

Appendix 4D

Half-year Report

Name of entity	Bravura Solutions Limited
ABN	54 164 391 128
Financial period ended	31 December 2021
Previous corresponding reporting period	31 December 2020

Results for announcement to the market

Financial results	31 December 2021 \$'000	31 December 2020 \$'000	Percentage increase/(decrease) over previous corresponding period %
Revenue from ordinary activities	132,342	115,730	14.35
Profit from ordinary activities after tax attributable to members	15,269	9,020	69.27
Net profit for the period attributable to members	15,269	9,020	69.27
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
Refer to the ASX release and Interim Financial Report for the period ended 31 December 2021. The Interim Financial Report has been reviewed.			

Dividends

Date the dividend is payable	25 March 2022
Record date to determine entitlement to the dividend	3 March 2022
Amount per security (cents)	3.7
Total dividend (\$'000)	\$9,162
Franked amount per security	Nil
Amount per security of foreign sourced dividend or distribution (cents)	3.7
Details of any dividend reinvestment plans in operation	Not applicable
The last date for receipt of an election notice for participation in any dividend reinvestment plans	Not applicable

NTA backing

	Current period 31 December 2021 Cents	Previous corresponding period 31 December 2020 Cents
Net tangible asset backing per ordinary security	18.81	18.48
Net assets per ordinary security	134.47	124.32

Control gained over entities having material effect

Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Consolidated profit from ordinary activities since the date in the current period on which control was acquired, before amortisation and intercompany charges	Not applicable
Profit/(loss) from ordinary activities of the controlled entity/(or group of entities) for the whole of the previous corresponding period	Not applicable

Loss of control over entities having material effect

Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Consolidated profit from ordinary activities for the current period to the date of loss of control	Not applicable
Profit/(loss) from ordinary activities of the controlled entity/(or group of entities) while controlled for the whole of the previous corresponding period	Not applicable

Details of associates and joint venture entities

Name of entity	Percentage held		Share of net loss	
	Current period %	Previous period %	Current period \$'000	Previous period \$'000
Aggregate share of net loss	-	-	-	-

BRAVURA SOLUTIONS LIMITED

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

BRAVURA SOLUTIONS LIMITED
ABN 54 164 391 128

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2021 and any public announcements made by Bravura Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as "the Group" or "Consolidated Entity") consisting of Bravura Solutions Limited ("Bravura Solutions" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The following persons were Directors of Bravura Solutions during the whole of the half-year and up to the date of this report, unless otherwise disclosed below:

Non-executive Directors

Neil Broekhuizen	Independent Chairman
Peter Mann	Independent
Alexa Henderson	Independent
Libby Roy	Independent

Executive Directors

Nick Parsons	CEO (appointed 3 September 2021)
Martin Deda	CFO

Former Executive Directors

Tony Klim	CEO (resigned 3 September 2021)
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PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the current and prior periods consisted of the development, licensing and maintenance of highly specialised administration and management software applications and the provision of professional consulting services for the Wealth Management and Funds Administration sectors of the financial services industry.

REVIEW AND RESULTS OF OPERATIONS

Revenue for 1H22 at \$132.3 million was \$16.6 million or 14% higher than the prior comparative period. EBITDA grew 61% higher than the prior comparative period to \$25.3m, with Group EBITDA margin up to 19% (14% in 1H21). The improved revenue result was achieved through a 20% increase of the Contracted Recurring Revenue highlighting the value of long term client contracts.

Profit before tax increased to \$17.1 million compared to \$10.5 million in the prior comparative period, being 62% higher than the prior comparative period. NPAT was \$15.3 million, being \$6.2 million or 69% higher than the prior comparative period. NPAT grew 69% to \$15.3m with EPS up 68% to 6.2c. The company declared a dividend of 3.7cps.

Wealth Management revenue increased by 10% and EBITDA grew 7% higher than the prior comparative period. EBITDA margin decreased to 24% (25% in 1H21). \$4.1m of the revenue growth was attributable to a full period of Delta. Funds Administration revenue grew 23% and EBITDA grew 49% higher than the prior comparative period. EBITDA margin increased to 51% (42% in 1H21). Included in the Funds Administration revenue was the licence associated with a major contract renewal.

1H22 group R&D investment was \$29.7m, of which 38% was capitalised (\$11.3m). Bravura's current R&D program is focused on consumption-based services predominantly for the development of microservices, Australian wrap functionality, Sonata Alta, Rufus, GFAS, Cloud, and the extension of digital advice capability. The R&D program strengthens Bravura's product functionality relative to competitors and expanding Bravura's total addressable market.

Staff and client operations

Bravura's employees are based in the UK, Australia, New Zealand, South Africa, India and Poland. While COVID-19 has impacted each of these countries differently, Bravura's internal systems, which support Bravura's employees to collaborate globally, have enabled employees to seamlessly transition to a 100% remote working environment as required. Bravura has continued to support its clients without disruption.

The employee head count of the Group has increased from 1,445 as at 30 June 2021 to 1,509 staff as at 31 December 2021 on a permanent or contractor basis staffing 17 offices around Australia, New Zealand, United Kingdom, Europe, South Africa, Asia and India. Employment related expenses comprised 71.7% (1H21: 73.7%) of total operating expenses in the period.

DIRECTORS' REPORT (CONTINUED)

The review of results of operations included in the Directors' Report includes a number of non-AASB financial measures. These non-AASB financial measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources. EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation, and amortisation. EBITDA includes \$1.6 million (31 December 2020: \$1.4 million) depreciation of property, plant and equipment dedicated to client hosting services. EBITDA includes \$3.1 million depreciation of right-of-use assets (2020: \$3.2 million) as well as \$0.8 million interest expense (2020: \$0.9 million) associated with property leases, which would otherwise be excluded under AASB 16.

		31 DECEMBER	31 DECEMBER
	NOTES	2021	2020
		\$'000	\$'000
Wealth Management		82,678	75,262
Funds Administration		49,664	40,468
Revenue	4	132,342	115,730
Employee benefits expense	5	(76,771)	(73,699)
Third party cost of sales		(11,438)	(9,641)
Travel and accommodation costs		(719)	(125)
Occupancy costs		(5,876)	(5,920)
Telecommunication costs		(5,697)	(4,560)
Other expenses (including hosting asset depreciation)		(6,497)	(6,030)
EBITDA		25,344	15,755
Depreciation and amortisation expense		(6,636)	(5,789)
Cloud-based software implementation costs ¹		(839)	-
EBIT		17,869	9,966
Finance income	4	15	140
Finance expense	5	(730)	(462)
Foreign exchange gain		(48)	904
Profit before income tax		17,106	10,548
Income tax expense	6	(1,837)	(1,528)
Net Profit		15,269	9,020

1. Cloud-based software implementation costs are non-recurring.

DIVIDENDS

During the reporting period, the Company paid a final dividend of 6.0c per share. An interim dividend of 3.7c per share has been declared to be paid on 25 March 2022, reflecting 60% of NPAT. The Dividend Reinvestment Plan has been activated.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the reporting period, the Company issued 992,185 shares under the Dividend Reinvestment Plan on 29 September 2021.

EVENT SUBSEQUENT TO REPORTING DATE

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' REPORT (CONTINUED)

SHARE OPTIONS

The Consolidated Entity has 3,430,357 performance rights outstanding under long-term incentive plans and these rights remain unvested and unexercised at the reporting date (30 June 2021: 2,408,977) (Refer to Note 13).

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

ROUNDING

Bravura Solutions is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and consequently the amounts in this report have been rounded off to the nearest thousand dollars.

AUDITOR

Ernst and Young continue in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.



NEIL BROEKHUIZEN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
25 February 2022

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's independence declaration to the directors of Bravura Solutions Limited

As lead auditor for the review of the interim financial report of Bravura Solutions Limited for the half-year ended 31 December 2021, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Bravura Solutions Limited and the entities it controlled during the financial period.

A stylized signature of 'Ernst & Young' in a cursive script, with the words 'Ernst & Young' written in a smaller, black, sans-serif font directly below it.

A stylized signature of 'Graham Leonard' in a cursive script, with the name 'Graham Leonard' written in a smaller, black, sans-serif font directly below it.

Graham Leonard
Partner
25 February 2022

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		HALF-YEAR 31 DECEMBER 2021	HALF-YEAR 31 DECEMBER 2020
	NOTES	\$'000	\$'000
Revenue from contracts with customers	4	131,669	114,490
Other income	4	688	1,380
Employee benefits expense	5	(76,771)	(73,699)
Depreciation and amortisation expense	5	(11,342)	(10,353)
Third party cost of sales		(11,438)	(9,641)
Travel and accommodation costs		(719)	(125)
Occupancy costs		(1,962)	(1,851)
Telecommunication costs		(5,697)	(4,560)
Other expenses	5	(5,747)	(4,649)
Foreign exchange gain/(loss)		(48)	904
Finance costs	5	(1,527)	(1,348)
Profit before income tax		17,106	10,548
Income tax expense	6	(1,837)	(1,528)
Profit for the period after income tax expense attributable to shareholders of Bravura Solutions		15,269	9,020
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations		812	(2,909)
Total comprehensive income for the period attributable to shareholders of Bravura Solutions		16,081	6,111
Profit attributable to owners		15,269	9,020

Earnings per share attributable to the ordinary equity holders of Bravura Solutions Limited:

		CENTS	CENTS
Basic earnings per share	7	6.2	3.7
Diluted earnings per share	7	6.1	3.6

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		31 DECEMBER	30 JUNE
	NOTES	2021	2021
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	2.1	50,613	73,570
Trade receivables	2.1	42,794	40,237
Contract assets		17,038	17,963
Current tax receivables		5,952	2,146
Other current assets		11,824	10,818
Total current assets		128,221	144,734
Non-current assets			
Contract assets		8,072	5,448
Property, plant and equipment	8	51,696	54,419
Deferred tax assets		1,489	590
Intangible assets	9	260,661	252,562
Total non-current assets		321,918	313,019
Total assets		450,139	457,753
LIABILITIES			
Current liabilities			
Trade and other payables	2.2	9,518	13,452
Provisions		11,904	11,823
Lease liabilities	2.2	8,476	7,902
Provision for income tax		160	207
Contract liabilities		27,798	31,688
Contingent consideration	2.2	11,957	6,697
Other current liabilities		9,925	8,231
Total current liabilities		79,738	80,000
Non-current liabilities			
Contract liabilities		155	2
Deferred tax liabilities		4,410	2,730
Contingent consideration	2.2	-	11,342
Provisions		5,306	5,035
Lease liabilities	2.2	26,558	28,860
Total non-current liabilities		36,429	47,969
Total liabilities		116,167	127,969
Net assets		333,972	329,784
EQUITY			
Contributed equity	10	357,582	354,584
Reserves		15,011	14,248
Accumulated losses		(38,621)	(39,048)
Total equity		333,972	329,784

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2020	NOTES	CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July		351,727	12,653	(53,627)	310,753
Profit for the period		-	-	9,020	9,020
Other comprehensive income		-	(2,909)	-	(2,909)
Total comprehensive income for the period		-	(2,909)	9,020	6,111
Transactions with owners in their capacity as owners:					
Issue of share capital		2,340	-	-	2,340
Dividends paid		-	-	(13,529)	(13,529)
Share-based payments		-	1,607	-	1,607
Balance at 31 December		354,067	11,351	(58,136)	307,282

2021		\$'000	\$'000	\$'000	\$'000
Balance at 1 July		354,584	14,248	(39,048)	329,784
Profit for the period		-	-	15,269	15,269
Other comprehensive income		-	812	-	812
Total comprehensive income for the period		-	812	15,269	16,081
Transactions with owners in their capacity as owners:					
Issue of share capital	10a	2,998	-	-	2,998
Dividends paid	11	-	-	(14,842)	(14,842)
Share-based payments	13	-	(49)	-	(49)
Balance at 31 December		357,582	15,011	(38,621)	333,972

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		HALF-YEAR 31 DECEMBER 2021	HALF-YEAR 31 DECEMBER 2020
	NOTES	\$'000	\$'000
Operating activities			
Receipts from customers (inclusive of goods and services tax)		130,916	113,787
Payments to suppliers and employees (inclusive of goods and services tax)		(113,403)	(104,381)
		17,513	9,406
Interest received		17	159
Income taxes paid		(3,439)	(1,373)
Net cash inflows from operating activities		14,091	8,192
Investing activities			
Purchase of property, plant and equipment	8	(3,199)	(4,038)
Payments for capitalised software development	9	(11,277)	(7,890)
Acquisition of subsidiaries, net of cash acquired		-	(23,194)
Contingent consideration paid	2	(6,838)	-
Net cash outflows from investing activities		(21,314)	(35,122)
Financing activities			
Finance costs paid		(150)	(146)
Rental lease interest payment		(797)	(886)
Rental lease principal payments		(3,407)	(3,032)
Dividends paid		(11,844)	(11,215)
Net cash outflows from financing activities		(16,198)	(15,279)
Net decrease in cash and cash equivalents		(23,422)	(42,209)
Cash and cash equivalents at the beginning of the period		73,570	99,081
Effects of exchange rate changes on cash and cash equivalents		465	(423)
Cash and cash equivalents at end of the year	2.1	50,613	56,449

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these Interim Consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Bravura Solutions and its subsidiaries.

(a) Basis of preparation of half-year financial report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Consolidated Entity is a for-profit entity for the purposes of preparing financial statements.

This interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2021 and any public announcements made by Bravura Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies adopted are consistent with those of the previous financial year. The Interim Financial Statements are presented in Australian dollars (unless otherwise stated).

The Consolidated Entity has made reclassifications in prior year comparatives in order to align with the presentation in this Financial Report.

(b) Going Concern

These Interim Consolidated Financial Statements have been prepared on a going concern basis.

(c) New and amended standards and interpretations

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those followed in the previous reporting period. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in the reporting period, but do not have an impact on these Interim Consolidated Financial Statements.

2 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2.1 FINANCIAL ASSETS

	31 DECEMBER 2021	30 JUNE 2021
	\$'000	\$'000
Cash and cash equivalents	50,613	73,570
Trade receivables	42,794	40,237
	93,407	113,807

Cash and trade receivables are non-derivative financial assets carried at cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of counterparties. Fair values approximate their carrying values of these instruments and Management has determined the impact of estimated credit loss to be immaterial.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2.2 FINANCIAL LIABILITIES

	31 DECEMBER	30 JUNE
	2021	2021
	\$'000	\$'000
Trade and other payables (non-interest bearing)	9,518	13,452
Lease liabilities	35,034	36,762
Contingent consideration	11,957	18,039
	56,509	68,253

During the period and at the reporting date, the Group had an unsecured multi-currency facility agreement with JP Morgan Chase (herein JPM). The terms of the new JPM facility, which expires 20 August 2024, are set out in Note 2.3.

Trade and other payables are carried at amortised cost. Fair values of these approximate their carrying values due to the short-term maturities of these instruments. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The fair value of the contingent consideration was estimated calculating the present value of the future expected contingent consideration cash flows.

As part of the purchase agreements completed in FY20 and FY21 respectively with the previous owners of Finocomp Holdings Pty Limited and Delta Financial Systems Limited (the acquired entities), a portion of the consideration was determined to be contingent, based on the performance of the acquired entities. There has been no fair value adjustment made to the carrying amount of the contingent consideration since the initial recognition.

The above financial liabilities consist of a current portion of \$30.0 million and a non-current portion of \$26.5 million.

2.3 FINANCIAL ARRANGEMENTS

Financing arrangements

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

	31 DECEMBER	30 JUNE
	2021	2021
	\$'000	\$'000
Total facilities	30,000	30,072
Used at balance date	1,308	1,279
Unused at balance date	28,692	28,793

On 20 August 2021, the Consolidated Entity signed a three year unsecured multi-currency facility agreement with JP Morgan Chase Bank, replacing the previous agreement with CBA. The new Facility Agreement with JPM expires 20 August 2024 and provides AUD 30 million borrowing capacity, to be available in AUD, GBP and NZD. The interest rate is a variable rate determined each quarter.

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time declare that the loans become immediately due and payable. There were no covenants breached during the current period.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 SEGMENT INFORMATION

Description of segments

The Chief Executive Officer considers the business from a product group perspective and has identified two reportable segments, as follows:

- Wealth Management - Wealth Management platforms provide end-to-end processing to support all back office functions relating to daily management of superannuation, pensions, life insurance, investment, private wealth and portfolio administration; and
- Funds Administration - Funds Administration platforms support administration requirements for a range of investment vehicles in Europe and distributed globally for both retail and institutional investors.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating EBITDA. Operating EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation and amortisation. Operating EBITDA is reconciled with profit or loss in the consolidated financial statements below.

The review of results of operations included in the Segment Information includes a number of non-AASB financial measures. Segment operating EBITDA includes \$1.6 million (31 December 2020: \$1.4 million) depreciation of property, plant and equipment dedicated to client hosting services. Segment and Operating EBITDA includes \$3.1 million depreciation of right-of-use assets (2020: \$3.2 million) as well as \$0.8 million interest expense (2020: \$0.9 million) associated with property leases, which would otherwise be excluded under AASB 16.

	HALF-YEAR 31 DECEMBER 2021 \$'000	HALF-YEAR 31 DECEMBER 2020 \$'000
Wealth Management	82,678	75,262
Funds Administration	49,664	40,468
Total segment revenue¹	132,342	115,730
Wealth Management ^{2,3}	19,728	18,518
Funds Administration ^{2,3}	25,258	16,938
Total segment Operating EBITDA	44,986	35,456
Corporate costs ³	(19,642)	(19,701)
Total operating EBITDA	25,344	15,755
Depreciation and amortisation expense ²	(6,636)	(5,789)
Finance income ¹	15	140
Finance expense	(730)	(462)
Cloud-based software implementation costs ⁴	(839)	-
Foreign exchange gain/(loss)	(48)	904
Profit before income tax	17,106	10,548
Income tax expense	(1,837)	(1,528)
Net profit after tax	15,269	9,020

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	31 DECEMBER 2021	30 JUNE 2021
	\$'000	\$'000
SEGMENT ASSETS⁵		
Wealth Management	344,597	350,709
Funds Administration	90,542	77,044
Corporate	15,000	30,000
	450,139	457,753

	31 DECEMBER 2021	30 JUNE 2021
	\$'000	\$'000
SEGMENT LIABILITIES		
Wealth Management	54,183	67,574
Funds Administration	61,984	60,395
	116,167	127,969

	31 DECEMBER 2021	30 JUNE 2021
	\$'000	\$'000
SEGMENT NON-CURRENT OPERATING ASSETS BY GEOGRAPHY⁶		
Australia	272,603	263,004
UK	30,399	32,474
New Zealand	3,041	1,905
Others	14,386	15,046
	320,429	312,429

1. Segment revenue excludes finance income in this segment (Refer to Note 4) and is based on Management's view.

2. Includes hosting asset depreciation.

3. Includes ROU asset depreciation as well as interest expense associated with property leases, which would otherwise be excluded under AASB 16.

4. Cloud-based software implementation costs are non-recurring.

5. Corporate assets represent the net proceeds of the Institutional Placement not yet invested as of 31 December 2021.

6. Non-current assets for this purpose consist of primarily property, plant and equipment, intangible assets, right-of-use assets and contract assets, but excludes deferred tax assets.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	31 DECEMBER 2021			31 DECEMBER 2020		
	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2021	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Revenue from contracts with customers</i>						
Maintenance, support and hosting	44,272	25,557	69,829	34,985	24,141	59,126
Professional services	33,967	18,403	52,370	34,713	14,739	49,452
Licence fees	3,646	5,704	9,350	4,196	1,490	5,686
Other sales revenue	120	-	120	128	98	226
Total revenue from customers	82,005	49,664	131,669	74,022	40,468	114,490
Other income	673	-	673	1,240	-	1,240
Total segment revenue	82,678	49,664	132,342	75,262	40,468	115,730
Interest income			15			140
Total revenue			132,357			115,870
<i>Timing of recognition</i>						
Licences transferred at a point in time	3,646	5,704	9,350	4,196	1,490	5,686
Services transferred over time	78,359	43,960	122,319	69,826	38,978	108,804
Total revenue from customers	82,005	49,664	131,669	74,022	40,468	114,490
<i>Geography</i>						
Australia	36,469	19,091	55,560	27,040	12,656	39,696
UK	37,203	26,975	64,178	39,603	23,467	63,070
New Zealand	6,160	152	6,312	6,379	-	6,379
Others	2,173	3,446	5,619	2,240	4,345	6,585
Total segment revenue	82,005	49,664	131,669	75,262	40,468	115,730

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5 EXPENSES

	NOTES	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Profit before income tax includes the following specific expenses:			
<i>Employee benefits expense</i>			
Salary and wages		68,171	61,816
Defined contribution superannuation and pension expense		7,864	7,848
Share-based payments		12	917
Other		724	3,118
Total employee benefits expense		76,771	73,699
<i>Depreciation expense</i>			
Plant and equipment		2,701	2,560
Leasehold improvements		924	971
Hosting, plant and equipment		950	916
Right-of-use assets		3,118	3,184
Total depreciation		7,693	7,631
<i>Amortisation expense</i>			
Customer contracts and relationships		777	457
Intellectual property and software development		2,872	2,265
Total amortisation		3,649	2,722
Total depreciation and amortisation expense		11,342	10,353
<i>Finance costs</i>			
Interest expense from contingent considerations		540	242
Interest expense from property leases		797	886
Borrowing costs and other		190	220
Total finance costs		1,527	1,348
<i>Other expenses</i>			
Cloud-based software implementation costs - non-recurring		839	-
Other		4,908	4,649
Total other expenses		5,747	4,649

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 INCOME TAX EXPENSE

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

	31 DECEMBER 2021	31 DECEMBER 2020
	\$'000	\$'000
Income tax expense		
Current tax	(1,015)	(1,180)
Deferred tax	(822)	(348)
Total income tax expense	(1,837)	(1,528)

7 EARNINGS PER SHARE (EPS)

	31 DECEMBER 2021	31 DECEMBER 2020
	\$'000	\$'000
Profit attributable to ordinary equity holders of the parent	15,269	9,020
Profit attributable to ordinary equity holders of the parent for basic and diluted EPS calculations	15,269	9,020
	'000	'000
Weighted average number of ordinary shares for basic EPS	247,863	246,175
Effects of dilution from:		
Performance rights	1,752	1,550
Weighted average number of ordinary shares adjusted for the effect of dilution	249,615	247,725

During the reporting period 992,185 shares were issued under the dividend reinvestment plan on 29 September 2021 (Refer to Note 10), which led to a lower weighted average number of shares in the 1H22 EPS calculation than the total shares outstanding.

	CENTS	CENTS
Basic EPS	6.2	3.7
Diluted EPS	6.1	3.6

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	HOSTING PLANT AND EQUIPMENT	RIGHT-OF USE ASSETS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 July 2020	30,251	14,265	20,864	42,823	108,203
Acquisition of subsidiaries	94	7	-	-	101
Additions	4,226	1,708	693	647	7,274
Disposals	(299)	-	-	(880)	(1,179)
Exchange difference	45	(110)	574	(304)	205
At 30 June 2021	34,317	15,870	22,131	42,286	114,604
Additions	2,647	18	418	1,103	4,186
Exchange difference	222	181	201	462	1,066
At 31 December 2021	37,186	16,069	22,750	43,851	119,856
Depreciation and impairment					
At 1 July 2020	(16,363)	(3,977)	(17,860)	(6,623)	(44,823)
Depreciation	(5,125)	(1,888)	(1,735)	(6,365)	(15,113)
Disposals	229	-	-	467	696
Exchange difference	(359)	(598)	(19)	31	(945)
At 30 June 2021	(21,618)	(6,463)	(19,614)	(12,490)	(60,185)
Depreciation	(2,701)	(924)	(950)	(3,118)	(7,693)
Exchange difference	14	(34)	(175)	(87)	(282)
At 31 December 2021	(24,305)	(7,421)	(20,739)	(15,695)	(68,160)
Net book value					
At 30 June 2021	12,699	9,407	2,517	29,796	54,419
At 31 December 2021	12,881	8,648	2,011	28,156	51,696

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	GOODWILL	CUSTOMER CONTRACTS AND RELATIONSHIPS	INTELLECTUAL PROPERTY AND SOFTWARE DEVELOPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 July 2020	190,978	59,642	123,764	374,384
Acquisitions of subsidiaries	29,237	9,929	3,984	43,150
Additions internally generated	-	-	19,453	19,453
Foreign Exchange	(137)	2	22	(113)
At 30 June 2021	220,078	69,573	147,223	436,874
Additions internally generated	-	-	11,277	11,277
Foreign Exchange	338	90	43	471
At 31 December 2021	220,416	69,663	158,543	448,622
Accumulated amortisation and impairment				
At 1 July 2020	(55,488)	(53,935)	(68,736)	(178,159)
Amortisation charge	-	(1,334)	(4,819)	(6,153)
At 30 June 2021	(55,488)	(55,269)	(73,555)	(184,312)
Amortisation charge	-	(777)	(2,872)	(3,649)
At 31 December 2021	(55,488)	(56,046)	(76,427)	(187,961)
Net book value				
At 30 June 2021	164,590	14,304	73,668	252,562
At 31 December 2021	164,928	13,617	82,116	260,661

(i) *Goodwill*

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

(ii) *Customer contracts and relationships*

Customer contracts and relationships are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over periods between two and seven years. The amortisation has been recognised in the Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income in the line item "depreciation and amortisation". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

(iii) *Intellectual property and software development*

Intellectual property and software are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of five to fifteen years. The amortisation has been recognised in the Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income in the line item "depreciation and amortisation". If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Carrying amount of goodwill and other intangibles allocated to each of the cash generating units are as follows:

DECEMBER 2021	WEALTH	FUNDS	TOTAL
	MANAGEMENT	ADMINISTRATION	
	\$'000	\$'000	\$'000
Goodwill	164,928	-	164,928
Customer contracts and relationships	13,617	-	13,617
Intellectual property and software development	82,116	-	82,116
Consolidated carrying amount	260,661	-	260,661
Amortisation of intangible assets - half-year	3,649	-	3,649

JUNE 2021	WEALTH	FUNDS	TOTAL
	MANAGEMENT	ADMINISTRATION	
	\$'000	\$'000	\$'000
Goodwill	164,590	-	164,590
Customer contracts and relationships	14,304	-	14,304
Intellectual property and software development	73,668	-	73,668
Consolidated carrying amount	252,562	-	252,562
Amortisation of intangible assets - full-year	6,153	-	6,153

No goodwill and intangibles impairment charges were recognised in the reporting period.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

10 CONTRIBUTED EQUITY

	31 DECEMBER 2021	30 JUNE 2021	31 DECEMBER 2021	30 JUNE 2021
	SHARES	SHARES	\$'000	\$'000
Share capital				
Total	248,354,002	247,361,817	357,582	354,584

(a) Movements in ordinary share capital

ORDINARY SHARES ISSUED AND FULLY PAID	SHARES	\$'000
At 1 July 2020	244,342,793	351,727
Dividend reinvestment plan	899,332	2,857
Shares issued in respect of Long Term Incentive Plan	2,119,692	-
At 30 June 2021	247,361,817	354,584
At 1 July 2021	247,361,817	354,584
Dividend reinvestment plan	992,185	2,998
At 31 December 2021	248,354,002	357,582

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of Bravura Solutions in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

The number of authorised ordinary shares is the same as the number of fully paid ordinary shares. There are no changes in the number of shares in the comparative period.

During the reporting period 992,185 shares were issued under the dividend reinvestment plan on 29 September 2021.

(c) Capital risk management

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

The Consolidated Entity monitors capital on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the Interim Consolidated Statement of Financial Position plus net debt.

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time, unless remedied, declare that the loans become immediately due and payable. There were no covenants breached during the current period (Refer to Note 2.3).

The Consolidated Entity's focus is to ensure capital is managed effectively and to maximise shareholder returns over the long term which may include share buy-backs, issue of new shares and/or dividends depending on the capital structure at the time.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

11 DIVIDENDS

A final dividend of 6.0c per share amounting to \$14.8 million was paid to shareholders on 29 September 2021. An interim dividend of 3.7c per share amounting to \$9.2 million has been declared to be paid on 25 March 2022.

12 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

The Consolidated Entity had contingent liabilities at 31 December 2021 in respect of:

Bank guarantees

Guarantees given in respect of office leases of subsidiaries amounting to \$1.3 million (30 June 2021: \$1.3 million) are unsecured.

Contingent consideration

The maximum liability that could become payable in FY 2023 under the Sales and Purchase Agreement with the previous owners of Midwinter would amount to \$5 million.

(b) Contingent assets

The Consolidated Entity had no contingent assets at 31 December 2021 (30 June 2021: \$nil).

(c) Commitments

The Consolidated Entity had no commitments as at 31 December 2021 (30 June 2021: \$nil).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13 RELATED PARTY TRANSACTIONS - PERFORMANCE RIGHTS

On 24 November 2021, 1,173,168 performance rights were granted to senior executives under the LTIP, of which the following grants were made to KMP: Nick Parsons 222,039 rights, Martin Deda 99,027 rights, and Megan Owen 94,144 rights. On 1 February 2022, Mr Brent Henley joined the company and, will be appointed effective 25 February 2022, after the release of these interim financial results, CFO, and Executive Director and Joint Company Secretary. Mr Henley will participate in the FY22 LTIP, which will be issued, subject to Shareholder Approval, at the 2022 AGM. The exact number of performance rights to be awarded to Mr Henley has not yet been determined.

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

DIRECTORS, OTHER KEY MANAGEMENT PERSONNEL AND OTHER EXECUTIVES	NO. OF SHARE OPTIONS
Outstanding at 1 July 2020	3,580,476
Granted during the year	1,023,638
Forfeited during the year	(75,445)
Exercised during the year	(2,119,692)
Expired during the year	-
Outstanding at 30 June 2021	2,408,977
Granted during the year	1,173,168
Forfeited during the year	(151,788)
Exercised during the year	-
Expired during the year	-
Outstanding at 31 December 2021	3,430,357
Exercisable at 30 June 2021	-
Exercisable at 30 June 2021	-

The weighted average remaining contractual life for the performance rights outstanding as at 31 December 2021 was 2.7 years.

The following table lists the inputs to the models used for the LTIP grants made during the half-year ended 31 December 2021:

	TSR	EPS
Weighted average fair values at the measurement date	\$0.71	\$2.34
Dividend yield (%)	3.43%	3.43%
Expected volatility (%)	41.00%	41.00%
Risk-free interest rate (%)	0.86%	0.86%
Expected life of options (years)	2.73	2.73
Share price (\$)	\$2.56	\$2.56
Model used	Monte Carlo	Binomial

Performance rights do not have exercise prices.

14 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no occurrences of matters or circumstances subsequent to half-year end that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

A half-year dividend of 3.7c per share has been declared and will be paid on 25 March 2022.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The Interim Financial Statements and notes of Bravura Solutions Limited for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) Giving a true and fair view of the Consolidated Entity's Financial Position as at 31 December 2020 and of its performance and cash flows for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



NEIL BROEKHUIZEN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
25 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT



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Independent Auditor's Review Report to the Members of Bravura Solutions Limited

Conclusion

We have reviewed the accompanying interim financial report of Bravura Solutions Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2021, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the interim financial report

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

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'Graham Leonard' in black ink.

Graham Leonard
Partner
Sydney
25 February 2022

CORPORATE DIRECTORY

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Independent Chairman

Peter Mann

Independent

Alexa Henderson

Independent

Libby Roy

Independent

Nick Parsons

CEO and Managing Director

Martin Deda

CFO and Executive Director

COMPANY SECRETARY

Martin Deda and Nigel Liddell

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