToolBox.com, Inc	Deadline management	USA	53.1	53.1
LawLabs Inc.	Legal conveyancing workflow	Canada	100	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

Name	Principal activities	Country	% equity interest	
			2023	2022
Widcombe Limited	Holding company	UK	100	87.4
Solicitors Own Software Limited	Software sales	UK	100	87.4
Groundsure Limited (UK)	Online Search	UK	100	100
ATI UK Holdings Limited	Holding company	UK	100	100
Phoenix Searches Limited (UK)	Online Search	UK	100	100
Greenfiling, LLC	Online Search	USA	100	100
Lawlytics, Inc	Software sales	USA	100	100
Leap Software Developments Pty Limited**	Software sales	Australia	100	100
By Lawyers Pty Ltd	Software sales	Australia	51	51
By Lawyers Holdings Pty Ltd**	Software sales	Australia	100	100
Fileman Pty Ltd	Software sales	Australia	59	59
Fileman Global Pty Ltd	Holding entity	Australia	59	59
Fileman (UK) Ltd	Software sales	UK	59	59
Fileman Holdings US Inc.	Holding entity	USA	59	59
MM Software Developments Pty Ltd	Dormant	Australia	83.9	66.7
LEAP Integrations Pty Ltd	Dormant	Australia	66.7	66.7
DebtCol Software Pty Ltd**	Dormant	Australia	100	100
Zaliet Pty Ltd**	Dormant	Australia	100	100
LawTap Pty Ltd**	Software sales	Australia	100	100
TitleX E-Conveyancing Pty Ltd**	Dormant	Australia	100	100
Legal Software Holdings Pty Ltd**	Holding entity	Australia	100	100
Legal Software Pty Ltd**	Holding entity	Australia	100	100
Legal Financial Services Pty Ltd	Holding entity	Australia	96.8	95.99
Rapid Pay Holdings Pty Ltd	Holding entity	Australia	96.8	95.99
Rapid Financial Services Pty Ltd	Legal Financial Services	Australia	96.8	95.99
Quicka Holdings Pty Ltd	Legal Financial Services	Australia	96.8	95.99
Quicka Loans Pty Ltd	Legal Financial Services	Australia	96.8	95.99
Quicka Pty Ltd	Legal Financial Services	Australia	96.8	95.99
TriSearch Services Pty Ltd*	Online Search	Australia	100	100
Elder Counsel, LLC	Software sales	USA	100	100
The WealthCounsel Companies, LLC	Software sales	USA	100	100
Legal Search (Canada) Pty Ltd*	Dormant- Holding entity	Australia	100	100
InfoTrack Services Limited (Canada)	Dormant	Canada	100	100
Legal Search (UK) Pty Ltd*	Holding entity	Australia	100	100
Legal Search (Australia) Pty Ltd*	Holding entity	Australia	100	100
Legal Search Holdings Pty Ltd*	Holding entity	Australia	100	100
Legal Search Pty Ltd*	Holding entity	Australia	100	100
Commercial Credit Holdings Pty Ltd~	Holding entity	Australia	-	100
Commercial Credit (Australia) Pty Ltd	Holding entity	Australia	-	100
CreditorWatch Holdings Pty Ltd~	Holding company	Australia	-	100
CreditorWatch Pty Ltd~	Commercial credit reporting agency	Australia	-	100
Flint House Limited	Holding company	UK	100	-
Landscape Software Limited (UK)	Property tax & compliance	UK	100	-
SettleIT Pty Ltd*	Dormant entity	Australia	100	100
InfoTrackID Pty Ltd*	Dormant entity	Australia	100	100
Perfect Portal (Australia) Pty Ltd*	Legal conveyancing workflow	Australia	100	-
Perfect Portal (UK) Ltd	Legal conveyancing workflow	UK	100	-

~ On 1 September 2022, the Group demerged

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

22 Group information (continued)

Information about subsidiaries (continued)

Legal Software (US) Pty Ltd**	Holding entity	Australia	100	100
Legal Software (US) Holdings Inc.	Holding entity	USA	100	100
Legal Publishing Holding US Inc.	Holding entity	USA	100	100
Ecounsel, LLC	Holding entity	USA	100	100
WealthCounsel Advisors Forum, LLC	Software sales	USA	100	100
WealthCounsel Properties, LLC	Software sales	USA	100	100
WealthCounsel, LLC	Holding entity	USA	100	100
Legal Lead Generation Holdings Inc.	Holding entity	USA	100	100
Practice Evolve Holdings Pty Ltd**	Holding entity	Australia	100	100
LEAP Software Holdings Pty Ltd**	Holding entity	Australia	100	100
Groundsure Pty Ltd*	Dormant entity	Australia	100	100
SettleIT Pty Ltd*	Dormant entity	Australia	100	100
InfoTrackID Pty Ltd*	Dormant entity	Australia	100	100
LEAP Software Developers Pty Ltd**	Dormant entity	Australia	100	100
LEAP Legal Software UK Holdings Limited	Holding entity	UK	100	-
LEAP Legal Software Ltd	Software sales	UK	100	-
ILaw Legal Limited	Software sales	UK	100	-
LawPro Legal Systems Ltd	Software sales	UK	100	-
WillSuite Limited	Software sales	UK	100	-
Love Legal Group Ltd	Software sales	UK	100	-
TrustSuite Ltd	Software sales	UK	100	-
LeapOffice Sp. Zoo	Software sales	Poland	100	-
LEAP Legal Software (Ireland) Limited	Software sales	UK	100	-
EXPDS Limited	Software sales	UK	100	-
Rodine Ltd	Software sales	UK	100	-
Settify Pty Ltd	Software sales	Australia	96.1	37.9
Settify IP Pty Ltd	Software sales	Australia	96.1	37.9
Perfect Portal (Australia) Pty Ltd*	Legal conveyancing workflow	Australia	100	100
Perfect Portal (UK) Ltd	Legal conveyancing workflow	Australia	100	100
FeeWise US Corporation	Legal Financial Services	USA	96.8	-
FeeWise Canada Limited	Legal Financial Services	Canada	96.8	-
Stride Legal Funding Pty Limited	Legal Financial Services	Australia	96.8	-
Super Scale Labs Private Limited	Software sales	India	100	-
Rapid Financial Services Solutions Ltd	Legal Financial Services	UK	96.8	-

* Entities within Closed Group 1, refer note 21a

** Entities within Closed Group 2, refer note 21b

*** Entities within Closed Group 3, refer note 21c

Joint arrangement in which the Group is a joint venturer

The Group has a 49.3% interest in Sympli Australia Pty Ltd (2022: 49.3%). For more details, refer to Note 13(b).

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

	Consolidated 2023 \$ (000's)	2022 \$ (000's)
23 Finance Costs		
Borrowing costs - Term Loan B	116,196	65,766
Borrowing costs - Vendor Loan Note	-	1,310
Borrowing costs - Structured equity	185,763	131,507
Other finance costs and bank fees	2,412	7,509
Interest charges - leases	1,620	1,857
	305,991	207,949
24 Auditor's remuneration	2023	2022
Amounts received or due and receivable by Ernst & Young for:	\$	\$
Financial Statement audit:		
Australia	760,000	565,000
UK	464,520	386,640
Other non-audit services		
Australia	567,217	1,236,130
UK	375,690	-
	2,167,427	2,187,770

25 Business combinations

Acquisitions in 2023

Acquisition of Leap Legal Software Ltd

On 27 July 2022, the Group acquired 100% interest in Leap Legal Software Ltd ('LEAP UK') for \$276.6m. LEAP UK's core focus is in the distribution of the cloud-based LEAP Legal platform to law firms in the UK and Ireland.

LEAP UK had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	6,144
Trade and other receivables	4,785
Prepayments and other assets	36,912
Property, plant & equipment	419
Right-of-use asset	1,366
Software distribution rights (UK)	11,186
Software	6,083
Customer List	75,155
Total Assets	142,050
Identifiable liabilities	
Trade Payables and other payables	(61,166)
Lease liability	(1,366)
Deferred tax liability	(17,574)
Total Liabilities	(80,106)
Total identifiable net assets at FV	61,944
Goodwill arising on acquisition (Note 12)	213,871
Purchase consideration	275,815

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2023 (continued)

Acquisition of WillSuite Ltd

On 1 September 2022, the Group, through its subsidiary LEAP UK, acquired WillSuite Limited for \$12.7m. WillSuite is a software company based in UK, specialist provider of cloud software for will writers and estate planning professionals.

WillSuite had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	1,321
Trade and other receivables	3
Prepayments and other assets	1
Property, plant & equipment	15
Software	4,652
Total Assets	5,992
Identifiable liabilities	
Trade Payables and other payables	(1,288)
Deferred tax liability	-
Total Liabilities	(1,288)
Total identifiable net assets at FV	4,704
Goodwill arising on acquisition (Note 12)	8,088
Purchase consideration	12,792

Acquisition of Settify Pty Ltd

The Group acquired additional interest in Settify Pty Ltd for \$2.4m in July 2022, \$0.5m in September 2022 and \$3.6m in March 2023, bringing the Group's total stake to 96.1%. The Company specializes in developing software platforms that enhance and streamline client interactions and engagement processes within the legal industry.

Settify had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	986
Trade and other receivables	109
Prepayments	32
Property, plant & equipment	-
Right-of-use asset	-
Software	2,254
Customer lists	884
Total Assets	4,265
Identifiable liabilities	
Trade Payables and other payables	(703)
Lease liability	-
Deferred tax liability	(941)
Total Liabilities	(1,644)
Total identifiable net assets at FV	2,621
Goodwill arising on acquisition (Note 12)	11,990
Non-controlling interest measure at fair value	(6,233)
Purchase consideration	8,378

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2023 (continued)

Acquisition of ElderLawNet Inc.

In September 2022, the Group acquired ElderLawNet for \$5.5m. The ElderLawNet platform provides referral and marketing source for Elder Law attorneys and special needs planning attorneys as well as content marketing for estate planning attorneys. ElderLaw is a Massachusetts Corporation.

ElderLawNet had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Property, plant & equipment	4
Customer List	224
Total Assets	228
 Identifiable liabilities	
Trade Payables and other payables	(501)
Total Liabilities	(501)
 Total identifiable net assets (provisional)	(273)
Goodwill arising on acquisition (Note 12)	5,757
Purchase consideration	5,484

Acquisition of LawLabs Inc.

In May 2023, the Group acquired LawLabs Inc for \$23.2m, which includes an earn-out provision of \$12.3m.

LawLabs is based in Ontario, Canada and provides user-focused technology to legal real estate practices to enable them to close off real estate transactions.

LawLabs had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	104
Trade and other receivables	56
Prepayments	16
Property, plant & equipment	48
Right-of-use asset	38
Software	11,166
Total Assets	11,428
 Identifiable liabilities	
Trade Payables and other payables	(1,252)
Lease liability	(38)
Deferred tax liability	(3,413)
Total Liabilities	(4,703)
 Total identifiable net assets (Provisional)	6,725
Goodwill arising on acquisition (Note 12)	16,435
Purchase consideration*	23,160

* Includes deferred consideration of \$12,310k.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2023 (continued)

Acquisition of Flint House Limited

The Group acquired Flint House Limited (Landscape Software) for \$2.7m in May 2023. Landscape Software is a UK-based provider of property tax and compliance software.

Flint House Limited had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	739
Trade and other receivables	121
Prepayments	75
Software	1,865
Total Assets	2,800
Identifiable liabilities	
Trade Payables and other payables	(571)
Deferred tax liability	-
Total Liabilities	(571)
Total identifiable net assets (Provisional)	2,229
Goodwill arising on acquisition (Note 12)	2,415
Purchase consideration	4,644

Acquisition of Perfect Portal (Australia) Pty Ltd

The Group acquired Perfect Portal (Australia) Pty Ltd for \$21.9m on April 2023. Perfect Portal provides a conveyancing sales management system that delivers end-to-end solutions to law firms in Australia and UK.

Perfect Portal had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	1,985
Trade and other receivables	49
Prepayments	558
Property, plant & equipment	170
Customer lists	1,310
Software	5,596
Right-of-use asset	116
Total Assets	9,784
Identifiable liabilities	
Trade Payables and other payables	(1,258)
Deferred tax liability	(2,192)
Lease liability	(116)
Total Liabilities	(3,566)
Total identifiable net assets at fair value (Provisional)	6,218
Goodwill arising on acquisition (Note 12)	15,663
Purchase consideration transferred	21,881

In accordance with AASB 3 para 45, the purchase price allocation for Perfect Portal (Australia) Pty Ltd, Flint House Ltd and LawLabs Inc. acquisitions is provisional at 30 June 2023. The Group will finalise the valuation and combination accounting in the next financial year. The Group anticipates the final purchase price allocation to be materially in line with the identifiable net assets noted above.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2022

Acquisition of Trisearch

In July 2021, the Group acquired TriSearch Pty Ltd. TriSearch provides Australian lawyers and conveyancers access to real estate property, company, and personal property information via a web-based search platform.

Trisearch had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	2,419
Trade and other receivables	1,591
Prepayments	41
Property, plant & equipment	90
Customer lists	4,711
Deferred tax asset	342
Right-of-use asset	122
Total Assets	9,316
Identifiable liabilities	
Trade Payables and other payables	(2,769)
Deferred tax liability	(1,414)
Lease liability	(122)
Total Liabilities	(4,305)
Total identifiable net assets	5,011
Goodwill arising on acquisition (Note 12)	5,882
Purchase consideration transferred	10,893

Acquisition of Greenfiling, LLC

In August 2021, the Group acquired 100% interest in Greenfiling, LLC for \$30m. Established in 2009, Greenfiling is an electronic filing service provider which started in Utah providing services to the Utah District Courts.

Greenfiling had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	1,437
Trade and other receivables	513
Prepayments	62
Property, plant & equipment	13
Right-of-use asset	-
Software	12,625
Customer lists	3,615
Total Assets	18,265
Identifiable liabilities	
Trade Payables and other payables	(1,013)
Lease liability	-
Deferred tax liability	(763)
Total Liabilities	(1,776)
Total identifiable net assets	16,489
Goodwill arising on acquisition (Note 12)	13,084
Purchase consideration*	29,573

* includes deferred consideration of \$5,376k.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2022 (continued)

Acquisition of LEAP Software Developments Pty Ltd ('LSD')

In August 2021, the Group acquired 100% interest in LSD for \$200m. LSD is based in Sydney and develops the LEAP platform used by LEAP businesses globally (Australia, US, UK and Canada). LSD generates licence revenue and royalties for access to the LEAP platform. Courts.

LSD had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	6,972
Trade and other receivables	8,142
Prepayments and other assets	125,506
Property, plant & equipment	1,120
Right-of-use asset	2,535
Software	88,037
Deferred tax asset	1,101
Total Assets	233,413
Identifiable liabilities	
Trade Payables and other payables	(41,470)
Lease liability	(2,534)
Deferred tax liability	(17,593)
Total Liabilities	(61,597)
Total identifiable net assets	171,816
Non-controlling interest measured at fair value	(2,098)
Goodwill arising on acquisition (Note 12)	30,267
Purchase consideration transferred	199,985

Acquisition of Lawlytics Inc.

In October 2021, the Group acquired 100% interest in Lawlytics Inc. for \$43.2m. Based in the US of A, LawLytics is a website marketing agency built exclusively for lawyers and small law firms to empower them to manage their own content marketing via a user-friendly website platform and dashboard.

Lawlytics had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	1,090
Trade and other receivables	-
Prepayments	7
Property, plant & equipment	-
Right-of-use asset	-
Software	17,389
Customer lists	1,170
Deferred tax asset	631
Total Assets	20,287
Identifiable liabilities	
Trade Payables and other payables	(3,201)
Lease liability	-
Deferred tax liability	(5,217)
Total Liabilities	(8,418)
Total identifiable net assets	11,869
Goodwill arising on acquisition (Note 12)	31,285
Purchase consideration transferred	43,154

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2022 (continued)

Acquisition of Quicka Holdings Pty Ltd

In December 2021, the Group acquired 88% interest in Quicka Holdings Pty Ltd for \$7.4m. QuickaPay is an online payments platform designed to help businesses (merchants) win more business and get paid quicker with their bundled payment solution of credit cards, and buy now, pay later instalments.

Quicka had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	467
Trade and other receivables	129
Prepayments	9
Property, plant & equipment	2
Software	3,313
Total Assets	3,920
Identifiable liabilities	
Trade Payables and other payables	(119)
Lease liability	-
Deferred tax liability	(994)
Total Liabilities	(1,113)
Total identifiable net assets	2,807
Goodwill arising on acquisition (Note 12)	5,668
Non-controlling interest measured at fair value	(1,000)
Purchase consideration*	7,475

* Purchase consideration transferred included \$3,751K cash, \$1,000K equity and \$2,724k deferred settlement.

Acquisition of The WealthCounsel Companies, LLC (WealthCounsel)

In December 2021, the Group acquired WealthCounsel for \$269m. WealthCounsel, founded in 1997, is a USA based entity that provides legal document drafting and automation solutions, particularly for legal practitioners in Estate Planning & Business Planning, as well as software solutions for managing trust administration tasks.

WealthCounsel had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	2,819
Trade and other receivables	309
Prepayments	3,596
Property, plant & equipment	118
Deferred tax asset	112
Software	80,387
Contents and templates	68,689
Total Assets	156,030
Identifiable liabilities	
Trade Payables and other payables	(8,129)
Deferred tax liability	(6)
Total Liabilities	(8,135)
Total identifiable net assets	147,895
Goodwill arising on acquisition (Note 12)	121,268
Purchase consideration transferred	269,163

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

25 Business combinations (continued)

Acquisitions in 2022 (continued)

Acquisition of ECounsel Companies, LLC (ElderCounsel)

In December 2021, the Group acquired ElderCounsel for \$96m. ElderCounsel provides document preparation and automation solutions specifically in the niche areas of elder law, disability law, retirement and veteran law practice. It also offers educational resources covering a wide variety of legal theories and strategies for elder law, veteran affairs planning, estate planning, and special needs planning Attorneys.

ElderCounsel had the following identifiable net assets on acquisition:

Identifiable Assets	\$ (000's)
Cash	2,777
Trade and other receivables	194
Prepayments	571
Property, plant & equipment	41
Software	3,021
Contents and templates	13,540
Total Assets	20,144
Identifiable liabilities	
Trade Payables and other payables	(2,871)
Total Liabilities	(2,871)
Total identifiable net assets at FV (provisional)	17,273
Goodwill arising on acquisition (Note 12)	78,645
Purchase consideration transferred	95,918

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

26 Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for

Market risk

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk.

In March 2022, the Legal Search group entered into a syndicated Term Loan B facility arrangement for \$818.6m, amortising at 0.25% per quarter (First Lien). The new facility has a maturity date of 31 March 2029 and was used to repay the existing Term Loan B facility held by Leap Legal Software Pty Ltd.

In October 2019, the Group entered into a 5 year \$250m facility by issue of structured securities to the lenders. The facility had an interest rate of 12.5% per annum compounding quarterly. In July 2021, the Group entered into an agreement to refinance the facility. Under the new arrangement the Group obtained a total funding facility of \$1b with an interest rate of 15.5% and a maturity date of 28 February 2030.

In July 2022, the Legal Software group entered into a 5 year \$435m Term Loan B facility (TLB), amortising at 0.25% per quarter (First Lien). The facility maturity dates are July 2027 for first tranche (\$400m), September 2027 for the second tranche (\$20m) and October 2027 for the third tranche (\$15m).

An official increase/decrease in interest rates would have an adverse/favourable effect on profit before tax. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of \$10,366,000 (2022: \$6,016,000) every 12 months.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity 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.

Financing arrangements

In March 2022, the Legal Search group entered into a syndicated Term Loan B facility arrangement for \$818.6m, amortising at 0.25% per quarter (First Lien). The new facility has a maturity date of 31 March 2029.

In October 2019, the Group entered into a 5 year \$250m facility by issue of structured securities to the lenders. The facility had an interest rate of 12.5% per annum compounding quarterly. In July 2021, the Group entered into an agreement to refinance the facility. Under the new arrangement the Group obtained a total funding facility of \$1b with an interest rate of 15.5% and a maturity date of 28 February 2030.

In July 2022, the Legal Software group entered into a 5 year \$435m Term Loan B facility (TLB), amortising at 0.25% per quarter (First Lien). The facility has a maturity date of 17 July 2027.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

26 Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weight average interest rate	1 year or less \$ (000's)	Between 1 and 2 years \$ (000's)	Between 2 and 10 years \$ (000's)	Remaining contractual maturities \$ (000's)
Consolidated - 2023					
Trade payables		(22,423)	-	-	(22,423)
Other payables		(78,526)	-	-	(78,526)
Lease liabilities	5.6% - 10.5%	(6,788)	(6,519)	(6,310)	(19,617)
Interest bearing borrowings - structured securities	15.5%	-	-	(3,598,746)	(3,598,746)
Interest bearing borrowings - TLB	5.9%-9.55%	(129,375)	(126,705)	(1,611,248)	(1,867,328)
Total non-derivatives		(237,112)	(133,224)	(5,216,304)	(5,586,640)

	Weight average interest rate	1 year or less \$ (000's)	Between 1 and 2 years \$ (000's)	Between 2 and 5 years \$ (000's)	Remaining contractual maturities \$ (000's)
Consolidated - 2022					
Trade payables		(17,646)	-	-	(17,646)
Other payables		(46,947)	-	-	(46,947)
Lease liabilities	5.6% - 10.5%	(7,366)	(6,130)	(11,733)	(25,229)
Interest bearing borrowings - structured securities	15.5%	-	-	-	(1,108,363)
Interest bearing borrowings - TLB	5.86%	(6,016)	(6,016)	(12,032)	(793,078)
Total non-derivatives		(77,975)	(12,146)	(23,765)	(1,991,263)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments- Fair value hierarchy

The following tables detail the consolidated entity'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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

26 Financial instruments (continued)

Fair value of financial instruments- Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
Consolidated - 2023				
Financial assets	-	-	50,545	50,545
Total assets	-	-	50,545	50,545
Consolidated - 2023				
Financial liabilities	-	-	-	-
Total Liabilities	-	-	-	-
Consolidated - 2022				
Financial assets	-	-	32,410	32,410
Total assets	-	-	32,410	32,410
Consolidated - 2022				
Financial liabilities	-	-	-	-
Total Liabilities	-	-	-	-

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including verifying creditor company details. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

26a Financial assets

Hedging activities and derivatives

The Group designates the pay-fixed receive-float cross-currency interest rate swap (the "Hedging Instrument" or "swap") with the following terms:

- Initial principal exchange (31 March 2022): Pay Notional AUD 348,646,432 and Receive Notional USD 255,000,000 (bullet notional)
- Periodic coupon exchanges: Receive USD-SOFR CME Term (subject to a minimum of 0.50%) plus a spread of 465 bps and Pay fixed 8.105% with payments based on a bullet notional schedule.
- Effective Date: 31 March 2022 (with first payment 30 June 2022)
- Trade date: 17 March 2022 (used to determine the spot rate for the principal exchanges)
- Final Principal Exchange: Pay Notional AUD 348,646,432 and Receive Notional USD 255,000,000
- Maturity Date: 31 March 2027

In accordance with AASB 9 para. 6.5.15, the Group has designated only the spot component of the Hedging Instrument and has excluded from the Hedging Instrument the currency basis elements and forward elements of the cross currency swap ("non-spot elements"). These items are quantified under the paragraph below called "Accounting for the foreign currency basis and forward elements of the Hedging Instrument".

The Hedged Transaction (Hedged Item): The hedged transaction is:

- the spot foreign exchange remeasurement risk and interest rate risk of the first previously unhedged USD variable interest payments:
- USD-SOFR CME Term (floored at 0.50%) (the "benchmark floating rate")
- inclusive of the spread over the benchmark floating rate on the Borrowings, to the extent that it does not exceed the equivalent spread on the Hedging Instrument;
- accrued and made each interest accrual period from the effective date to the maturity date of the swap on an aggregate amount of Borrowings that is equal to the then-outstanding swap notional of the USD leg;
- that reprices on and then closest following the reset dates of the swap; as well as
- the spot foreign currency remeasurement risk on the principal balance of the Group's USD Borrowings equal to the then-outstanding notional of the USD leg of the swap each period-end from the effective date to the maturity date of the swap.

The Hedged Transactions are initially expected to flow from the Group's floating rate USD-denominated Debt defined in the Risk Management Objective above. In the event that the Group's USD-denominated Debt is refinanced or modified prior to its scheduled maturity date, the Group further designates the interest payments and principal repayments flowing from any replacement debt in USD as the Hedged Transactions.

The Borrowings currently contain an embedded floor 0.50% on 3 months, USD-SOFR CME Term matching the floor in the swap. If the Borrowings are amended or replaced with Borrowings without a floor or containing an embedded floor with a different rate (including an event where the Hedged Transactions are sourced from multiple loan agreements with different floor rates), the Hedged Transactions will be sourced in the following order:

- First, from the Borrowings subject to a floor of 0.50%, then to the tenor of 3 months, USD-SOFR CME Term that most closely matches the Hedging Instrument, repricing on and then closest following the reset dates of the swap;
- Second, from the Borrowings subject to a floor other than 0.50%, starting with the floor rate closest to the Hedging Instrument's floor rate, then to the tenor of 3 months, USD-SOFR CME Term that most closely matches the Hedging Instrument, repricing on and then closest following the reset dates of the swap. If there are multiple Borrowings having floor strike rates that are equidistant from the Hedging Instrument's floor rate, the Hedged Transactions will be sourced from the Borrowings with the lowest floor strike rate and going to each successive floor strike rate as necessary and available to reach a Debt principal greater than or equal to the then-current notional amount on the swap;
- Third, from the Borrowings not subject to a floor, then to the tenor of 3 months, USD-SOFR CME Term that most closely matches the Hedging Instrument, repricing on and then closest following the reset dates of the swap.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

26a Financial assets (continued)

Hedging activities and derivatives (continued)

The Group has concluded that the 0.50% floor on 3 months, USD-SOFR CME Term is closely related to the underlying host debt instrument and does not require bifurcation as an embedded derivative under AASB 9 para. B4.3.8(b).

There is no ineffectiveness recognised in profit or loss.

Impact on the financial statements

The group recognised the following swap at fair value relating to the above hedging instrument:

	2023 \$	2022 \$
Derivative assets as at 1 July	32,410	-
Change in fair value recognised in profit or loss	18,594	31,723
Hedge excluded components recognised in equity	4,322	(1,408)
Interest savings resulting from hedge instrument	(4,781)	2,095
Derivative asset as at 30 June	50,545	32,410

At each reporting date the swap will be recorded on the balance sheet at fair value and accumulated OCI will be adjusted to a balance that reflects the lesser of either the cumulative change in the fair value of the actual swap or the cumulative change in the fair value of the "perfect" hypothetical swap. The amount of ineffectiveness, if any, recorded in profit or loss will be equal to the excess of the cumulative change in the fair value of the actual swap (excluding foreign currency basis and forward elements) over the cumulative change in the fair value of the "perfect" hypothetical swap. Amounts in accumulated OCI will be reclassified into profit or loss in the same period during which the Hedged Transactions affect profit or loss.

Credit risk

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix. There were no changes to the matrix as a result of the coronavirus pandemic.

	Expected Default Rate	Gross Carrying Amount	Credit loss allowance
Not past due	0%	37,508	-
1-30 days past due	0%	9,575	-
31-60 days past due	0%	4,039	-
61-90 days past due	5.7%	1,548	88
More than 90 days past due	71.5%	1,982	1,416
Total		54,652	1,504

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

27 Related party disclosures

a) Parent entity

ATI Global Limited

b) Subsidiaries

Interests in subsidiaries are set out in Note 22.

c) Joint venture

Interests in joint venture is set out in Note 13(b).

d) Interest in an associate

Interests in associate is set out in Note 13(a).

e) Key management personnel

The following were key management personnel of the Group at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Marcus Fletcher
Phillipa Downes
Craig Farrow
Chris Champion (appointed 01/08/22)

Executive Directors

Stephen Wood
John Ahern
Christian Beck

Officers

Tony Ghiazza
Donna Broadley
Fd Watts
Richard Hugo-Hamman
Scott Bozimis

Compensation of key management personnel

The key management personnel compensation included in employee benefits expense are as follows

	2023	2022
	\$	\$
Short-term employee benefits	19,763,834	11,299,371

f) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year

		<i>Recharge/ sale to related parties</i>	<i>Recharge/ Purchases from related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$	\$	\$	\$
<i>Related party</i>					
Fileman Pty Ltd	2023	62,857	1,017,142	-	10,096
	2022	75,677	610,303	-	441,218
Perfect Portal (Austaha) Pty Ltd	2023	-	-	-	-
	2022	105,520	-	103,625	-
Smokeball Pty Ltd	2023	-	3,014,313	-	199,178
	2022	-	599,008	33,579	-
Sympli Australia Pty Ltd	2023	-	-	-	-
	2022	-	-	38,739	-
Lotsearch Pty Ltd	2023	-	721,069	-	-
	2022	-	645,771	-	-
BHAG Management Pty Ltd	2023	-	6,069,010	-	-
	2022	-	1,966,518	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

27 Related party disclosures (continued)

f) Transactions with related parties (continued)

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

		<i>Recharge/ sale to related parties</i>	<i>Recharge/ Purchases from related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
<i>Related party</i>		\$	\$	\$	\$
Zalict australia pty ltd	2023	-	-	-	-
	2022	-	29,697	-	-
Super Maxi Entertainment	2023	-	603,223	-	-
	2022	-	33,000	-	11,000
Perfect Portal UK Ltd	2023	-	-	-	-
	2022	31,872	11,908	3,407	-
Smokeball, Inc. (US)	2023	475,439	220,403	45,426	14,974
	2022	120,850	92,197	17,845	11,451
Helfen Pty Ltd	2023	-	312,125	-	132,000
	2022	-	-	-	-
Nirovision Holdings Pty Ltd	2023	-	-	-	-
	2022	-	703	-	-
LEAP Legal Software Ltd - UK	2023	-	-	-	-
	2022	9,064,103	4,343,477	953,265	461,307
LEAP Legal Software Ltd (US)	2023	-	-	-	-
	2022	134,086	10,453	33,416	-
W7961 Rapid Financial Services, LLC	2023	-	-	-	-
	2022	19,848	-	-	-
LEAP Legal Software (Canada) Ltd	2023	2,110,242	316,136	284,326	84,210
	2022	166,119	-	53,766	-
LEAP Group Holdings Inc. - US	2023	10,525,099	1,197,553	625,880	-
	2022	2,375,121	223,009	342,093	65,167
LEAP International Holdings Pty Ltd	2023	-	-	12,039	-
	2022	-	19,029	-	62,296
PCLaw Time Matters LLC	2023	1,051,735	-	156,075	-
	2022	-	-	-	-
DivorceMate	2023	516,188	-	69,380	-
	2022	-	-	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

27 Related party disclosures (continued)

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Terms of the tax funding arrangement are set out in Note 2(j).

g) Loans from Shareholders of subsidiary

	2023	2022
	\$	\$
Loans from Shareholders*	1,402,261	2,631,025

* Loan to Practice Evolve Group from non-controlling equity holders is at 7.5% interest rate per annum.

h) Investment in related parties

In FY22 the Group acquired interests in related parties, Perfect Portal (Australia) Pty Ltd, Leap Legal Software Ltd ('LEAP UK') and Settify Pty Ltd. Details of these acquisitions are disclosed in Note 25

i) Loans to related parties

The Group has a non-current loan receivable from LEAP US for \$120.9m. The loan has an expiry date of 31 March 2029. Interest rate is 5% per annum. Outstanding accrued interest at 30 June 2023 was \$6.6m.

The Group has a non-current loan receivable from LEAP US for \$24.2m. The loan has an expiry date of 21 December 2028. Interest rate is 5% per annum.

28 Cash flow information

	2023 \$ (000's)	2022 \$ (000's)
Net profit/(loss) for the year	(176,110)	(118,357)
<u>Adjustments to reconcile profit to net cash flows:</u>		
Depreciation & amortisation	141,226	95,146
Other (loss)/gain	(81,807)	(202)
Net tax expense	6,698	21,668
Change in FV of derivative liability	(18,594)	(31,723)
Non-cash finance costs recognised in profit or loss statement	240,322	152,189
<u>Working capital adjustments:</u>		
Increase/(decrease) in provisions	7,194	35,217
(Increase)/decrease in trade and other receivables	(35,722)	(6,583)
(Increase)/decrease in other assets	(14,397)	(2,629)
Increase/(decrease) in trade and other payables	43,310	7,427
Increase/(decrease) in income taxes	7,747	11,013
Increase/(decrease) in contract liabilities	25,747	7,722
Net cash inflow from operating activities	145,614	170,888

29 Demerger of Commercial Credit Holdings Pty Limited

On 1 September 2022, the Group demerged Commercial Credit sub-group. The demerger was effected through an in specie distribution of shares in Commercial Credit Holdings Pty Ltd (CC Holdings), distributed to the Group's shareholders. The demerger is intended to provide enhanced management focus on Commercial Credits growth strategy together with a streamlined capital structure.

Accounting for the demerger was done at fair value of the net assets distributed. The fair value of the Commercial Credit Group was determined by an independent external valuation expert using the discounted cash-flow methodology.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2023

29 Demerger of Commercial Credit Holdings Pty Limited (continued)

The demerger distribution liability has been allocated between a capital reduction (\$102.7m) and a demerger dividend (\$27.97m). The value of the capital reduction has been determined in accordance with the tax allocation specified by an ATO ruling and had been recognised against share capital. The demerger dividend, being the difference between the fair value of the net assets to be distributed and the capital reduction, has been recognised in a demerger reserve, within equity.

As a result of the demerger, the Group lost control of the Commercial Credit Group and recognised a gain within equity of \$81.8m equal to the difference between the net assets of the Commercial Credit Group derecognised on transfer to shareholders and the demerger distribution liability.

Profit recognised by the Group in the financial year before demerger:

	2023 July-August 2022	2022 (12 months)
	000's	000's
Revenue		
Revenue from contracts with customers	6,444	30,938
Expenses		
Cost of sales	(718)	(3,926)
Staff costs	(3,729)	(15,446)
Marketing costs	(240)	(887)
Office & occupancy costs	(369)	(1,816)
Professional fees	(81)	(272)
Depreciation & amortisation	(1,060)	(5,544)
Other operating expenses	(295)	(982)
Operating profit	(48)	2,063
Finance costs	(63)	(414)
Finance income	1	4
Other (loss)/gain	124	-
Income tax expense	334	-
Net operating profit after tax - CCH Group	348	1,653
Gain on demerger recognised by the Group	81,810	

30 Share-based payments

Under the ATI US Inc. 2022 Equity Incentive Plan, share options of ATI US Inc. (a subsidiary of the Parent) are issued to US-based employees. Employees must remain in service for a period of four years from the date of grant in order for the share options to vest although 25% of the options vests at Year 1. The fair value of share options granted is estimated at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted. The grant expires in 2032 and there are no cash settlement alternatives for employees.

Movements during the year

The following table illustrates the number of, and movements in, share options during the year.

	2023	2022
	Number	Number
Outstanding at 1 July	-	-
Granted during the year	14,983,670	-
Outstanding at 30 June	14,983,670	-

Directors' Declaration

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

DocuSigned by:

Stephen Wood

765A28C64D03479

Director

Stephen Wood

DocuSigned by:

Christian Mackie Beck

ED94E7307D10462

Director

Christian Beck

Sydney, 26 October 2023



**Building a better
working world**

Independent auditor's report to the members of ATI Global Limited

Opinion

We have audited the financial report of ATI Global Limited (the Company) and its subsidiaries (collectively 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosures 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.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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.



**Building a better
working world**

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 - Simplified Disclosures 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.aasb.gov.au/auditors_responsibilities/a3.pdf. This description forms part of our auditor's report.

The Ernst & Young logo, featuring the company name in a stylized, handwritten-style font.

Ernst & Young

A handwritten signature in black ink, appearing to read 'John Robinson'.

John Robinson
Partner
Sydney
26 October 2023