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Appendix 4E

Full-year Report

Name of entity	Bravura Solutions Limited
ABN	54 164 391 128
Financial period ended	30 June 2021
Previous corresponding reporting period	30 June 2020

Results for announcement to the market

Financial results	**30 June 2021 $'000**	30 June 2020 $'000	Percentage increase/(decrease) over previous corresponding period %
Revenue from ordinary activities	242,341	272,441	(11.05)%
Profit from ordinary activities after tax attributable to members	34,562	40,110	(13.83)%
Net profit for the period attributable to members	34,562	40,110	(13.83)%

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the ASX release and Annual Report for the year ended 30 June 2021. The financial report has been audited.

Dividends

Date the dividend is payable	29 September 2021
Record date to determine entitlement to the dividend	6 September 2021
Amount per security (cents)	6.0
Total dividend ($'000)	$14,842
Franked amount per security	Nil
Amount per security of foreign sourced dividend or distribution (cents)	6.0
Details of any dividend reinvestment plans in operation	Activated
The last date for receipt of an election notice for participation in any dividend reinvestment plans	7 September 2021

NTA backing

	Current period 30 June 2021 Cents	Previous corresponding period 30 June 2020 Cents
Net tangible asset backing per ordinary security[1]	21.5	37.4
Net assets per ordinary security	133.3	127.2

[1]NTA is calculated by deducting deferred tax, intangible and contract assets from net assets.

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	-	-	-	-

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BRAVURA SOLUTIONS ANNUAL REPORT 2021

BRAVURA SOLUTIONS LIMITED
ABN 54 164 391 128

bravura solutions

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BRAVURA
WORLD LEADING FINANCIAL SOLUTIONS

Bravura Solutions Limited is a leading provider of software solutions for the wealth management and funds administration industries, underpinned by functionally rich technology that enables modernisation, consolidation and simplification.

We are committed to increasing the operational and cost efficiency of our clients, enhancing their ability to rapidly innovate and grow, minimising their risk and enabling them to provide better service to their customers.

Backed by over 30 years of experience, our installed, managed hosted or cloud solutions are used by many of the world's leading financial institutions. In excess of A$5.6 trillion / £3.0 trillion in assets are held in accounts entrusted to our systems.

We support our clients with a team of more than 1,400 people in 17 offices across Australia, New Zealand, United Kingdom, Europe, Africa and Asia.

For more information about us visit www.bravurasolutions.com. You can also follow us on Twitter @BravuraFinTech.

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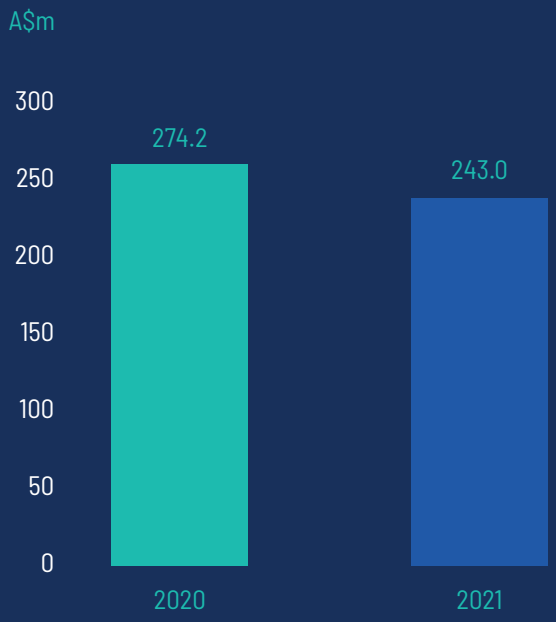
FINANCIAL HIGHLIGHTS

GROUP REVENUE

$243.0m

11% decline in FY21

GROUP REVENUE



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GROUP EBITDA

$49.3m

15% decline in FY21

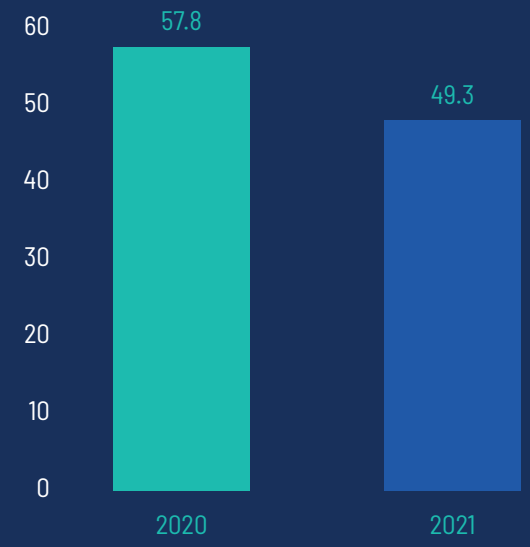
GROUP REPORTED NPAT

$34.6m

14% decline in FY21

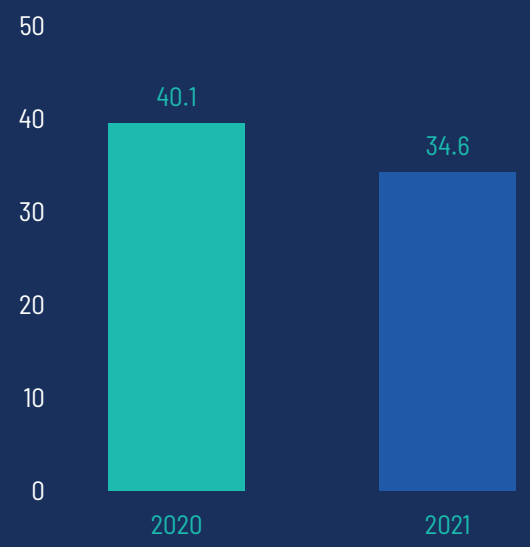
GROUP EBITDA

A$m



GROUP REPORTED NPAT

A$m



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BRAVURA SOLUTIONS AT A GLANCE

WHO WE ARE

Bravura Solutions Limited is a leading provider of software solutions for the wealth management and funds administration industries, underpinned by functionally rich technology that enables modernisation, consolidation and simplification.

OUR MARKETS

Bravura operates over a wide number of financial services markets across two operating segments delivering software and services to manage and administer financial products.

Wealth Management

- Pensions, superannuation and Kiwisaver
- Life insurance
- Wrap platforms
- Wealth management platforms
- Investment products
- Private wealth and portfolio administration

Funds Administration

- Fund managers
- Third-party administrators

OUR REACH

Bravura has 17 offices throughout 6 countries in APAC and EMEA. Bravura operates development and support centres in the United Kingdom, Poland, India, Australia, New Zealand and South Africa.

OUR PRODUCTS & SERVICES

Bravura delivers a comprehensive range of wealth management and funds administration products supported by professional services.

Wealth Management

- Sonata
- Garradin
- ePass
- SuperB
- Calibre
- AdviceOS
- Digital advice
- Microservices
- Complex pensions
- Stanza
- Orchestrator

Funds Administration

- RUFUS & RUFUS SaaS
- GTAS
- GFAS
- Babel

Professional Services

- Implementation
- Development
- Support
- Hosting and managed services

SONATA

Sonata is the core of Bravura's product ecosystem. Sonata provides rich, proven wealth management functionality, developed and delivered in modern technology with open interfaces. It is an integrated platform that supports pensions, superannuation and KiwiSaver, life insurance, and wrap and investment products.

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PEOPLE

OPERATING ACROSS
17 OFFICES IN
6 COUNTRIES



1,400+
EMPLOYEES

6.3 YEARS
AVERAGE LENGTH
OF SERVICE

OUR BUSINESS

350

direct and indirect blue-chip clients including Fidelity International, Prudential, Scottish Friendly, Aware Super, Mercer, Westpac NZ, TAL, JPMorgan, Partners Life, Suncorp, STANLIB Wealth, Bank of New York Mellon, Legal & General, Schroders, Lloyds, Citi and Aegon

~5-10
year long term client contracts

R&D

4
development centres in Australia, New Zealand, India and Poland

>A$250m
invested in Wealth Management over 15 years

>100
Wealth Management clients

85%
of staff are developers and consultants

A$50.4m
spent on R&D in FY21

13
Funds Administration clients

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FY21 RESULTS

	FY21 A$m	FY20 A$m
Wealth Management revenue	160.1	180.4
Funds Administration revenue	82.9	93.8
Group revenue	243.0	274.2
Wealth Management EBITDA	50.5	52.9
Funds Administration EBITDA	35.3	43.0
Corporate costs	(36.5)	(38.1)
Group EBITDA	49.3	57.8
Depreciation and amortisation expense	(12.1)	(9.4)
Remeasurement of contingent consideration	4.6	0.0
Accounting policy change	(2.4)	0.0
Group EBIT	39.4	48.4
Net interest and foreign exchange expense	(0.4)	(1.2)
Profit before tax	39.0	47.1
Tax expense	(4.5)	(7.0)
Group reported NPAT	34.6	40.1
Earnings per share (A$ cps)	14.0	16.5

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CHAIRMAN'S **LETTER**

"Bravura continued to support our clients globally without disruption and our sales pipeline in all key markets remained strong in FY21, despite the global operational challenges and significant market volatility stemming from the COVID-19 pandemic."

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Dear Shareholders,

I am pleased to present to you the Bravura Solutions (Bravura) FY21 Annual Report, which details our organisation's resilience and considerable progress in what has undoubtedly been a challenging year.

COVID-19 impact

Bravura continued to support our clients globally without disruption and our sales pipeline in all key markets remained strong in FY21, despite the global operational challenges and significant market volatility stemming from the COVID-19 pandemic. During the year, Bravura's commitment to sustainable systems that deliver reliable, uninterrupted service was recognised through our recertification in the coveted international gold standard for Business Continuity Management - ISO 22301, first awarded to us in 2017.

In FY21, the main impacts of the pandemic on Bravura's business were two-fold. Firstly, it brought market uncertainty that resulted in a lengthening of Bravura's sales cycle across the board, and temporary hesitancy around new contracts and project work, primarily in the UK. Secondly, the pandemic, along with regulatory pressures, accelerated the need for financial service companies across all regions to reduce operational costs. Bravura has delivered this in FY21 through assisting clients with automation and digital self service capability. There is potential to deliver greater costs savings by transitioning clients to the cloud.

Financial performance

As a direct result of the impact of COVID-19, predominantly the significant slowing of business activity in the UK market, Bravura's overall financial performance was lower in FY21. Group revenue decreased by 11% to A$243.0m, and Group EBITDA was down by 15% to A$49.3m. Group reported NPAT was A$34.6m. Similarly our Wealth Management segment revenue decreased by 11%, while our Fund Administration segment revenue was down by 12%. However, encouragingly, Bravura's Contracted Recurring Revenue increased by 15% in FY21. As at 30 June 2021, Bravura remains in a solid financial position, with cash of A$73.6m.

Strategic direction

During FY21, Bravura's key markets saw a number of developments. In the UK there was reduced interest in big bang implementations, as well as an underserviced middle tier of potential clients. Consolidation within the platform and advice markets challenged the value chain status quo, with larger adviser firms considering a vertically integrated business model. In the Funds Administration market, there was further consolidation, with larger funds managers sweeping up smaller asset managers. In Australia, regulatory pressure and merger activity saw super funds undertaking strategic reviews of their operating models to understand whether new technology driven operating models can deliver the material cost savings. All markets experienced a heightened desire for lower operational costs, together with an increased interest in automation, as well as a greater need for improved end-customer digital experiences.

In response, we progressed our commercial strategy in FY21, transitioning from a traditional revenue model to consumption-based pricing over time. This approach enables our clients to spread their tech investment over a longer period, lower their cost to serve by buying only what they need, and access greater automation and digital tools. In concert, we evolved our technology strategy, focussing on increasing componentisation and additional microservices, the development of Sonata Alta, expanded automation, further cloud enablement and enhanced digital-first and advice capabilities.

In FY21, Bravura's strategic direction was underpinned by our substantial additional investment in R&D (A$50.4m), as well as our new and recent acquisitions. Our R&D spend focused on automation, digital self-service modules and other microservices. In October 2020, Bravura bought Delta Financial Systems (Delta) for A$42m, providing us with capability in the complex UK pensions – SIPP and SSAS – markets. We also continued to integrate and cross-sell our FY20 acquisitions – Midwinter and FinoComp – with each making a valuable addition to Bravura's new ecosystem of microservices and generating significant client interest and uptake.

Share price and dividend

Due to the impact of COVID-19, Bravura's share price ended the financial year at A$3.51 per share, down from A$4.50 per share at the beginning of the financial year. FY21 adjusted EPS was A$0.131ps, down 20% on FY20. The Board declared a final unfranked dividend of A$0.06ps for FY21. The dividend record date is 6 September 2021 and the dividend will be paid on 29 September 2021.

Positive outlook

I would like to thank our shareholders for their loyalty and patience during the year as we have taken every measure to mitigate the impact of COVID-19 and set the stage for a strong, technology-led recovery. Although FY21 has been a difficult year, there are clear signs that the environment is improving. With the progressive rollout of COVID-19 vaccines globally, market sentiment is improving and business activity is increasing, a positive indication of renewed demand in the next 12-18 months. Bravura's ground-breaking ecosystem of flexible products and services is ideally placed to help new and existing clients reduce costs through automation, while also meeting demand for digital first experiences through best of breed technologies. Having honed our offering in FY21, Bravura is confident in broadening our total addressable market and returning to growth in the years ahead.



NEIL BROEKHUIZEN

CHAIRMAN



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CEO REPORT

"We commend the tenacity of all our global employees and, in particular, we salute our India team's heroic efforts."

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Dear Shareholders,

I am pleased to report that the long-term nature of Bravura's client relationships, our high proportion of recurring revenue and our strategic acquisitions helped us mitigate the unprecedented impact of COVID-19 on our business in FY21. The impact was primarily felt in our UK market whereas, in APAC, Bravura's work with clients and prospects continued to progress well, with greater sales activity, albeit over longer timeframes.

In FY21, Bravura responded to changing market conditions by continuing to evolve our commercial and technology strategies to stay well ahead of client needs. We worked on increasing our componentisation and microservices, developing Sonata Alta, improving automation, advancing cloud enablement and expanding our digital-first and advice capabilities. In doing so, we moved towards a consumption-based model and an ecosystem of microservices. Going forward, these new technologies will prove essential for providers seeking to respond to increasing margin pressures and meet rising customer expectations for digital-first financial services that match their everyday tech experiences.

Financial overview

In FY21, Bravura's overall financial results were impacted by lower revenues in the UK, where the pandemic created business hesitancy around new contracts, projects and professional services. As a result, Group revenue declined by 11% in FY21 to A$243.0m, compared to A$274.2m in FY20. Group EBITDA was down 15% to A$49.3m, compared to A$57.8m in FY20. Nevertheless, UK presales activity remained high as the vaccine rollout restored business confidence.

Bravura was able to partially offset this temporary downturn with higher results in other areas and cost cutting measures. In Australia we were able to leverage the consolidation in superannuation to sell Sonata Alta to deliver cost savings to providers. Our recent acquisition of Delta made a positive revenue and EBITDA contribution. Midwinter and Fincomp also demonstrated significant traction. In 1H21, Bravura undertook headcount reduction while still retaining key talent for our return to growth. The associated restructuring achieved savings of A$11.5m. Significantly, Bravura's strategy to grow our recurring revenue base via a consumption-based model was validated in FY21, with Contracted Recurring Revenue up by 15%.

Wealth Management

Bravura made considerable progress in our Wealth Management segment in FY21, though overall revenue was down by 11% to A$160.1m, mainly due to the decline in UK project work. We continued to invest in Sonata Alta functionality, hone our Business Process as a Service (BPaaS) offering and further integrate Midwinter advice tools to allow seamless implementation of advice journeys. We signed a major new contract with Aware Super, Australia's second largest superannuation fund, for our Sonata Alta and Digital Advice solutions. In New Zealand, Partners Life renewed for another 5 years and we signed two key clients to our new Babel B2B offering. In EMEA, a platform client renewed and upgraded to Sonata in the cloud, while another platform client committed to a significant upgrade with selected Bravura microservices and we progressed integration and cross-sell opportunities for Delta and Finocomp. We introduced Stanza, a tool that uses machine learning to analyse unstructured communications in real-time to improve customer service.

Funds Administration

In FY21, our Funds Administration segment also was impacted by the COVID-related decline in UK professional services work, as well as lower licence fees due to the timing of renewals. Though revenue was down 12% to A$82.9m, this was partially offset by servicing existing clients. A large financial institution client took up Sonata's Orchestrator and Stanza products to achieve greater operational efficiencies and digitisation. Another large financial institution purchased Babel and Bravura's Risk Engine microservice to significantly improve their STP capability, and we continued to help our SaaS clients grow their business.

Our staff

I extend a heartfelt thank you to Bravura's Leadership Team and our 1,400+ staff, for their dedication, professionalism and resilience during the year. Productivity levels remained high, with employees seamlessly transitioning to remote working as required. From a workplace perspective, our India employees were hardest hit by the pandemic, with staff admirably meeting project deliverables, while also rallying in support of their colleagues and families. The India office formed a volunteer support team that worked day and night to locate oxygen cylinders and available hospital beds, and also successfully ran COVID-19 vaccination drives. They prevailed in difficult circumstances, with all staff who contracted the virus now well. We commend the tenacity of all our global employees and, in particular, we salute our India team's heroic efforts.

Looking ahead

As the pandemic eventually recedes and business confidence returns, Bravura is poised to significantly increase our total addressable market via the rollout of our new ecosystem of microservices. With interest in our products high and our sales pipeline strong, we look forward to resuming Bravura's solid growth trajectory in FY22 and beyond.



TONY KLIM
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR



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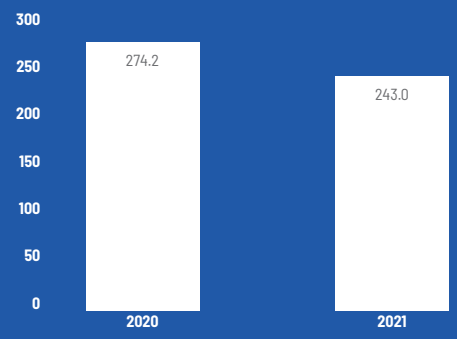
COMMENTARY
BRAVURA SOLUTIONS GROUP

GROUP FINANCIALS

- Group revenue of **A$243.0 million**
- Group EBITDA of **A$49.3 million**
- Group reported NPAT was **A$34.6 million**

GROUP REVENUE

A$m

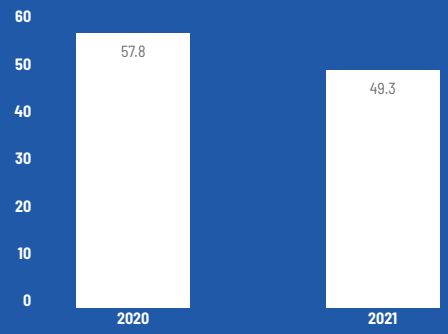


GROUP COMMENTARY

- 1H experienced lower UK project work as a result of the impact of COVID-19
- 2H benefitted from an improved operating environment
- Solid base of long-term contracts to drive growth

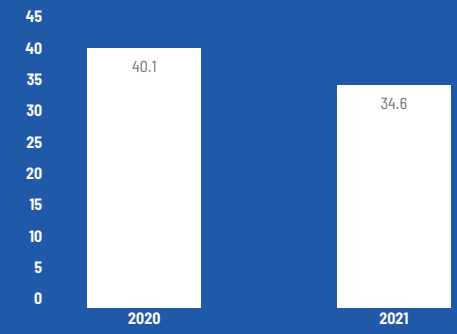
GROUP EBITDA

A$m



GROUP REPORTED NPAT [1]

A$m



1. Reported NPAT of A$36.9m includes a A$4.6m benefit from the remeasurement of contingent consideration and a $2.4m cost from a change in accounting policy.

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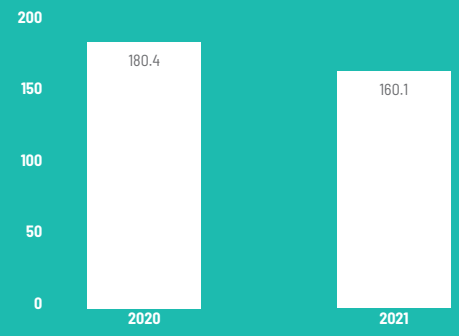
COMMENTARY
WEALTH MANAGEMENT

SEGMENT FINANCIALS

- Segment revenue of **$160.1 million**
- Segment EBITDA of **$50.5 million**
- Segment EBITDA margin of **32%**

WEALTH MANAGEMENT REVENUE

A$m

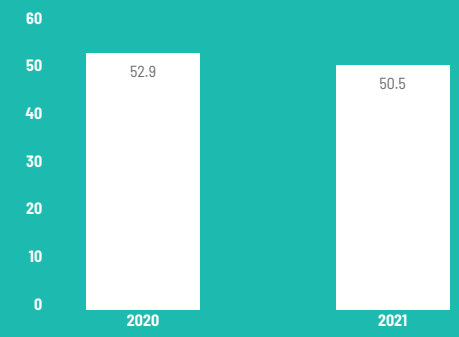


SEGMENT COMMENTARY

- The lower result was attributable to a COVID-related decline in UK professional services work, partly offset by a full-period contribution of acquisitions completed in FY20
- Contracted recurring revenue increased 30%
- Bravura signed a contract with Aware Super for the implementation of Sonata Alta and Digital Advice, as well as achieving a number of other client wins and renewals

SEGMENT EBITDA

A$m



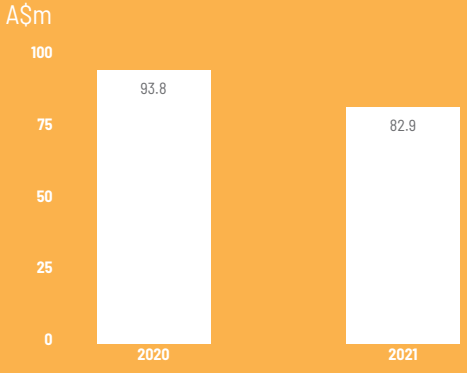
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COMMENTARY
FUNDS ADMINISTRATION

SEGMENT FINANCIALS

- Segment revenue **to A$82.9 million**
- Segment EBITDA **to A$35.3 million**
- Segment EBITDA margin of **43%**

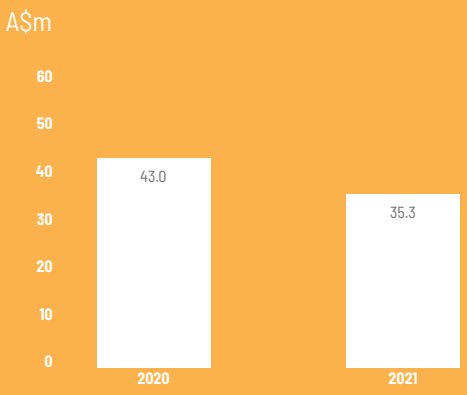
FUNDS ADMINISTRATION REVENUE



SEGMENT COMMENTARY

- The Funds Administration result was also negatively impacted by a COVID-related decline in UK professional services work, albeit to a lesser extent than Wealth Management
- In addition, the result was impacted by lower licence fees during the period due to the timing of renewals and new sales
- Contracted recurring revenue remained broadly stable

SEGMENT EBITDA



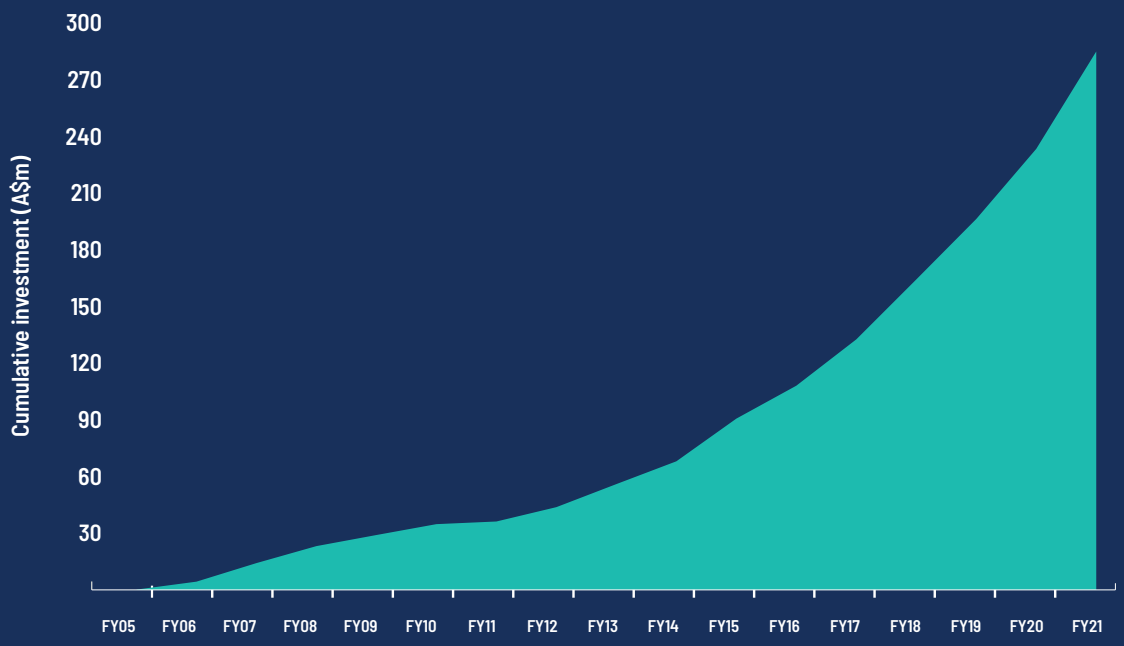
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RESEARCH AND DEVELOPMENT

We maintained a strong pipeline of development activity to meet the needs of both current and future clients across our products. Continued investment in the Bravura product suite enhances our offering and maintains our market position.

The chart below shows the cumulative R&D investment Bravura has made across the product suite. This continued investment has led to an acceleration in Bravura's blue chip client base since 2011. In FY21, A$50.4m was invested across Bravura's product ecosystem by Bravura and its client base.

BRAVURA'S CUMULATIVE INVESTMENT



KEY MANAGEMENT

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TONY KLIM

CEO AND
MANAGING DIRECTOR

Tony Klim has over 30 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A and he has been instrumental in the development of new technology products and services targeted at the financial services sector.

Prior to joining Bravura Solutions in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses and was a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses.

Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.



MARTIN DEDA

CFO AND EXECUTIVE DIRECTOR,
JOINT COMPANY SECRETARY

Martin Deda has over 30 years of experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors.

Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in C-level operational and financial management as well as Board roles.

Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/Chief Financial Officer for top tier law firm Minter Ellison. Prior to that he was Group CFO at ASX200 listed global healthcare IT provider, iSOFT Ltd and CFO/COO of CSC Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA. He is currently a Non-Executive Director of Page Up People Limited (formerly Page Up People Pty Ltd) (since 12 December 2012).

Martin holds an MBA from the University of Sydney, and a BSc. (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales.



NICK PARSONS

CHIEF OPERATING
OFFICER

Based in London, Nick Parsons has over 30 years of experience in the IT industry, specialising in financial sector solutions for fund managers and TPAs. Nick is the Chief Operating Officer for Bravura Solutions, with responsibilty for implementing and supporting Bravura's software products globally. He has been with Bravura Solutions since July 2007.

Prior to joining Bravura Solutions, Nick was the Chief Technology Officer for DST Global Solutions, where he was responsible for driving technical innovation across a diverse product range and implementing a number of complex global projects.

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MATERIAL BUSINESS **RISKS**

The material business risks that have the potential to impact Bravura Solutions are outlined below, together with mitigating actions undertaken to minimise these risks:

RISK	NATURE OF RISK	MITIGATION
Increased competition	Bravura Solutions competes with a number of specialist software vendors.	In order to mitigate the risk from increased competition, Bravura Solutions: ▪ continues to invest in Sonata development to enhance the core platform; and ▪ has implemented employee incentives to attract and retain key personnel.
Foreign exchange	Bravura Solutions is exposed to foreign exchange movements which may affect the value of its assets, liabilities, revenues and costs, and consequently, its financial results.	Bravura Solutions has a presence in a number of jurisdictions and the increase in relative revenue contributions from those jurisdictions tends to mitigate some of this exposure. Bravura Solutions has implemented relevant procedures, such as having debt facilities available in its main currencies and managing intercompany balances at the lowest level possible, to manage and minimise this risk.
Economic climate	Domestic and international economic conditions can impact client revenue.	Bravura Solutions has a presence in a number of jurisdictions to mitigate this risk.
Information security breach and failure of critical systems	Bravura Solutions could be impacted by the failure of critical systems, whether caused by error or malicious attack.	Bravura Solutions has gained ISO 22301:2012 accreditation for its disaster recovery and business continuity management systems to mitigate this risk. Bravura Solutions has also established and maintained the following: ▪ dedicated information security teams; ▪ mandatory information security awareness training across the business; ▪ Board oversight through the Audit and Risk Management Committee and executive oversight via an internal information security committee.
Global pandemic	A global pandemic like COVID-19 could impact Bravura Solutions' employees and clients, and the measures implemented by Governments may impact economic activity.	▪ Bravura Solutions has the ability to provide its products and services remotely across all its locations to enable operations to continue under a lockdown; ▪ Bravura Solutions can implement Health and Safety measures as required in the jurisdictions in which it operates.

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BRAVURA SOLUTIONS ANNUAL FINANCIAL REPORT 2021

BRAVURA SOLUTIONS LIMITED
ABN 54 164 391 128

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The information contained in this document should be read in conjunction with Bravura Solutions Limited Directors' Report and Financial Report for the year ended 30 June 2021 and any public announcements made by Bravura Solutions Limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under 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 year ended 30 June 2021.

DIRECTORS

The Directors of Bravura Solutions at any time during or since the end of the financial year are:

Non-executive Directors

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

Executive Directors

Tony Klim	CEO
Martin Deda	CFO

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the current and prior years 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.

OPERATING AND FINANCIAL REVIEW

Revenue for the reporting period was $31.2m or 11.4% lower than the prior comparative period, primarily driven by lower UK project work for both implementation and post go live, with COVID-19 having had a more significant impact than previously expected. In addition, Funds Administration licence fees were lower.

The total Revenue of $243.0m was made up of $160.1m generated in the Wealth Management segment and $82.9m in the Funds Administration segment, both of which reduced revenue against the prior period. While expenses, predominately employee benefits, reduced against the prior period, reflecting tight cost control and lower acquisition costs, EBITDA reduced by $8.5m or 14.7% against the prior period, to $49.3m. The total of depreciation, amortisation, foreign exchange and finance costs was lower than the prior period, with the resulting profit before tax of $39.1m being $8.1m or 17.1% lower than the prior period.

The performance of Midwinter, an acquisition from the comparative reporting period, has not met its vendors' ambitious earnout targets. Consequently, the Group has recognised a $4.6 million gain arising from the remeasurement of contingent consideration for the Midwinter acquisition.

The Group continues to invest in research and development, to ensure our products meet market needs and are continuously updated with the latest market and regulatory requirements. The total development spend during FY21 of $50.4 million (2020: 36.3 million), was predominately focused on the development of a suite of microservices, Australian wrap functionality, Sonata Alta, the extension of digital advice capability and enhancements to GFAS, strengthening the Groups product functionality relative to competitors and expanding the Groups total addressable market. $19.3 million (2020: $8.6 million) was capitalised as intangible assets.

The profit for the Consolidated Entity after providing for income tax for the year ended 30 June 2021 amounted to $34.6 million (2020: $40.1 million).

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. The Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements which has resulted in an additional expense of $2.4 million.

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.

To respond to the drop in the demand from lower UK project work for both implementation and post go live activity from existing clients, offset by additional staff obtained through business combination, the employee head count of the Group has remained mostly consistent at 1,445 as at 30 June 2021 compared to 1,442 staff as at 30 June 2020 on a permanent or contractor basis.

The reduction in headcount from restructuring costs in the year were $2.7 million and employee related expenses comprised 72.1% (2020: 72.8%) of total operating expenses in the year.

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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 $2.8 million (30 June 2020: $3.1 million) depreciation of property, plant and equipment dedicated to client hosting services. EBITDA includes $6.4 million (30 June 2020:$7.0 million) depreciation of right-of-use assets as well as $1.7 million (30 June 2020:$2.0 million) interest expense associated with property leases, which would otherwise be excluded under AASB 16.

	NOTES	2021	2020
		$'000	$'000
Wealth Management		**160,179**	180,407
Funds Administration		**82,857**	93,840
Revenue	6	**243,036**	274,247
Employee benefits expense	7	**(139,659)**	(157,524)
Third party cost of sales		**(20,382)**	(21,359)
Travel and accommodation costs		**(391)**	(4,925)
Occupancy costs		**(12,001)**	(13,333)
Telecommunication costs		**(9,225)**	(7,811)
Development operating expense		**(683)**	(894)
Other expenses (including hosting asset depreciation)		**(11,434)**	(10,622)
EBITDA		**49,261**	57,779
Depreciation and amortisation expense		**(12,070)**	(9,420)
Remeasurement of contingent consideration[1]		**4,620**	-
Change in accounting policy – cloud-based software implementation costs[1]		**(2,378)**	-
EBIT		**39,433**	48,359
Finance income	6	**179**	1,024
Finance expense	7	**(1,733)**	(837)
Foreign exchange gain		**1,179**	(1,422)
Profit before income tax		**39,058**	47,124
Income tax expense	8	**(4,496)**	(7,014)
Reported net profit		**34,562**	40,110
Adjusted net profit[1]		**32,320**	40,110

1. Adjusted net profit excludes the remeasurement of contingent consideration and the change in accounting policy relating to the cloud based software implementation costs now being expensed.

DIVIDENDS

A final dividend of 6.0c per share has been declared for FY21. The Dividend Reinvestment Plan has been activated. A final FY20 dividend of 5.5c per share was paid on 28 September 2020. An interim dividend of 2.6c per share was paid to shareholders on 26 March 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Company issued 702,538 shares under the Dividend Reinvestment Plan on 26 September 2020 and 196,794 shares on 26 March 2021.

On 30 October 2020, the Group acquired 100% of the issued shares in Delta Financial Systems Limited, a UK software company that provides technology to power complex pensions administration in the UK market, for total consideration of up to £23 million ($41.5 million). £14.5 million ($26.6 million) is the initial consideration with the remaining £8.5 million ($15.7 million) representing the maximum contingent consideration payable. The acquisition will broaden the Group's client base and product suite, while being a natural extension of their core product offerings.

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DIRECTORS' REPORT (CONTINUED)

BRAVURA SOLUTIONS DIRECTORS' BIOGRAPHIES

Director and position	Experience
 **Neil Broekhuizen** **CA, B.Sc. (Eng) Hons** **Chairman and Independent Non-executive Director**	Neil Broekhuizen has over 30 years of experience in the finance industry including the last 27 years in private equity with Investcorp and Bridgepoint in Europe and with Ironbridge in Australia. In addition to being an Independent Non-Executive Director at Bravura Solutions, Neil is also a Non-Executive Director of Monash IVF Group Limited. Neil is a qualified Chartered Accountant and holds a BSc (Eng) Honours degree from Imperial College, University of London, where he read electronic engineering. Neil is a member of the Remuneration and Nomination Committee.
 **Peter Mann** **Independent Non-executive Director**	Peter Mann is a respected business leader with more than 30 years of experience in the financial services industry. Prior to joining Bravura Solutions as an Independent Non-Executive Director, Peter was Vice Chairman of Old Mutual Group, where he spent a total of 12 years and oversaw a period of exceptional growth and achievement. Peter's time with Old Mutual Group included 6 years as CEO of Skandia, one of the UK's largest retail platforms, which was acquired by Old Mutual in 2006. Under Peter's leadership, Skandia grew to become the largest retail platform in the UK, with £60 billion in assets under management. Prior to this, Peter was CEO of Bankhall, a leading supplier of support services to financial advisers. Bankhall was acquired by Skandia in 2001. As CEO at Bankhall, Peter drove significant revenue and profit growth, implementing new services for existing members across multiple business lines. He was an active panel member of the Association of Independent Financial Advisors, lobbying the Financial Services Authority, ombudsman, product providers and other market participants on behalf of Bankhall members. In addition to being an Independent Non-Executive Director at Bravura Solutions, Peter is currently Chairman of Gryphon Group Holdings Limited. Peter is currently Chairman and Non-Executive Director at Radiant Financial Group and Spring Financial Group Limited (trading as M:Qube). He is also a Non-Executive Director of MMI Holdings UK Limited. Peter is the Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.
 **Alexa Henderson** **BSc CA** **Independent Non-executive Director**	Alexa Henderson has over 30 years of experience in finance, accounting and audit across the United Kingdom and Australia. She has a strong background in financial institution corporate governance and the guidance of appropriate audit practices and risk management processes. Alexa has worked with KPMG, Arthur Andersen and Deutsche Bank (WM Company). She is currently on the board of directors of three financial services companies in the United Kingdom being BMO Real Estate Investments Limited, JPMorgan Japan Smaller Companies Trust PLC and Standard Life UK Smaller Companies Trust PLC. She has chaired the audit committee of each of BMO Real Estate Investments Limited and JP Morgan Japan Smaller Companies Trust PLC. Alexa Henderson holds a BSc in Economics and Accounting from Edinburgh University, is a Chartered Accountant and has been a member of the Institute of Chartered Accountants of Scotland since 1985.. Alexa is the Chair of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

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DIRECTORS' REPORT (CONTINUED)

Director and position	Experience
 **Libby Roy** **MBA, B.A.Sc** **Independent Non-executive Director**	Libby Roy has over 20 years of experience in leadership roles in highly regulated technology driven businesses including payments, credit cards, financial planning, superannuation, travel and telecommunications. Libby joined Bravura Solutions in April 2020. Alongside her Bravura responsibilities Libby is the MD Business for Optus. Prior to this Libby spent 5 years as the Managing Director of PayPal. Before PayPal, Libby led the Corporate Superannuation business at AMP and ran the IPAC financial planning business at AXA. Across her executive career Libby has held a number of director roles in joint ventures and associated entities while at AMP, AXA and American Express. Libby holds an MBA from University of New South Wales and a B.A.Sc from Curtin University and is a member of the Australian Institute of Company Directors. Libby is a member of the Audit and Risk Management Committee.
 **Tony Klim** **B.Sc (Physics Hons)** **CEO and Managing Director**	Tony Klim has over 30 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A and he has been instrumental in the development of new technology products and services targeted at the financial services sector. Prior to joining Bravura Solutions in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses and was a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses. Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.
 **Martin Deda** **BSc, MBA, FCPA, GAICD** **CFO and Executive Director, Joint Company Secretary**	Martin Deda has over 30 years of experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors. Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in C-level operational and financial management as well as Board roles. Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/ Chief Financial Officer for top tier law firm Minter Ellison. Prior to that he was Group CFO at ASX200 listed global healthcare IT provider, iSOFT Ltd and CFO/COO of CSC Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA. He is currently a Non-Executive Director of Page Up People Limited (formerly Page Up People Pty Ltd) (since 12 December 2012). Martin holds an MBA from the University of Sydney, and a BSc. (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales.

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DIRECTORS' REPORT (CONTINUED)

BRAVURA SOLUTIONS COMPANY SECRETARY BIOGRAPHY

Position	Experience
 **Nigel Liddell** **General Counsel and Joint Company Secretary**	Based in London, Nigel Liddell qualified as a Solicitor in 1993 and has nearly 30 years of in house legal experience, mainly in the technology and services industries. He is responsible for managing the global legal affairs of the Group, serves as Joint Company Secretary and is the Head of Facilities for EMEA. He is also the global leader for Diversity & Inclusiveness. Nigel joined Bravura in March 2008 as the Head of Legal EMEA and took over the global role in July 2011. Prior to joining Bravura, he was Director and Group General Counsel at DST Global Solutions and has held senior roles at GE Capital IT Solutions, Action Computers (a London-listed company) and Hertz Europe.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Bravura Solutions will continue to focus on expanding its ecosystem of products and solutions in the Wealth Management and Funds Administration markets, while offering a range of deployment options including managed services and cloud. The Company will continue to enhance its strategic relationships with existing clients with a focus on providing propositions which enhance time to market for clients, cost and process efficiencies through automation and enhancements to support regulatory change compliance.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement of Bravura Solutions can be found on the Company's website, https://investors.bravurasolutions.com/investor-centre/?page=asx-announcements

SHARE OPTIONS

The Consolidated Entity has 2,408,977 performance rights outstanding under long-term incentive plans and these rights remain unvested and unexercised at the reporting date (30 June 2020: 3,580,476) (Refer to Note 26).

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of Bravura Solutions during FY21 are:

	BOARD MEETINGS		BOARD SUB-COMMITTEE MEETINGS		AUDIT AND RISK MANAGEMENT COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
A Henderson	14	14	4	4	5	5	6	6
L Roy	14	14	-	-	5	5	1	1
M Deda	14	14	4	4	5	5	5	5
N Broekhuizen	14	14	-	-	-	-	6	6
P Mann	14	13	-	-	5	5	6	6
T Klim	14	14	-	-	1	1	4	4

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DIRECTORS' REPORT (CONTINUED)

EVENTS SUBSEQUENT TO REPORTING DATE

On 20 August 2021, the Consolidated Entity signed a three year unsecured multi-currency facility agreement with JP Morgan Chase Bank (herein JPM), 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 new Facility Agreement 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.

Other than the above, there have been no occurrences of matters or circumstances subsequent to 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.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Bravura Solutions paid a premium in respect of a contract to insure the Directors of Bravura Solutions in line with the Constitution to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF BRAVURA SOLUTIONS

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Bravura Solutions, or to intervene in any proceedings to which Bravura Solutions is a party, for the purpose of taking responsibility on behalf of Bravura Solutions for all or part of those proceedings.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is not subject to any significant environmental regulation under the laws of the Commonwealth, States or other territories.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditors for non-audit services provided during the year by Ernst & Young are outlined in Note 35 in the Financial Report.

The Directors, in accordance with advice from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services as disclosed in Note 35 in the Financial Report does not compromise the external auditor's independence as outlined in the Corporation Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee.
- Non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Company or jointly sharing risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The auditor's independence declaration is set out on page 45 and forms part of the Director's Report for the year ended 30 June 2021.

To the extent permitted by law, the Company has agreed to indemnify its auditors Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

ROUNDING-OFF

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.

REMUNERATION REPORT

The Remuneration Report on pages 26 to 44 forms part of the Directors' Report.

This report is issued in accordance with a resolution of the Directors.



NEIL BROEKHUIZEN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
25 August 2021

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REMUNERATION REPORT (AUDITED)

CONTENTS

1. Letter from the Chair of the Remuneration and Nomination Committee
2. Persons addressed and scope of the Remuneration Report
3. Company performance and reward
4. Remuneration governance
5. Executive KMP remuneration framework
6. KMP held equity and performance rights
7. Non-executive director remuneration

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1 LETTER FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I present Bravura Solutions' Remuneration Report (Report) for the financial year ended 30 June 2021 (FY21). This report outlines how outcomes for executive Key Management Personnel (KMP) reflect Bravura's performance during this financial year. The long-term nature of Bravura's client relationships, our high proportion of recurring revenue and our strategic acquisitions helped us mitigate the unprecedented impact of COVID-19 on our business in FY21. Bravura continued to evolve our commercial and technology strategies to stay well ahead of client needs. Bravura Solutions' remuneration framework, as outlined in the accompanying Report, reflects our commitment to deliver competitive remuneration for outstanding performance in order to attract and retain talented individuals across our operational regions, while aligning the interests of executives and shareholders.

Bravura's remuneration strategy is designed to support and reinforce its business strategy. The at-risk components of remuneration are tied to measures that reflect the successful execution of our business strategy in both the short and long term. Our strategic drivers are reflected in incentive plan performance measures, ensuring that Bravura's performance directly affects what executives are paid. Performance against key financial measures during FY21 was not at the level required to achieve the incentive metrics.

This Report is structured to provide shareholders with insights into the remuneration governance, policies, procedures and practices being applied. Having received the support of shareholders for the approaches currently in place, this report is intended to assist shareholders to engage with the Board regarding refinements and improvements that might be desirable, as the Company implements the necessary continuous improvement process to remuneration governance as the circumstances of the Company evolve.

Each year the Board assesses several factors when determining remuneration outcomes. In addition to overall financial results, the Committee assesses performance including the quality of the results, achievement against individual objectives and the effectiveness of strategic initiatives implemented to determine the extent to which the overall outcomes adequately reflect actual performance and returns to shareholders. The following summary outlines the key context for and matters of interest in relation to remuneration governance:

- Bravura Solutions operates internationally, with non-executive directors and executive KMP recruited/located in both Australia and the United Kingdom, and therefore the Company competes in an international market for KMP talent. Remuneration quantum and structure varies between different countries, in accordance with their applicable standards and expectations. It will be important for shareholders to consider the need to meet various local market standards when forming judgements regarding whether the remuneration arrangements set out for KMP are appropriate;
- Related to the above, when shareholders are reviewing executive remuneration on a year-on-year basis, the impact of currency fluctuations on remuneration agreed and paid in foreign currency remains a consideration. The disclosures contained in this Report address notable changes to remuneration that are not the result of currency fluctuations;
- The Board determined that it was appropriate to focus the entire FY21 Short-Term Incentive Plan (STIP) on Group NPAT in light of ongoing uncertainty caused by the COVID-19 pandemic and the need to ensure that Executives do not receive a windfall gain for progress against strategic imperatives while shareholders were not able to gain from those imperatives. The average outcome was 51.1% of target which excluded the impact of the acquisitions. Although this result was impacted by the COVID-19 pandemic the Board believe it was not necessary to make any additional adjustments to the STI for FY21 STIP outcomes for KMP;
- The hurdles for the Long-Term Incentive Plan (LTIP) were measured for the three-year period ending 30 June 2021. Neither of the hurdles was achieved. While the Plan Rules provide Board discretion to amend the vesting outcome, the Board did not consider any adjustments were warranted;
- Having considered independent market benchmarking, no changes were made to Director fees for FY21 but an increase of 2% was deemed appropriate for FY22; and

- The Board continues to consider the impact of COVID-19. While our financial results remain robust, we remain conscious of the various and ongoing risk impacts of the pandemic.

In line with the Charter, the Committee remains focused on identifying key talent, succession planning and planning for the future capability needs of the Company. We also note the excellent response of management to the continued disruption of the business under the COVID-19 pandemic, and their continued focus on the welfare of employees during this time.

The Board will continue to engage with shareholders and their representatives on matters related to remuneration and we look forward to your comments and support for remuneration related resolutions at the upcoming AGM.

Yours sincerely,



PETER MANN
NON-EXECUTIVE DIRECTOR
CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

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REMUNERATION REPORT (AUDITED) (CONTINUED)

2 PERSONS ADDRESSED AND SCOPE OF THE REMUNERATION REPORT

The Report sets out, in accordance with section 300A of the Corporations Act, associated regulations, and good governance:

- The Company's governance relating to remuneration;
- The policy for determining the nature and amount or value of remuneration of KMP;
- The various components or framework of that remuneration;
- The prescribed details relating to the amount or value paid to KMP, as well as a description of any performance conditions;
- The relationship between KMP remuneration and the performance of the Company; and
- Such other/additional details as may be relevant to shareholders in order for them to form a complete understanding of the Company's remuneration governance, policies, procedures and practices as they relate to KMP.

KMP are the directors and employees who have authority and responsibility for determining, planning, directing and controlling the activities of the Company. As remuneration for non-executive directors is different to remuneration for executives the Report discusses each separately and for ease of reference the executives (including the executive directors) are known as Executive KMP. On that basis, the following roles/individuals are addressed in this Report:

Non-executive Directors:

- Mr Neil Broekhuizen, independent non-executive director, since 8 September 2009 and Chairman since 23 August 2019;
- Mr Peter Mann, independent non-executive director since 22 December 2015;
- Ms Alexa Henderson, independent non-executive director since 19 September 2016; and
- Ms Elizabeth Roy, independent non-executive director since 1 April 2020.

Executive KMP:

- Mr Tony Klim, Chief Executive Officer (since 18 May 2011) and Managing Director (since 30 June 2011), having joined on 18 February 2008;
- Mr Martin Deda, Executive Director and Chief Financial Officer having joined on 22 September 2014; and
- Mr Nick Parsons, Chief Technology Officer, having joined on 30 July 2007.

Former Executive KMP:

- Mr Mike Margetts, Global Chief Operating Officer since 5 September 2019, having joined on 12 June 2017 and left the Company on 17 November 2020.

3 COMPANY PERFORMANCE AND REWARD

3.1 COMPANY PERFORMANCE

Throughout FY21, Bravura Solutions delivered consistent performance against key financial measures, underpinned by the depth of the Bravura product suite across both Funds Administration and Wealth Management:

- Group revenue decreasing by 11.4%;
- Group EBITDA decreasing by 14.8%;
- Group NPAT decreasing by 13.8%;
- Strong growth in recurring revenue; and
- Bravura's market leading solutions support new and existing clients to meet a range of challenges including more intuitive and sophisticated digital experiences and continuous regulatory change.

The following outlines the performance of the Company over the FY21 period and since the Company listed in November 2016.

FY END DATE		30-JUN-17	30-JUN-18	30-JUN-19	30-JUN-20	30-JUN-21
Revenue $m		191.9	221.5	257.7	274.2	243.0
Profit after tax $m		14.4	27.0	32.8	40.1	34.6
Share Price $		1.6	3.21	4.86	4.5	3.51
Dividends $		-	0.09	0.10	0.11	0.86
Total Shareholder Return - 1 year	%	10.3	106.3	54.5	(5.1)	(20.1)
Total Shareholder Return - 3 year	%	n/a	n/a	n/a	200.0	18.6

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REMUNERATION REPORT (AUDITED) (CONTINUED)

TOTAL SHAREHOLDER RETURN

BRAVURA VS ASX 300 ACCUMULATION INDEX



3.2 LINKS BETWEEN PERFORMANCE AND REWARD INCLUDING STIP AND LTIP OUTCOMES

The remuneration of Executive KMP is composed of three parts, being:

- Base package, which is not intended to vary with performance but tends to increase as the scale/complexity/value of the business increases and to maintain competitive practices (i.e. typically following growth and success);
- STIP, which is intended to vary with indicators of annual Company and individual/role performance. Based on short to mid-term objectives linked to strategy via KPIs and annual performance assessments; and
- LTIP, which is also intended to deliver a variable reward based on long-term measures of Company performance and value creation for shareholders, linking a material component of remuneration to share ownership.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

3.2.1 FY21 STIP

In the context of the COVID-19 pandemic, the Board decided that the FY21 STIP should be focused entirely on Group Net Profit After Tax (NPAT).

STIP measure and outcome:

	THRESHOLD	TARGET	STRETCH	ACTUAL	RESULTING VESTING (BEFORE ANY DISCRETION APPLIED)
Group NPAT $m	40	40	45.5	34.6	-

While the Board remains of the view that Group NPAT and EBITDA, delivery of the expectations established at the start of the year and successful strategy implementation are the key short-term drivers of long-term value creation for shareholders, they were particularly conscious of the uncertainty and planning challenges caused by the COVID-19 pandemic. The Board wanted to ensure alignment of the Executives outcomes to those of shareholders. They determined that for FY21 the focus should be Group NPAT for all Executive KMP. Following the end of the measurement period (the financial year), the Company accounts were audited and reports on the Company's activities during the year were prepared for the Board. The Board considered whether it was appropriate to adjust the outcome to take account of things that may not have been considered in setting the target. The Board decided that no discretion was required. This method of performance assessment was chosen because it is the most objective approach to short-term incentive governance, and reflective of market best practices.

In relation to the completed FY21 period the payment of STIP was calculated as follows:

		FY21 SHORT-TERM INCENTIVE SUMMARY					
NAME	POSITION	KPI SUMMARY	WEIGHTING %	TARGET AWARD $	ACHIEVEMENT %	TOTAL STIP AWARD $	% OF MAXIMUM STI FORFEITED
Tony Klim	CEO and Managing Director	Group NPAT	100%	792,687	-	-	100%
Martin Deda	CFO and Executive Director	Group NPAT	100%	245,950	-	-	100%
Nick Parsons	Chief Operating Officer	Group NPAT	100%	167,458	-	-	100%
Former KMP							
Mike Margetts	Global Chief Operating Officer	Group NPAT	100%	-	-	-	-

Figures in this table for Tony Klim, Nick Parsons and Mike Margetts are displayed using an AUD/GBP rate of 1.8.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

3.2.2 LTIP

The LTIP achieved in relation to the FY19 grant was subject to the performance hurdles outlined in the framework. The results were as follows:

HURDLE	OUTCOME	(A) VESTING ACHIEVED ON THIS PORTION	(B) WEIGHT	(C) = (A) X (B) VESTING ON TOTAL GRANT
EPS	3.60%	-	50%	-
Company TSR	5.50%			
Indexed TSR	10.20%	-	50%	-
Total				-

The LTIP remains largely unchanged from that voted on by shareholders at the 2018 AGM. The two measures used over the three-year measurement period are Earnings Per Share (EPS) and Indexed Total Shareholder Return (iTSR) rather than ranked relative TSR (rTSR). Given the small number of ASX listed Fintech comparators, the Board believes that use of a generic indication of the return that shareholders expect from investing in the market generally is the most appropriate. The ASX 300 Accumulation Index was used for the FY21 grant.

		LONG-TERM INCENTIVE SUMMARY			
NAME	POSITION	# OF RIGHTS GRANTED (FY19) #	VESTING OF GRANT %	# OF RIGHTS VESTED #	# OF RIGHTS FORFEITED[1] #
Tony Klim	CEO and Managing Director	191,301	-	-	191,301
Martin Deda	CFO and Executive Director	73,965	-	-	73,965
Nick Parsons	Chief Operating Officer	81,661	-	-	81,661
Former KMP					
Mike Margetts	Global Chief Operating Officer	80,891	-	-	80,891

1. Rights are expected to be forfeited in August 2021.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

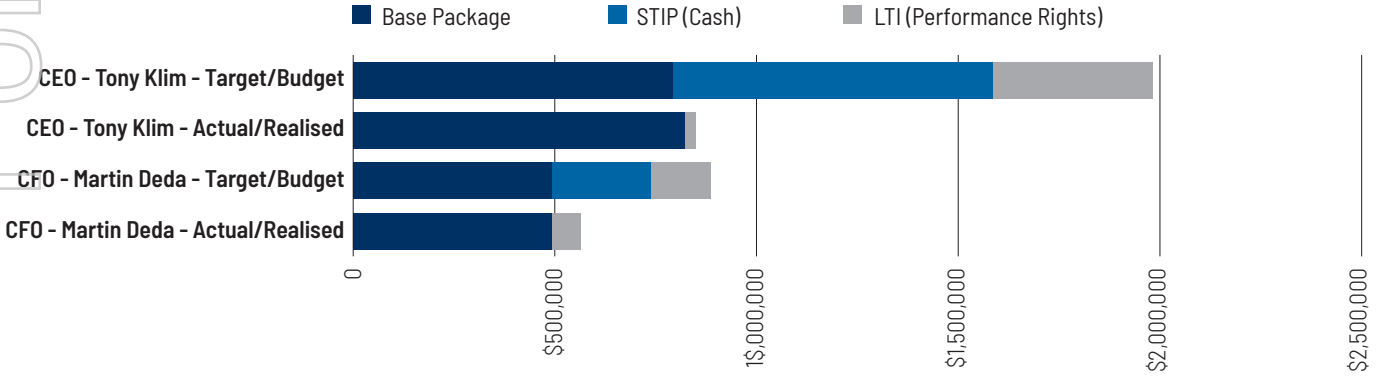
3.3 VESTED/AWARDED INCENTIVES AND REMUNERATION OUTCOMES IN RESPECT OF THE COMPLETED FY21 PERIOD (NON-STATUTORY DISCLOSURE)

The statutory disclosure requirements and accounting standards can make it difficult for shareholders to obtain a clear understanding of what the actual remuneration outcomes for executives were in relation to a given reporting period. The following table brings together outcomes reflecting the year of performance in which the outcome is measured i.e. STIP is presented as being part of the remuneration for the year in which performance was tested, and vested LTIP is presented as being part of the remuneration for the year during which performance testing was completed.

NAME	YEAR	BASE PACKAGE EXCL RETIREMENT BENEFIT $	TOTAL STIP AWARDED $	TOTAL LTI VESTED[1] $	OTHER BENEFITS INCL RETIREMENT BENEFIT $	TOTAL REMUNERATION RECEIVED $
Current KMP						
Tony Klim[2]	**FY21**	**792,687**	**-**	**-**	**101,666**	**894,353**
CEO and Managing Director	FY20	822,439	393,457	2,349,918	115,501	3,681,315
Martin Deda	**FY21**	**491,900**	**-**	**-**	**39,916**	**531,816**
CFO and Executive Director	FY20	491,900	122,260	945,176	73,808	1,633,144
Nick Parsons[2]	**FY21**	**558,191**	**-**	**-**	**92,468**	**650,659**
Chief Operating Officer	FY20	579,614	87,924	1,003,118	72,279	1,742,935
Former KMP						
Mike Margetts[2,3]	**FY21**	**392,030**	**-**	**-**	**126,528**	**518,558**
Global Chief Operating Officer	FY20	470,333	87,096	993,668	41,002	1,592,099
Andy Chesterton[2,4]	**FY21**	**-**	**-**	**-**	**-**	**-**
COO - Funds Administration	FY20	251,611	-	910,827	92,672	1,255,110

1. Value of LTI vesting calculated using number of rights vesting from previous table multiplied by share price $3.51 at 30 June 2021 and $4.50 at 30 June 2020.
2. Figures in this table for Tony Klim, Nick Parsons, Mike Margetts and Andy Chesterton are displayed using average AUD/GBP exchange rate for the reporting period.
3. Mike Margetts became a KMP on 5 September 2019 and FY20 reflects his earnings from that date. He ceased to be a KMP on 17 November 2020 and FY21 reflects his earnings to that date.
4. Andy Chesterton was not eligible for STI for FY20. He ceased to be a KMP on 5 September 2019 and FY20 reflects his earnings to that date.

3.4 EXECUTIVE DIRECTOR REWARD MIX



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REMUNERATION REPORT (AUDITED) (CONTINUED)

3.5 EXECUTIVE KMP REMUNERATION - STATUTORY DISCLOSURES

The following table outlines the remuneration paid or payable to senior executives of the Company, prepared according to statutory disclosure requirements and applicable accounting standards.

		SHORT-TERM BENEFITS			LONG-TERM BENEFITS	SHARE BASED PAYMENTS		
NAME	YEAR	FIXED	NON-MONETARY BENEFITS	SHORT TERM INCENTIVE	RETIREMENT PROVISION	LONG TERM INCENTIVE[2]	TERMINATION BENEFIT	TOTAL
		$	$	$	$	$		$
Current KMP								
Tony Klim[1]	**FY21**	**792,687**	**101,666**	**-**	**-**	**243,062**	**-**	**1,137,415**
CEO and Managing Director	FY20	822,439	115,501	393,457	-	499,893	-	1,831,290
Martin Deda	**FY21**	**491,900**	**14,916**	**-**	**25,000**	**90,814**	**-**	**622,630**
CFO and Executive Director	FY20	491,900	48,808	122,260	25,000	193,935	-	881,903
Nick Parsons[1]	**FY21**	**558,191**	**64,558**	**-**	**27,909**	**116,316**	**-**	**766,974**
Chief Operating Officer	FY20	579,614	72,279	87,924	-	253,222	-	993,039
Former KMP								
Mike Margetts[1,3]	**FY21**	**392,030**	**2,473**	**-**	**-**	**(154,092)**	**124,055**	**364,466**
Global Chief Operating Officer	FY20	470,333	41,002	87,096	-	205,480	-	803,911
Andy Chesterton[4]	**FY21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
COO - Funds Administration	FY20	251,611	86,633	-	6,039	245,197	-	589,480
Total	**FY21**	**2,234,808**	**183,613**	**-**	**52,909**	**296,100**	**124,055**	**2,891,485**
	FY20	2,615,897	364,223	690,737	31,039	1,397,727	-	5,099,623

Further details regarding incentive opportunities and outcomes are presented in the relevant sections of the Remuneration Report to assist shareholders to obtain a more complete understanding of remuneration as it relates to senior executives. Non-monetary benefits include car parking, annual leave and other benefits.

1. For Tony Klim, Nick Parsons and Mike Margetts the % change on prior year is impacted by movement in the GBP/AUD exchange rate.
2. LTI represents the expensing in FY21 of grant date fair values as per AASB 2 Share-based Payments, and therefore is included on an expensed basis, rather than at target.
3. Mike Margetts became a KMP on 5 September 2019 and FY20 reflects his earnings from that date. He ceased to be a KMP on 17 November 2020 and FY21 reflects his earnings to that date.
4. Andy Chesterton ceased to be a KMP on 5 September 2019.

4 REMUNERATION GOVERNANCE

The following summarises the Bravura Solutions formal Remuneration Governance Framework which has been published to the market and is available on the website at https://investors.bravurasolutions.com/investor-centre/?page=corporate-governance

It is important that shareholders, proxy advisors and other interested parties consider this online governance disclosure information that has been incorporated by reference, as part of forming a judgement regarding the remuneration policies, procedures and practices of the Company.

The Board seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders;
- Remuneration and Nomination Committee Members;

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REMUNERATION REPORT (AUDITED) (CONTINUED)

- Stakeholder groups including proxy advisors;
- External remuneration consultants;
- Other experts and professionals such as tax advisors and lawyers; and
- Company management to understand roles and issues facing the Company.

4.1 REMUNERATION AND NOMINATION COMMITTEE CHARTER

The Remuneration and Nomination Committee (the "Committee") is appointed and authorised by the Board to assist the Board in fulfilling its statutory and fiduciary duties. The Committee is responsible for making recommendations to the Board about:

- Identifying individuals who may be qualified to become directors through assessing the Board's "skills matrix" and identifying any gaps;
- The appointment process and re-election of members of the Board and its committees;
- Board and senior executive succession issues and planning;
- The development of a process for the evaluation of the performance of the Board, its Committee and directors;
- The review of the performance of senior executives and members of the Board, which should take place at least annually;
- Remuneration, recruitment, retention and termination policies and procedures for senior executives;
- The remuneration packages of senior executives, non-executive directors, executive directors, equity-based incentive plans and other employee benefit programs; and
- The remuneration policy for directors, including as it is applied and the process by which any shareholder approved pool of directors' fees is allocated.

The Committee must consist of at least three members and must be made up of a majority of independent directors. The Committee has the authority to seek any information which is relevant to its function from any employee of Bravura Solutions or external parties. The Committee has the authority to obtain outside professional advice as it determines necessary to carry out its duties. The Committee is also responsible for developing and overseeing the diversity policy. The full Charter is available on the Company website.

4.2 APPROACH TO DETERMINING COMPARATORS FOR REMUNERATION BENCHMARKING

When the Company seeks external market data in relation to NED or senior executive benchmarking, the following principles are generally intended to apply, however the Board seeks independent expert advice regarding design of comparator groups as part of engaging an external remuneration consultant:

- A benchmarking comparator group will take into account the Company's estimated sustainable market capitalisation at the time of the exercise, which may involve smoothing the market capitalisation of the Company over a period, so as to ensure that anomalies in Company value at particular times do not unduly influence outcomes;
- It will include direct competitors of comparable scale to the extent possible;
- The group should be large enough to produce valid statistics, and small enough to be reasonably specific;
- To the extent that direct competitors are not sufficient to produce a statistically robust sample, companies of comparable scale from the same industry or sector will be included; The group should be balanced with an equal number of comparators, larger and smaller, generally limited to those within a range of half to double the Company's market capitalisation value used in designing the group; and
- Benchmarking will be undertaken in respect of both Australian and international data, as may be appropriate to each role, and which will in combination inform decisions regarding setting a policy benchmark.

These principles are specific to remuneration benchmarking exercises and therefore may produce different outcomes than those applied to the design of other types of comparator groups.

4.3 SECURITIES TRADING POLICY

The Company's policy on trading in Bravura Solutions securities by directors and other KMP of the Company:

- Sets out the guidelines for dealing in any type of Bravura Solutions securities by the Company's KMP; and
- Summarises the law relating to insider trading which applies to everyone, including to all Bravura Solutions group employees as well as to KMP.

Under the current policy, directors and all employees are prohibited from engaging in short term trading of company securities and KMP must not trade during "prohibited periods" (with some limited exceptions, and with prior written approval, as set out in the policy). The following periods in a year are "prohibited periods":

- From the Company's year end until the release of the full year results;
- From the Company's half year end until the release of the half yearly results; and
- Any additional periods imposed by the Board from time to time (for example when the Company is considering matters which are subject to Listing Rule 3.1A).

The policy also prohibits KMP from using any derivatives or other products which operate to limit the economic risk of unvested Bravura Solutions securities.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

4.4 EQUITY HOLDINGS

The Company does not currently have an equity holding policy applicable to KMP, as historically the majority of KMP had material holdings, however this matter remains subject to consideration given the changing circumstances of the Company, and market practices.

4.5 CLAWBACK AND MALUS

Payments or vesting related to performance conditions associated with STIP and LTIP are intended to be subject to any clawback policy if and as developed by the Company from time to time.

The STIP and LTIP Rules contain a malus provision, that is to say they allow for the Board to use its discretion to forfeit any unvested awards at any time before vesting.

The Board continues to seek advice regarding remuneration practices including the possible development of a clawback policy, however at this time it remains the view of the Board that a clawback policy is unnecessary. Clawback policies are generally intended to relate to the recovery of overpayments when there has been a material misstatement in the financial reports of the Company, a demonstrably low risk based on the frequency of occurrence in the Australian market. The Company has sufficient controls in place as to be confident that this risk is negligible. It is recognised that some institutions and proxy advisors tend to prefer to see a clawback policy in place as a matter of good governance, however the practical value of this is to be considered.

4.6 EXTERNAL REMUNERATION CONSULTANT ADVICE

During the report period, the Board received information from external remuneration consultants including:

- Market data for directors fees;
- Market data for executive remuneration;
- Advice regarding market practice pay mix for KMPs;
- Advice regarding incentive design, particularly LTIP;
- Development of LTIP documentation and support for implementation, including drafting of the related resolutions for inclusion in the Notice of Meeting; and
- Advice regarding the Company's Remuneration Report as presented in respect of FY21.

The information provided did not constitute Remuneration Recommendations as described in the Act. The fees paid were not material for either party. The Board is satisfied that the information provided was free from undue influence from management.

4.7 OTHER REMUNERATION RELATED MATTERS

The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure:

- There were no loans to Directors or other KMP at any time during the reporting period; and
- There were no relevant material transactions involving KMP other than compensation and transactions concerning shares, performance rights/ options as discussed in this Report.

4.8 DIVERSITY POLICY

The Company has adopted a formal and documented diversity policy, which is available on the Company website. The Company values and is proud of its strong and diverse workforce and is committed to supporting and further developing this diversity through attracting, recruiting, engaging and retaining diverse talent and aligning the Company's culture and management systems to this commitment. In summary, the policy outlines the following, and compliance is overseen by the Committee:

- The Company intends to promote the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements, and to foster a commitment to diversity by leaders at all levels;
- The Company will maintain programs and initiatives to support the policy including mentoring programs, professional development and flexible work opportunities;
- Measurable objectives are to be set in relation to gender diversity, and are to be reviewed annually;
- The policy will be communicated to the market, including a summary in the Annual Report (this summary); and
- The Company intends to meet its obligations in respect of diversity as outlined under the ASX Corporate Governance Council's Principles and Recommendations (4th edition).

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REMUNERATION REPORT (AUDITED) (CONTINUED)

5 EXECUTIVE KMP REMUNERATION FRAMEWORK

5.1 GOVERNANCE OF EXECUTIVE KMP REWARD

The senior executive remuneration framework applies to senior executives who are defined as follows:

- CEO and Managing Director - accountable to the Board for the Company's performance and long-term planning;
- Those roles classified as executive KMP under the Corporations Act;
- Direct reports to the CEO and Managing Director – roles that are business unit, functional, or expertise heads; and
- Any other roles as determined by the Board.

The framework outlines the Company's intentions regarding senior executive remuneration, including how remuneration is to be structured, benchmarked and adjusted in response to changes in the circumstances of the Company, and in line with current best-practices. The framework is summarised in the formal and documented remuneration policy of the Company, available on the Company website. The following outlines the intentions of the Board in relation to applying the framework:

- Remuneration should be composed of:
  - Base package (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT);
  - STIP which provides a reward for performance against annual objectives and which may be subject to deferral as determined by the Board from time to time;
  - LTIP which provides an equity-based reward for performance against indicators of shareholder benefit or value creation, over a three-year period, intended to create alignment with shareholders; and
  - In total the sum of the elements will constitute a total remuneration package (TRP).
- Both internal relativities and external market factors should be considered;
- The performance of the Company and of senior executives should be considered in respect of the design of remuneration; and
- Termination benefits will generally be limited to the default amount allowed for under the Corporations Act (without shareholder approval) and will not be made when an executive is removed for misconduct.

The Board continues to consider its approach in relation to setting remuneration when there are two or more markets that need to be considered, generally the Australian market which shareholders may be expected to reference when assessing remuneration, and international markets as may be relevant to each role. This is challenging because only by meeting market expectations in each location can the Company hope to build and retain an appropriately talented executive team in respect of its international locations, and yet remuneration must also appear reasonable and appropriate to Australian stakeholders given that the Company is listed in Australia. The approaches most evident in the market are:

- Remunerate according to the Australian market, which is likely to lead to a loss of internationally sourced talent, but which produce internal relativities between roles that are logical;
- Remunerate according to the market relevant to each executive location, which may lead to outcomes that appear high or unusual in terms of structure relative to Australian standards, and which may produce unusual internal relativities; or
- A hybrid approach such as setting base packages according to the Australian market (locally reasonable and producing good internal relativities), and set TRPs relative to each executive location (ensuring competitiveness in total pay, but with varying degrees of focus on incentives) or some other criteria.

To date, the Company continues to be most closely aligned to the second approach, as was necessary to build the business and maintain local market expertise. The Board anticipates, and welcomes, feedback from shareholders in this regard.

5.2 EMPLOYMENT TERMS FOR KEY MANAGEMENT PERSONNEL

A summary of contract terms in relation to executive KMP is presented below:

NAME	POSITION HELD AT CLOSE OF FY21	EMPLOYING COMPANY	DURATION OF CONTRACT	PERIOD OF NOTICE	Payments
Mr Tony Klim	CEO and Managing Director	Bravura Solutions (UK) Limited	Open ended	12 months	Up to 12 months*
Mr Martin Deda	CFO and Executive Director	Bravura Solutions Operations Pty Ltd	Open ended	6 months	Up to 12 months*
Mr Nick Parsons	Chief Operating Officer	Bravura Solutions (UK) Limited	Open ended	6 months	Up to 12 months*
Former KMP					
Mr Mike Margetts	Global Chief Operating Officer	Bravura Solutions (UK) Limited	Open ended	3 months	Up to 12 months*

* Under the Corporations Act the termination benefits limit is 12 months average salary (last 3 years) unless shareholder approval is obtained.

The treatment of incentives in the case of termination is addressed in separate sections of this Report that give details on incentive design.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

5.3 DEFINING THRESHOLD, TARGET AND STRETCH FOR INCENTIVE PURPOSES

In relation to the design, implementation and operation of incentives there should, where possible, be a range of performance and reward outcomes identified and defined. These should be set with regard to the elasticity of the measure, the impact of the measure on shareholder value creation and the ability of senior executives to influence the measure. In order to create clarity and consistency, the following concepts and principles are generally intended to apply to the design of incentive scales:

- "Target", being a challenging but achievable outcome, and which is the expected outcome for a senior executive/team that is of high calibre and high performing;
- "Threshold", being a minimum acceptable outcome for a "near miss" of the target, associated with a fraction of the target reward appropriate to the threshold outcome; and
- "Stretch" (the maximum) levels of objectives, which is intended to be a "blue sky" or exceptional outperformance not expected to be achieved, the purpose of which is to create a continuous incentive to outperform when outperformance of the target has already been achieved. This is particularly important for shareholders to understand when comparing with other companies whose maximum levels of incentives may be associated with a planned or target outcome.

Awards for outcomes between these levels should generally be scaled on a pro-rata basis dependent on actual performances. This is intended to provide a motivating opportunity to attain a reward, and to ensure that reward outcomes align with performance, under a range of circumstances.

It is recognised that there is a link between the budget setting culture of the Company and the setting of incentive hurdles. In this regard, the Board is confident that budgets developed and agreed to are sufficiently challenging but also achievable, and therefore appropriate to be linked to target rather than to threshold.

5.4 SHORT-TERM INCENTIVE PLAN (STIP)

Short-Term Incentive Plan (STIP)	
Aspect	**Plan, offers and comments**
Purpose	This element of remuneration aims to provide an incentive for senior executives to deliver or outperform annual business plans that will lead to sustainable superior returns for shareholders. Target-based STIPs are also intended to modulate the cost to the Company of employing senior executives, such that risk is shared with the executives themselves and the cost to the Company is reduced in periods of poor performance.
Measurement period	The Company's financial year.
Award opportunities	**FY21 Invitations** The Group CEO was offered a target-based STIP equivalent to 100% of the base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 120% of the base package. The Group CFO was offered a target-based STIP equivalent to 50% of the base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 60% of the base package. Other senior executives who are KMP were offered a target-based STIP equivalent to 30% of their base package for target performance, with a maximum/stretch opportunity of up to 120% of the target award, i.e. 36% of the base package. **Comments** Shareholders should refer to the definitions of threshold, target and stretch presented elsewhere in this document when assessing incentive practices.
Key Performance Indicators (KPIs), Weighting and performance goals	**FY21 Invitations** FY21 Invitations to participate in the STIP were based on Group NPAT with threshold, target and stretch as outlined in section 3.2.1. Note: Total outcomes cannot exceed 120% of the pool and awards will be scaled back on a pro-rata basis for each participant until this condition is met. **Comments** The Board selected these measures as being those that are critical to the delivery of the expectations set and expected to drive economic profitability and ultimately shareholder value creation over the long term, within a financial year period.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

Short-Term Incentive Plan (STIP)	
Aspect	**Plan, offers and comments**
Award determination and payment	Calculations are performed following the end of the measurement period and the audit of Company accounts. The Board retains discretion to modify outcomes to ensure that the STIP does not produce outcomes that shareholders would be likely to consider inappropriate. **FY21 Invitations** Awards are made in cash with PAYG tax deducted.
Cessation of employment during a measurement period	In the event of cessation of employment due to dismissal for cause, all entitlements in relation to the measurement period are forfeited. In the case of cessation of employment for other reasons, the incumbent may receive a pro-rata payment at the discretion of the Board.
Change of control	The treatment of STIP in the case of a takeover or change of control is subject to Board discretion.
Plan gate & board discretion	For each measurement period the Board will have the discretion to modify outcomes to ensure that they are appropriate. When such discretion is applied, it will be disclosed and explained. A specified gate condition applies to offers of STIP such that no award will be payable in relation to any KPI if the gate condition is not met or exceeded. **FY21 Invitations** A gate applied of threshold Group NPAT and no award for any measure would be payable if the gate was not exceeded.
Fraud, gross misconduct etc.	If the Board forms the view that a participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the measurement period will be forfeited by that participant.

5.5 LONG-TERM INCENTIVE PLAN (LTIP)

Performance rights were granted to executives with hurdles that apply as follows:

(1) 50% of the LTIP grant is subject to an Earnings Per Share (EPS) hurdle; and

(2) 50% of the LTIP grant is subject to a Total Shareholder Return (iTSR) hurdle.

The use of two performance hurdles weighted equally is consistent with market practice. The hurdles motivate executives with a clear line of sight to the outcome through the combination of an internal (EPS) and external (iTSR) measure. When expectations are met, and all other things being equal, the LTIP is intended to vest and deliver the appropriate level of remuneration and market positioning.

In total, the Consolidated Entity granted 1,023,638 performance rights during the year under the LTIP, of which 401,380 were to KMP (Refer to section 6.2 of this Remuneration Report).

The structure and details of LTIP performance rights issued to executives in FY21 under the plan are summarised in the following table:

Long-Term Incentive Plan (LTIP)	
Aspect	**Plan, offers and comments**
Purpose	The LTIPs purpose is to align executive interests with those of shareholders by linking reward to sustainable value creation for shareholders. As well as facilitating executives becoming shareholders, the LTIP provides an incentive for senior executives to exceed expectations (the upside above target), and shares long-term risks with executives (the downside below target, noting that under AASB2, costs related to non-market conditions can be written back when vesting is lower than expectations). Other purposes of the LTIP are to assist in the attraction and retention of a stable team of sustainability focused senior executives.
Nature	Each LTIP performance right entitles the participant to one share in the Company upon vesting.
Grant frequency	Annual grant and ad-hoc on commencement of employment and future potential grants.
Eligibility criteria	Selected executives.
Exercise price	5-day VWAP preceding grant date.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

Long-Term Incentive Plan (LTIP)	
Aspect	**Plan, offers and comments**
Exercise of vested Performance Rights	Vested performance rights are exercised automatically following vesting to the extent that the performance hurdles are met. Rights that are not exercised, lapse. Exercised rights will be satisfied in the form of ordinary Company shares, except where the Board exercises its discretion to settle in the form of cash.
Right to dividends	No dividend rights until exercised.

Long-Term Incentive Plan (LTIP)	
Aspect	**Plan, offers and comments**
Performance hurdles	**Earnings per share (EPS) – 50% of LTIP performance rights granted**

Performance level	TOTAL GROWTH OVER 3 YEARS	VESTING
Stretch	≥56%	100%
Between target & stretch	>33% & <56%	>50% & <100%
Target	**33%**	**50%**
Between target & stretch	>22% & <33%	>25% & < 50%
Threshold	22%	25%
Below threshold	<22%	0%

Performance right vesting levels are interpolated between each percentile above.

Indexed Total Shareholder Return (iTSR) – 50% of LTIP performance rights granted

Based on relative iTSR performance over a three year measurement period against a comparator group (ASX 300 iTSR Index):

Performance level	COMPANY'S TSR COMPARED TO THE ASX300 TOTAL RETURN INDEX	VESTING
Stretch	≥100% of Index Plus 10% CAGR	100%
Between target & stretch	>100% Plus 5% CAGR & < 100% of Index Plus 10% CAGR	Pro-rata
Target	**100% of Index** Plus 5% CAGR	**50%**
Between threshold & target	>100% of Index & <100% of Index Plus 5% CAGR	Pro-rata
Threshold	100% of Index	25%
Below threshold	<100% of Index	0%

Performance right vesting levels are interpolated between each percentile above.

Vesting period	Three years from grant date. No retesting.
Vesting date	The FY19 grant lapses on the release date of this Annual Report.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

6 KMP HELD EQUITY AND PERFORMANCE RIGHTS

6.1 RELEVANT INTEREST IN ORDINARY SHARES OF THE DIRECTORS AND OTHER KMP

The movement during the reporting period in the number of ordinary securities in the Company held directly, indirectly or beneficially, by each KMP, including their related parties is as follows:

2021

DIRECTORS OF BRAVURA SOLUTIONS LIMITED	BALANCE AT THE START OF THE YEAR	VESTED PERFORMANCE RIGHTS	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	CEASED TO BE A KMP	BALANCE AT THE END OF THE YEAR
N Broekhuizen	215,000	-	-	-	-	215,000
A Henderson	70,975	-	-	-	-	70,975
P Mann	29,072	-	-	-	-	29,072
E Roy	-	-	14,148	-	-	14,148
T Klim	1,200,000	522,204	-	(522,204)	-	1,200,000
M Deda	567,098	210,039	-	(210,039)	-	567,098

SENIOR EXECUTIVES OF THE GROUP	BALANCE AT THE START OF THE YEAR	VESTED PERFORMANCE RIGHTS	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	CEASED TO BE A KMP	BALANCE AT THE END OF THE YEAR
N Parsons	1,047,500	222,915	-	(222,915)	-	1,047,500
Former KMP						
M Margetts	-	220,815	-	(104,335)	(116,480)	-

2020

DIRECTORS OF BRAVURA SOLUTIONS LIMITED	BALANCE AT THE START OF THE YEAR	VESTED PERFORMANCE RIGHTS	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	CEASED TO BE A KMP	BALANCE AT THE END OF THE YEAR
N Broekhuizen	215,000	-	-	-	-	215,000
A Henderson	70,975	-	-	-	-	70,975
P Mann	58,144	-	-	(29,072)	-	29,072
E Roy	-	-	-	-	-	-
T Klim	1,200,000	-	-	-	-	1,200,000
M Deda	567,098	-	-	-	-	567,098
Former Director						
B Mitchell	2,019,629	-	-	-	(2,019,629)	-

SENIOR EXECUTIVES OF THE GROUP	BALANCE AT THE START OF THE YEAR	VESTED PERFORMANCE RIGHTS	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	CEASED TO BE A KMP	BALANCE AT THE END OF THE YEAR
M Margetts	-	-	-	-	-	-
N Parsons	1,147,500	-	-	(100,000)	-	1,047,500
Former KMP						
A Chesterton	299,000	-	-	-	(299,000)	-

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REMUNERATION REPORT (AUDITED) (CONTINUED)

6.2 KMP HELD PERFORMANCE RIGHTS

For the period ended 30 June 2021

NAME	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE START OF THE YEAR	GRANTED AS COMPENSATION DURING THE YEAR	LAPSED/ FORFEITED DURING THE YEAR	VESTED & EXERCISED DURING THE YEAR	CEASED TO BE A KMP	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE END OF THE YEAR
Tony Klim	893,768	224,824	-	(522,204)	-	596,388
Martin Deda	351,220	81,566	-	(210,039)	-	222,747
Nick Parsons	380,738	94,990	-	(222,915)	-	252,813
Former KMP						
Mike Margetts	377,151	-	(75,445)	(220,815)	(80,891)	-
Total	**2,002,877**	**401,380**	**(75,445)**	**(1,175,973)**	**(80,891)**	**1,071,948**

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REMUNERATION REPORT (AUDITED) (CONTINUED)

6.3 LTIP PERFORMANCE RIGHTS HOLDINGS OF KMP

NAME	YEAR OF GRANT	HURDLE TYPE[1,3]	GRANT DATE FAIR VALUE[2]	RIGHTS GRANTED	LAPSED/ FORFEITED DURING THE YEAR	VESTED DURING THE YEAR	CEASED TO BE A KMP	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE END OF THE YEAR
Tony Klim	2021	TSR	$0.88	112,412	-	-	-	112,412
		EPS	$3.09	112,412	-	-	-	112,412
	2020	TSR	$1.53	90,132	-	-	-	90,132
		EPS	$3.77	90,131	-	-	-	90,131
	2019	TSR	$2.45	95,651	-	-	-	95,651
		EPS	$3.80	95,650	-	-	-	95,650
	2018	TSR	$0.71	261,102	-	(261,102)	-	-
		EPS	$1.47	261,102	-	(261,102)	-	-
Total				1,118,592	-	(522,204)	-	596,388
Martin Deda	2021	TSR	$0.88	40,783	-	-	-	40,783
		EPS	$3.09	40,783	-	-	-	40,783
	2020	TSR	$1.53	33,608	-	-	-	33,608
		EPS	$3.77	33,608	-	-	-	33,608
	2019	TSR	$2.45	36,983	-	-	-	36,983
		EPS	$3.80	36,982	-	-	-	36,982
	2018	TSR	$0.71	105,020	-	(105,020)	-	-
		EPS	$1.47	105,019	-	(105,019)	-	-
Total				432,786	-	(210,039)	-	222,747
Nick Parsons	2021	TSR	$0.88	47,495	-	-	-	47,495
		EPS	$3.09	47,495	-	-	-	47,495
	2020	TSR	$1.53	38,081	-	-	-	38,081
		EPS	$3.77	38,081	-	-	-	38,081
	2019	TSR	$2.45	40,831	-	-	-	40,831
		EPS	$3.80	40,830	-	-	-	40,830
	2018	TSR	$1.43	111,458	-	(111,458)	-	-
		EPS	$1.96	111,457	-	(111,457)	-	-
Total				475,728	-	(222,915)	-	252,813
Former KMP								
Mike Margetts	2020	TSR	$1.53	37,723	(37,723)	-	-	-
		EPS	$3.77	37,722	(37,722)	-	-	-
	2019	TSR	$2.45	40,446	-	-	(40,446)	-
		EPS	$3.80	40,445	-	-	(40,445)	-
	2018	TSR	$1.43	110,408	-	(110,408)	-	-
		EPS	$1.96	110,407	-	(110,407)	-	-
Total				377,151	(75,445)	(220,815)	(80,891)	-

1. For performance hurdles, refer structure and details of LTIP performance rights in earlier sections of this Remuneration Report.
2. Grant date fair value in respect of grants made during the year, refer to Note 26 in the financial report for details of assumptions.
3. Performance rights have no exercise price.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

7 NON-EXECUTIVE DIRECTOR REMUNERATION

The Remuneration Policy outlines the framework for remuneration as it applies to non-executive directors of the Company in their capacity as directors and as members of committees, and may be summarised as follows:

- Remuneration may be composed of:
  - Board fees;
  - Committee fees;
  - Superannuation;
  - Other benefits; and
  - Equity (if appropriate at the time).
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company;
- Remuneration will be reviewed annually;
- Termination benefits will not be paid to non-executive directors;
- A policy level of Board fees (being the fees paid for membership of the Board, inclusive of superannuation and exclusive of committee fees) will usually be above P50 (median or middle) of the market of comparable ASX listed companies when benchmarking is undertaken; and
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees, usually producing a clustering of total fees above P50 reflecting the workload of each NED.

Currently the Company does not provide equity as part of non-executive director remuneration and shareholder approval would be sought for any plan that may facilitate this element of remuneration being paid.

7.1 NON-EXECUTIVE DIRECTOR REMUNERATION

Given the growth in operational scale and complexity of Bravura since re-listing in 2016, and the finite pool from which non-executive Directors are sourced, the non-executive Director fee policy was reviewed with the support of Independent Remuneration Consultants (UK and Australia). The Board increased director fees, in line with market trends evident in data provided. The following table outlines the current fee structure:

POSITION	YEAR	FEE
		$
Chairman	2022	252,450
Independent Non-Executive Director Base Fee	2022	129,132
Committee Chair	2022	20,400
Committee Member	2022	10,200

Alexa Henderson and Peter Mann receive their fees in GBP as agreed in their letters of appointment. Actual amounts paid or payable vary as a result of exchange rate movements.

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REMUNERATION REPORT (AUDITED) (CONTINUED)

7.2 NON-EXECUTIVE DIRECTOR REMUNERATION - STATUTORY TABLE

Remuneration paid or payable to non-executive Directors, prepared in accordance with the statutory disclosure requirements, is presented below:

NAME	YEAR	DIRECTORS' FEES $	OTHER BENEFITS $	TOTAL $
N Broekhuizen (Non-Executive Director and Chairman)[1]				
	2021	**247,500**	**-**	**247,500**
	2020	232,106	-	232,106
A Henderson (Non-Executive Director)				
	2021	**173,055**	**-**	**173,055**
	2020	178,689	-	178,689
E Roy (Non-Executive Director)				
	2021	**134,559**	**-**	**134,559**
	2020	31,832	-	31,832
P Mann (Non-Executive Director)				
	2021	**173,055**	**-**	**173,055**
	2020	178,721	-	178,721
Former Director				
B Mitchell (Non-Executive Director and Chairman)[2]				
	2021	**-**	**-**	**-**
	2020	36,990	-	36,990
Total Non-Executive Directors				
	2021	**728,170**	**-**	**728,170**
	2020	658,338	-	658,338

1. Neil Broekhuizen became Chairman on 23 August 2019.
2. Brian Mitchell resigned as Chairman effective 23 August 2019.

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the Director. The appointment letters specify a term of three years with no notice periods. Non-executive Directors are not eligible to receive termination payments under the terms of the appointments.

Non-executive Director fees are managed within the current aggregate fees limit (or fee pool) of $1,000,000 as was approved by shareholders at the 2019 Annual General Meeting.

Alexa Henderson and Peter Mann receive their fees in GBP as agreed in their letters of appointment. Actual amounts paid or payable vary as a result of exchange rate movements.

This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the Corporations Acts 2001.

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AUDITOR'S INDEPENDENCE DECLARATION

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Building a better working world

Auditor's Independence Declaration to the Directors of Bravura Solutions Limited

As lead auditor for the audit of Bravura Solutions Limited for the financial year ended 30 June 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Gamini Martinus

Gamini Martinus
Partner
25 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021	2020
		$'000	$'000
Revenue from contracts with customers	6.1	**242,341**	272,441
Other income	6.1	**874**	2,830
Employee benefits expense	7	**(139,659)**	(157,524)
Depreciation and amortisation expense	7	**(21,266)**	(19,448)
Third party cost of sales		**(20,382)**	(21,359)
Travel and accommodation costs		**(392)**	(4,925)
Occupancy costs		**(3,941)**	(4,463)
Telecommunication costs		**(9,225)**	(7,811)
Development operating expense		**(683)**	(894)
Other expenses	7	**(6,359)**	(7,490)
Foreign exchange gain/(loss)		**1,179**	(1,422)
Finance costs	7	**(3,429)**	(2,811)
Profit before income tax		**39,058**	47,124
Income tax expense	8	**(4,496)**	(7,014)
Profit for the year after income tax expense attributable to shareholders of Bravura Solutions		**34,562**	40,110
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations		**(569)**	(2,663)
Total comprehensive income for the year attributable to shareholders of Bravura Solutions		**33,993**	37,447
Profit attributable to owners		**34,562**	40,110

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

		CENTS	CENTS
Basic earnings per share	9	**14.0**	16.5
Diluted earnings per share	9	**13.9**	16.2

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTES	2021	2020
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	**73,570**	99,080
Trade receivables	11	**40,237**	43,773
Contract assets	6.2	**17,963**	12,748
Current tax receivables	18	**2,146**	487
Other current assets	12	**10,818**	8,692
Total current assets		**144,734**	164,780
Non-current assets			
Contract assets	6.2	**5,448**	6,862
Property, plant and equipment	13	**54,419**	63,380
Deferred tax assets	14	**590**	3,598
Intangible assets	15	**252,562**	196,225
Total non-current assets		**313,019**	270,065
Total assets		**457,753**	434,845
LIABILITIES			
Current liabilities			
Trade and other payables	17	**13,452**	12,937
Provisions	20	**11,823**	11,359
Lease liabilities	27	**7,902**	7,823
Provision for income tax	18	**207**	395
Contract liabilities	6.2	**31,688**	31,480
Contingent consideration	4	**6,697**	-
Other current liabilities	21	**8,231**	10,454
Total current liabilities		**80,000**	74,448
Non-current liabilities			
Contract liabilities	6.2	**2**	482
Deferred tax liabilities	22	**2,730**	2,596
Contingent consideration	4	**11,342**	7,347
Provisions	23	**5,035**	4,712
Lease liabilities	27	**28,860**	34,507
Total non-current liabilities		**47,969**	49,644
Total liabilities		**127,969**	124,092
Net assets		**329,784**	310,753
EQUITY			
Contributed equity	24	**354,584**	351,727
Reserves	25	**14,248**	12,653
Accumulated losses	25	**(39,048)**	(53,627)
Total equity		**329,784**	310,753

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

2020	NOTES	CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	TOTAL EQUITY
		$'000	$'000	$'000	$'000
Balance at 1 July		347,182	12,941	(68,666)	291,457
Profit for the year	25b	-	-	40,110	40,110
Other comprehensive income	25a	-	(2,663)	-	(2,663)
Total comprehensive income for the year		-	(2,663)	40,110	37,447
Transactions with owners in their capacity as owners:					
Issue of share capital	24a	4,545	-	-	4,545
Dividends paid	25b	-	-	(25,071)	(25,071)
Share-based payments	25a	-	2,375	-	2,375
Balance at 30 June		351,727	12,653	(53,627)	310,753

2021		$'000	$'000	$'000	$'000
Balance at 1 July		**351,727**	**12,653**	**(53,627)**	**310,753**
Profit for the year	**25b**	**-**	**-**	**34,562**	**34,562**
Other comprehensive income	**25a**	**-**	**(569)**	**-**	**(569)**
Total comprehensive income for the year		**-**	**(569)**	**34,562**	**33,993**
Transactions with owners in their capacity as owners:					
Issue of share capital	**24a**	**2,857**	**-**	**-**	**2,857**
Dividends paid	**25b**	**-**	**-**	**(19,983)**	**(19,983)**
Share-based payments	**25a**	**-**	**2,164**	**-**	**2,164**
Balance at 30 June		**354,584**	**14,248**	**(39,048)**	**329,784**

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021	2020
		$'000	$'000
Operating activities			
Receipts from customers (inclusive of goods and services tax)		**247,267**	270,629
Payments to suppliers and employees (inclusive of goods and services tax)		**(195,642)**	(239,438)
		51,625	31,191
Interest received		**179**	1,228
Income taxes paid		**(4,502)**	(12,996)
Net cash inflows from operating activities		**47,302**	19,423
Investing activities			
Purchase of property, plant and equipment	13	**(5,879)**	(12,548)
Payments for capitalised software development	15	**(19,453)**	(8,577)
Acquisition of subsidiaries, net of cash acquired	16	**(23,055)**	(66,641)
Net cash outflows from investing activities		**(48,387)**	(87,766)
Financing activities			
Payments of share issue costs		**-**	(49)
Finance costs paid		**(326)**	(285)
Rental lease interest payment		**(1,696)**	(1,974)
Rental lease principal payments		**(6,265)**	(3,661)
Dividends paid		**(17,126)**	(20,526)
Net cash outflows from financing activities		**(25,413)**	(26,495)
Net decrease in cash and cash equivalents		**(26,498)**	(94,838)
Cash and cash equivalents at the beginning of the year		**99,080**	194,797
Effects of exchange rate changes on cash and cash equivalents		**988**	(879)
Cash and cash equivalents at end of the year	10	**73,570**	99,080

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Report was authorised for issue on 25 August 2021 by the Board of Directors.

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(i) *Compliance with IFRS*

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) *Historical cost convention*

These financial statements have been prepared under the historical cost convention, except for contingent consideration that have been measured at fair value.

(iii) *Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(iv) *Comparatives*

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

(v) *Changes in accounting policies*

With the exception of interpretations on Software as a Service (Saas) arrangements (Refer to Note 1(z)) there were no new accounting standards, interpretations and amendments significantly impacting the Group in the financial year ended 30 June 2021. There was no impact on the comparative year from this change.

(b) Going concern

These financial statements have been prepared on a going concern basis.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bravura Solutions ("Company" or "Parent Entity") and its subsidiaries ("the Group") as at 30 June 2021. 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:

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

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:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (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 into 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 unless the transaction provides evidence of the impairment of that asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Bravura Solutions functional and presentation currency.

Each entity in the Consolidated Entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are as follows:

(a) Bravura Solutions (NZ) Ltd – New Zealand dollars (NZ$)

(b) Bravura Solutions (UK) Holdings Ltd – Australian dollars (AU$)

(c) Bravura Solutions (UK) Investments Ltd – British pounds (GB£)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

(d) Bravura Solutions (UK) Ltd – British pounds (GB£)
(e) Bravura Solutions (HK) Ltd – United States dollars (US$)
(f) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
(g) Bravura Software Solutions (SA) (Proprietary) Ltd – South African Rand (ZAR)
(h) Bravura Solutions (Poland) Holdings S.P. ZOO – Polish Zloty (PLN)
(i) Bravura Solutions Polska S.P. ZOO – Polish Zloty (PLN)
(j) Mutual Fund Technologies Ltd – British pounds (GB£)
(k) Bravura Solutions Services (UK) Ltd – British pounds (GB£)
(l) Bravura Solutions India LLP – Indian Rupee (INR)
(m) FinoComp Limited - British pounds (GB£)
(n) Bravura Solutions (Deutschland) GmbH - Euro (€)
(o) Delta Financial Systems Ltd - British pounds (GB£)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Bravura Solutions at the rate of exchange ruling at the reporting date and revenues, expenses and other comprehensive income are translated at the average exchange rates for the period.

The exchange differences arising on the re-translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(e) Revenue

(i) *Revenue from contracts with customers*

The Consolidated Entity derives its revenues from the maintenance, support and hosting, professional services and licence fees (Refer to Note 6).

A single, principles-based five-step model to revenue recognition is applied to all contracts with customers.

(1) Identify the contract(s) with a customer
(2) Identify the performance obligations in the contract
(3) Determine the transaction price
(4) Allocate the transaction price to the performance obligations in the contract
(5) Recognise revenue when (or as) the entity satisfies a performance obligation

Maintenance, support and hosting

Maintenance, including Software as a Service (SaaS), support and hosting revenue, are included in most software licence arrangements. Maintenance provides customers with rights to unspecified software product upgrades and maintenance enhancements. Support provides customers with rights to access the help desk during the term of the support period and is recognised rateably on a straight-line basis over the term of the arrangement.

Software as a Service (SaaS) revenue is earned through the use of the Group's software to provide a service to the customer, whereby the customer does not have the ability to take separate infrastructure of the software under a licensed arrangement. This includes the support and development of the software as well as the hosting infrastructure. The hosting infrastructure in the arrangement may be the Group's own infrastructure or that of a third-party hosting infrastructure.

Professional services

Software implementation and development services represents revenue from consulting, training and implementation services sold separately under service contracts. Fixed price arrangements are accounted for over time on a percentage-of-completion basis. Time and material contracts are recognised as utilised by the client.

Software licence

Software licence revenues are earned for the fees from granting customers licences to use the Group's software, either through an initial licence or through the purchase of additional modules or user rights, but excludes any amounts that are related to maintenance. Revenue is recognised at the point the software is delivered, functional and control has been passed to the customer. The Group includes software that is either sold on a term basis or perpetual basis but excludes software licences that are sold on a subscription payment basis.

Licence revenue is determined by allocating the consideration to the performance obligations attached to the licence, which allocation is similarly determined using the residual method. However, the Group consider that licence fees may be recognised upfront if:

- The arrangement with the customer does not require significant development, modification or customisation of the software solution;
- There are no contingencies on the licences that could cause deferral of revenue (e.g. refund clauses attached to the licence) i.e. no amounts are refundable;
- The contract is non-cancellable and there are no break clauses considered substantive; and
- There is no remaining obligation for the Group attached to the licence.

AASB 15 *Revenue from Contracts with Customers* requires estimates and judgments to be made and consistently applied by the Group in accounting for the revenue from contracts with customers. The areas that require estimates and judgments by the Group are detailed below.

Identification of contract

The Group often enters into multiple contracts with a customer and will assess these for the need to combine if the contracts are negotiated in and around the same time, are for the same economic purpose or are dependent upon one another. Initial agreements often have additional purchases, addenda or terms modified throughout their term. At each point a contract is modified, the Group asseses the contract under AASB15 to determine whether these modifications are treated as a modification or a separate contract.

Identifying performance obligations

The Group can sell clearly defined separate performance obligations as identified by the disclosed revenue streams, or bundled deals, where the client pays a fee for multiple services contracted. If the contract is bundled, the Group identifies each performance obligation in the contract and allocate a stand-alone selling price for each. If additional products or services are acquired, such as additional usage rights, renewals, products, modules, etc, each of these options are assessed to see if it provides that customer a material right. If a material right has been granted Bravura will identify this as a separate performance obligation later in the revenue accounting process and allocate the appropriate consideration to the performance obligation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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Determing the transaction price

Judgement is required in assessing the total consideration that will be paid in exchange for the satisfied performance obligations. This includes not only assessing the variable amounts which may be included in the consideration but also assessing if any concessions, discounts or other variable factors may reduce the fixed fees in the contract. The Group uses internal historical experiences as well as external factors in making the necessary estimates.

Allocating the consideration to the performance obligation

The Group applies the consideration based on a standalone selling price. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Expected cost plus margin is the approach used for all performance obligations, except licence. This approach focuses more on internal factors (e.g., the Group's cost basis), but has an external component as well. That is, the margin included in this approach must reflect the margin the market would be willing to pay, not just the Group's desired margin. The margin may have to be adjusted for differences in products, geographies, customers and other factors.

Once all other performance obligations have been identified and consideration has been allocated to each performance obligation, the residual is then allocated to the licence.

Recognising revenue when the performance obligation is satisfied

The Group recognises all licence revenue at a point in time when the software is delivered, functional and the customer has control. Under AASB15, the transfer of control to the customer represents the transfer of the rights regarding the good or service. The customer's ability to receive the benefit from the good or service is represented by its right to substantially all the cash inflows, or the reduction of the cash outflows, generated by the goods or services.

Maintenance services, including SaaS, support and hosting services, are recognised over the period the service is provided on a straight-line basis. The standard maintenance offering is an obligation to provide technical currency and unspecified updates, upgrades and enhancements on a when and if available basis. Customers simultaneously receive and consume the benefits of these services as performed.

Professional services are recognised over time using a percentage of completion based on the input method for the fixed price service offering. These can also be performed on a time and material basis where they are recognised as utilised by the client.

Contract assets

Accrued services and licence revenue and deferred incremental costs of obtaining a contract are recorded within contract assets on the Consolidated Statement of Financial Position.

Incremental costs of obtaining a contract and the costs directly related to fulfilling a contract are capitalised and amortised over the length of the contract. The Group remunerates employees who actively participate in the sales process with commissions calculated based on revenues and contract margins where they have been involved in the successful contract execution. This typically includes revenues and contract margins which will be recognised in subsequent financial reporting years. Commissions related to sales are recognised as an asset on contract execution with the amortisation period being consistent with the period over which the associated revenue will be recognised.

Contract liabilities

Fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

(i) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(ii) *Dividends*

Dividends are recognised as revenue when the right to receive payment is established.

(iii) *Other revenue*

Other revenue is recognised when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities for the current and prior years 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 substantially enacted by the reporting date.

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

Deferred tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability 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 accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, except where 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 income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, 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 assets and unused tax losses can be utilised:

- Except where the deferred income 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; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised 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.

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The carrying amount of deferred tax assets is reviewed at each balance 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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.

Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group in Australia from 10 October 2013. The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the Australian tax consolidated group in accordance with UIG 1052. The Consolidated Entity uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each Australian member of the tax consolidated group is determined as if the Australian Group is a stand-alone tax payer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members the tax consolidated group has regard to the tax consolidated group's future taxable profits.

(g) Leases

The Group assesses whether a contract is or contains a lease based on the definition contained under AASB 16. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the ROU asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the ROU asset.

At inception, the Group assessed whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group has elected to separate lease and non-lease components for all leases.

The Group recognises an ROU asset and lease liability at the inception of the lease. The ROU asset is initially measured based on the present value of the minimum lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is depreciated over the shorter term of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator of impairment.

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments. The Group leases various offices and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In the future, if an extension option previously not assessed as reasonably certain, is exercised, the impact on the financial statements would be the recognition of a ROU asset equal to the lease liability for the exercised option period.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Consolidated Entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests in the acquiree and any previous interest held in the acquiree, over the net identifiable assets acquired and liabilities assumed, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the Consolidated Entity makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

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Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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.

Non-financial assets other than goodwill that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

(k) Trade 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 receivables are generally due for settlement within 30 to 60 days.

(l) 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 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 IFRS 15. Refer to the accounting policies in section (e) 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.

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.

Subsequent measurement

For purposes of subsequent measurement, the Group currently holds and classifies financial assets in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI

Financial assets at amortised cost

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:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on the 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 loan to an associate and loan to a director included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of party of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investment in subsidiaries within the parent entity (Refer to Note 34) at fair value through OCI.

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

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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.

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.

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. 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 payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, lease liabilities and contingent consideration.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

All of the Group's financial liabilities are classified as loans and borrowings.

Loans and borrowings

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 party of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, Refer to Note 19.

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 as 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.

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(m) Derivatives

The Group may use derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Consolidated Entity designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss. Per Note 3, the Group does not apply hedge accounting. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

(n) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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Where guarantees in relation to loans or other payables of subsidiaries or related parties are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(o) 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the lease term or as follows:

Plant and equipment	20% to 50%
Furniture and fittings	20% to 30%
Leasehold improvements	Term of lease
Hosting plant and equipment	20%
Right-of-use assets	Term of lease

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. Refer to Note 1(i).

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are included in profit or loss.

(p) Intangible assets

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) *Business contracts and relationships*

Business contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between two and twenty years.

(iii) *Intellectual property and software development*

Intellectual property and software development are capitalised as an asset and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five to fifteen years.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Consolidated Entity can demonstrate the following: technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete and the ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project date.

Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Development costs incurred after technological feasibility are established as capitalised. Research costs are expensed when incurred.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition, contribution or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The Consolidated Entity does not currently hold qualifying assets.

(s) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects 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.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. The provision is calculated based on discounted cash flows to the end of the contract.

(t) Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Other long-term employee benefit obligations*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit

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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 end of the reporting period on quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based Payments*

Employees (including Executive Directors and other senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for performance rights (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 26. That cost is recognised in employee benefits expense (Refer to Note 7), together with a corresponding increase in equity (reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of diluted earnings per share (Refer to Note 9).

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Fair value measurement

AASB 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*. These changes have no significant impact on the Consolidated Entity's disclosures as the carrying amount of the assets and liabilities are a reasonable approximation of their fair value.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

There are no inter-segment transactions. Corporate charges are expensed after the segment profit is measured.

(y) Rounding of amounts

The Consolidated 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.

(z) New accounting standards, interpretations and amendments adopted by the Group.

IFRIC agenda decision - Configuration or Customisation Costs in a Cloud Computing Arrangement

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred

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related to a Software as a Service (SaaS) arrangement. The Group has changed is accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. The nature and effect of the changes as a result of changing this policy is described below.

Accounting policy - Software-as-a-Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life.

Impact of change in accounting policy

For the current year, $2.38 million (pre-tax) of costs that would previously have been capitalised as intangibles assets in the Consolidated Statement of Financial Position (under the previous policy) were charged to other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income. Basic EPS and diluted EPS were lower by 0.96c per share and 0.95c per share as a result. Cash outflows of $2.38m were included in payments to suppliers and employees in the Consolidated Statement of Cash Flows that previously would have been included as payments to acquire intangible assets.

The change in accounting policy has been retrospectively applied and comparative financial information did not require any restatement.

(aa) New and amended standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting year and have not been early adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below, which standards will be adopted on their respective dates.

(i) *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferred right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments will be applicable to the Group for the reporting period ending 30 June 2024 and are not expected to have a material impact on the Group.

(ii) *Reference to the Conceptual Framework - Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments will be applicable to the Group for the reporting period ending 30 June 2023.

(iii) *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while 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.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments will be applicable to the Group for the reporting period ending 30 June 2023 and are not expected to have a material impact on the Group.

(iv) *Onerous Contracts - Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the reporting period ending 30 June 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(ab) Parent Entity financial information

The financial information for the Parent Entity of Bravura Solutions is disclosed in Note 34 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) *Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at fair value through other comprehensive income in the financial statements of Bravura Solutions. Fair value is determined based on the closing share price on the reporting date. Dividends received from associates are recognised in the Parent Entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) *Tax consolidation legislation*

The Group have adopted and complied with the tax consolidation legislation.

The head entity, Bravura Solutions Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

(iii) *Financial guarantees*

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) COVID-19

(i) *Background*

In financial year 2021, the Novel Coronavirus infection or 'COVID-19' pandemic posed a serious public health threat. In the comparative year, the Group had swiftly implemented various safety measures and since then continues to monitor developments including local regulations in various jurisdictions of the business and adjust its response accordingly. The Group has formed estimates based on information that was available as at 30 June 2021, this information was deemed to be reasonable in forming these estimates.

Given the dynamic and evolving nature of COVID-19 and the continued economic and financial impacts of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods..

(ii) *Impact of COVID-19 on the macroeconomic outlook*

Forward looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the Group's forward looking assumptions for the purposes of its expected credit loss (ECL), has been provided in Note 3 to the financial statements. Noting the wide range of possible scenarios and macroeconomic outcomes, and the continued relative uncertainty of how COVID-19 and its social and economic consequences will flow, these scenarios represent reasonable and supportable forward looking views as at the reporting date.

(b) Critical accounting estimates and assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Revenue recognition*

Revenue is measured at the stand-alone selling price as allocated to the contractual performance obligations. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Consolidated Entity derives its revenues from the licence, maintenance and managed services/hosting of its software products and of support, consulting, development, training and other professional services. The vast majority of its software and maintenance arrangements include support services and a few also include professional services. Judgement is involved in assessing the recognition of the variable consideration, to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal with not happen.

The Consolidated Entity recognises revenue by applying the five-step model to the Consolidated Entity's activities as described in Note 1(e). The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(ii) *Goodwill and intangibles with indefinite useful life*

The Consolidated Entity determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill with indefinite useful lives are allocated.

(iii) *Taxes*

Management regularly assesses the adequacy of income tax provisions having regard to the differing tax rules and regulations applicable in the various jurisdictions in which the Group operates. Due to the complexities of tax rules and regulations in numerous jurisdictions, matters such as the availability and timing of tax deductions and the application of the arm's length principle to cross-border transactions often require significant judgements and assumptions to be made.

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. Significant judgement is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(iv) *Long-service leave provision*

A provision has been made for the present value of the anticipated costs to meet the Consolidated Entity's long-service leave liabilities under Australian federal and state laws. The calculation of this provision requires assumptions such as an estimation of the probability that an employee will remain with the Consolidated Entity until they reach the entitlement period. The probability factors applied to pro-rated entitlements are based on company and industry specific data. Adjustments are made to these probabilities when considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

(v) *Onerous contracts*

The Consolidated Entity determines the amount of any onerous contract provision by estimating the costs of fulfilling a contract which include all directly attributable costs that are unavoidable under the terms of the contract.

(vi) *Leases*

The Consolidated Entity applies the incremental borrowing rate for discounting lease liabilities where the implicit rate of the lease contract is not available. Lease contracts may include an extension option. The recognition of such an extension option will be determined on a lease by lease basis.

(vii) *Contingent Consideration*

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.

As part of the accounting for the acquisition of Midwinter Holdings (NSW) Pty Ltd, contingent consideration with an estimated fair value of $4.1 million was recognised at the acquisition date. At the reporting date, taking into account the probability of meeting the required performance targets, the Consolidated Entity established the definition of a financial liability was no longer met and therefore released the full carrying amount of $4.6 million to other operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (Refer to Note 4).

(c) Critical judgments in applying the Entity's accounting policies

(i) *Useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as average length of customer contracts and specific industry technology factors for intangible assets, manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(ii) *Litigation and claims*

The Consolidated Entity continually monitors ongoing and potential litigation and claims and assesses whether there is any present obligation (legal or constructive) as a result of a past event which would give rise to a probable outflow of economic benefits in order to settle the obligation and whether a reliable estimate can be made of the amount of the obligation. Factors considered by the Consolidated Entity with regard to potential or ongoing litigation include a probability assessment carried out in consultation with legal advisors. Based on advice received and status of the situation at the time of finalising the financial statements provisions will be made accordingly. Where conditions requiring a provision are not met, no such provision will be recognised by the Consolidated Entity.

Where the possibility of any outflow in any settlement is contingent upon one or more conditions being met, judgement is applied to determine the estimated financial impact of any settlement and whether the possibility of outflow is remote. Where the possibility of outflow is remote, no disclosure of any contingent liability has been made.

(iii) *Share-based payments*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the options at the date at which they are granted. The fair value of options has been valued taking into account among other valuation assumptions the vesting period, expected dividend payout and the share price at the date the options were granted.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

3.1 FINANCIAL ASSETS

	2021	2020
	$'000	$'000
Cash and cash equivalents	**73,570**	99,080
Trade receivables	**40,237**	43,773
	113,807	142,853

Cash (Refer to Note 10) and trade receivables (Refer to Note 11) 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 losses to be immaterial.

3.2 FINANCIAL LIABILITIES

	2021	2020
	$'000	$'000
Trade and other payables (non-interest bearing)	**13,452**	12,937
Lease liabilities	**36,762**	42,330
Contingent consideration	**18,039**	7,347
	68,253	62,614

During the year and at the reporting date, the Group had an unsecured multi-currency facility agreement with the Commonwealth Bank of Australia (CBA). On 20 August 2021, the Group refinanced its credit arrangements with JP Morgan Chase Bank (herein JPM). The terms of the new JPM facility, which expires 20 August 2024, are set out in Note 19.

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 cash flows.

As part of the purchase agreements completed in FY20 with the previous owners of Finocomp Holdings Pty Limited and Midwinter Holdings (NSW) Pty Ltd, a portion of the consideration was determined to be contingent, based on the performance by each entity. During the year, there has been a fair value adjustment made to the carrying amount of the Midwinter contingent consideration and the full liability has been released to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the payment is no longer considered probable.

During the reporting period, as part of the purchase agreement completed with the previous owners of Delta Financial Systems Limited, a portion of the consideration was determined to be contingent, based on the performance of the company (Refer to Note 16).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

3.3 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's activities expose it to the following risks arising from the financial instruments:

- Credit risk;
- Market risk (including foreign currency risk and interest rate risk); and
- Liquidity risk.

(i) *Risk management framework:*

The Consolidated Entity's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The senior management team provides written principles for overall risk management, as well as policies addressing specific areas such as currency risk management, interest rate risk management and the related use of derivative financial instruments. The Consolidated Entity may use derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, that is, 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, foreign exchange and other price risks, and ageing analysis for credit risk.

(ii) *Credit risk*

Credit risk is managed on a Consolidated Entity basis. 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 and risk controls that assess the credit quality of the customer.

Credit risk is considered limited for trade receivables at the reporting date, based on the nature and payment history of the Consolidated Entity's customers. The Consolidated Entity manages this risk through regularly assessing the credit quality of customers. The Consolidated Entity's maximum exposure to credit risk at balance date for the recognised financial assets is the carrying amount and management has determined the impact of estimated credit losses to be $62 thousand for the year ended 30 June 2021 (2020: $109 thousand).

COVID-19

The Group has considered impacts from COVID-19 specifically on the fintech and the financial sector and has not experienced significant increases in delinquencies which would flow through to the modelled expected loss provision. Noting the wide range of possible scenarios and macroeconomic outcomes, and the continued relative uncertainty of how COVID-19 and its social and economic consequences will flow, these scenarios represent reasonable and supportable forward looking views as at the reporting date. The Group will continue to monitor the situation as it unfolds and rely on updated data to model or understand the credit risk and loss implications from the COVID-19 pandemic and the mitigating impact of government stimulus.

At 30 June 2021, the ageing of trade receivables that were not impaired was as follows:

	2021	2020
	$'000	$'000
Neither past due nor impaired	**38,010**	40,628
Past due 1-30 days	**881**	1,950
Past due 31-90 days	**1,058**	623
Past due 91+ days	**350**	681
	40,299	43,882

(iii) *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

(a) *Foreign exchange risk*

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Consolidated Entity's functional currency. The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Consolidated Statement of Financial Position is affected by movements in the relevant currency exchange rate when converting these into Australian dollars (the Consolidated Entity's presentation currency) for consolidation purposes.

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The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	AUSTRALIAN $	POUND STERLING £	NEW ZEALAND $
	$'000	$'000	$'000
2021			
Financial assets	48,738	57,082	4,164
Financial liabilities	14,319	46,712	640
	AUSTRALIAN $	**POUND STERLING £**	**NEW ZEALAND $**
	$'000	**$'000**	**$'000**
2020			
Financial assets	81,321	52,053	2,034
Financial liabilities	15,982	31,860	849

The significant exchange rates during the year are as follows:

	AVERAGE RATE		YEAR-END SPOT RATE	
	$	$	$	$
	2021	2020	2021	2020
New Zealand Dollar	**0.933**	0.948	**0.931**	0.935
Pound Sterling	**1.811**	1.879	**1.843**	1.792
US Dollar	**1.338**	1.492	**1.332**	1.454
Euro	**1.599**	1.649	**1.582**	1.633
South African Rand	**0.087**	0.096	**0.093**	0.084
Polish Zloty	**0.354**	0.378	**0.350**	0.367
Hong Kong Dollar	**0.173**	0.191	**0.172**	0.188
Indian Rupee	**0.018**	0.021	**0.018**	0.019

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar, Euro, GB Pound Sterling, New Zealand Dollar, Polish Zloty, Indian Rupee and South African Rand exchange rates, with all other variables held constant. A positive number below indicates an increase in profit, a negative number indicates a reduction in profit. The Group's exposure to foreign currency changes for all other currencies is not material.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Effect (before tax)	PROFIT OR LOSS	
	$'000	$'000
	STRENGTHENING	WEAKENING
2021		
New Zealand Dollar (5% movement)	**(135)**	**129**
GB Pound Sterling (5% movement)	**290**	**(262)**
US Dollar (5% movement)	**(1)**	**1**
Polish Zloty (5% movement)	**(316)**	**286**
Euro (5% movement)	**(38)**	**34**
South African Rand (5% movement)	**104**	**(95)**
Other currencies (5% movement)	**21**	**(20)**
2020		
New Zealand Dollar (5% movement)	(185)	174
GB Pound Sterling (5% movement)	148	(135)
US Dollar (5% movement)	1	(5)
Polish Zloty (5% movement)	(327)	297
Euro (5% movement)	(47)	43
South African Rand (5% movement)	121	(109)
Other currencies (5% movement)	(31)	28

(b) *Price Risk*

The Consolidated Entity is not exposed to price risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Consolidated Entity's main interest rate risk arises from borrowings.

	2021		2020	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'000	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'000
Cash - corporate	**0.43**	**30,000**	1.25	60,000
Net exposure to cash flow interest rate risk		**30,000**		60,000

An increase in the interest rates by one percentage point would have a positive effect on profit of $0.3 million (2020: $0.7 million) per annum. A decrease in the interest rates by one percentage point would have a negative effect on profit of $(0.3 million) (2020: $(0.7 million)).

(iv) *Liquidity risk*

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

Undrawn borrowing facilities at the reporting date to which the Consolidated Entity had access are disclosed in Note 19.

Trade and other payables are carried at amortised value. Trade and other payables are carried at cost. Fair values of both approximate their carrying values due to the short-term maturities of these instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The Consolidated Entity's financing arrangements impose certain covenants on the Entity, if breached, the financiers may at any time declare that the loans become due and payable. There were no covenants breached during the Reporting Period.

The table below analyses the Consolidated Entity's financial assets and financial liabilities into relevant maturity groupings based on their contractual undiscounted maturities:

At 30 June 2021	1 YEAR OR LESS	BETWEEN 1 TO 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL CONTRACTUAL	CARRYING AMOUNT
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash	**73,570**	**-**	**-**	**-**	**73,570**	**73,570**
Trade Receivables	**40,237**	**-**	**-**	**-**	**40,237**	**40,237**
Financial liabilities						
Trade payables	**(5,519)**	**-**	**-**	**-**	**(5,519)**	**(5,519)**
Lease Liabilities	**(7,901)**	**(7,719)**	**(15,555)**	**(11,983)**	**(43,158)**	**(36,762)**
Contingent Consideration	**(6,697)**	**(12,498)**	**-**	**-**	**(19,195)**	**(18,039)**
	93,690	**(20,217)**	**(15,555)**	**(11,983)**	**45,935**	**53,487**

At 30 June 2020	1 YEAR OR LESS	BETWEEN 1 TO 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL CONTRACTUAL	CARRYING AMOUNT
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash	**99,080**	**-**	**-**	**-**	**99,080**	**99,080**
Trade Receivables	**43,773**	**-**	**-**	**-**	**43,773**	**43,773**
Financial liabilities						
Trade payables	**(5,730)**	**-**	**-**	**-**	**(5,730)**	**(5,730)**
Lease Liabilities	**(7,814)**	**(7,641)**	**(17,982)**	**(17,160)**	**(50,597)**	**(42,330)**
Contingent Consideration			**(8,500)**		**(8,500)**	**(7,347)**
	129,309	**(7,641)**	**(26,482)**	**(17,160)**	**78,026**	**87,446**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

4 FAIR VALUE MEASUREMENTS

	CARRYING VALUE		FAIR VALUE	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
	$'000	$'000	$'000	$'000
Financial liabilities				
Contingent Consideration				
Delta Financial Systems Limited	**14,820**	-	**14,820**	-
FinoComp Holdings Pty Ltd	**3,219**	3,011	**3,219**	3,011
Midwinter Holdings (NSW) Pty Ltd	**-**	4,336	**-**	4,336
	18,039	7,347	**18,039**	7,347

The fair values of cash, trade receivables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the contingent consideration was estimated calculating the present value of the future expected cash flows (Refer to Note 16(d)).

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

No financial assets or liabilities were transferred from level 1, 2 and 3 during the year ended 30 June 2021 (2020: $nil).

The carrying value of non-current receivables for 2021 of the Consolidated Entity was a reasonable approximation of their fair value.

The fair value of the contingent consideration is based on a discount rate of 13.90% for Midwinter and FinoComp and 12.47% for Delta. The contingent consideration is valued using level 3 valuation techniques based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

The Consolidated Entity reviewed the performance targets related to the contingent consideration payable to Midwinter and established that it was not probable there would be an economic outflow related to the payment of the contingent consideration. As such the recognition criteria for a financial liability was no longer met and therefore released the full carrying amount of $4.6 million at the reporting date to other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Consolidated Entity recorded interest expenses of $209 thousand related to FinoComp, $797 thousand related to Delta and $283 thousand related to Midwinter during the reporting period for the present value unwind of the contingent consideration payable.

An increase of the discount rate by two percentage points would have a negative effect on profit of $160 thousand. A decrease of the discount rate by two percentage points would have a positive effect on profit of $169 thousand.

An increase of the probability factor by five percentage points would have no effect on profit. A decrease of the probability factor by five percentage points would have a positive effect on profit of $334 thousand.

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5 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 $2.8 million (30 June 2020: $3.1 million) depreciation of property, plant and equipment dedicated to client hosting services. Segment and Operating EBITDA includes $6.4 million (30 June 2020: $7.0 million) depreciation and $1.7 million (30 June 2020: $2.0 million) interest expense associated with property leases, which would otherwise be excluded under AASB 16. EBITDA excludes the remeasurement of contingent consideration.

	2021	2020
	$'000	$'000
Wealth Management	**160,179**	180,407
Funds Administration	**82,857**	93,840
Total segment revenue[1]	**243,036**	274,247
Wealth Management	**50,458**	52,923
Funds Administration	**35,315**	42,962
Total segment Operating EBITDA	**85,773**	95,885
Corporate costs[3]	**(36,512)**	(38,106)
Total operating EBITDA	**49,261**	57,779
Depreciation and amortisation expense[2]	**(12,070)**	(9,420)
Finance income[1]	**179**	1,024
Finance expense	**(1,733)**	(837)
Remeasurement of Contingent Consideration[6]	**4,620**	-
Change in accounting policy – cloud-based software implementation costs[7]	**(2,378)**	-
Foreign exchange gain/(loss)	**1,179**	(1,422)
Profit before income tax	**39,058**	47,124
Income tax expense	**(4,496)**	(7,014)
Net profit after tax	**34,562**	40,110

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Segment Assets[4]	2021 $'000	2020 $'000
Wealth Management	**375,115**	297,547
Funds Administration	**52,638**	77,298
Corporate	**30,000**	60,000
	457,753	434,845

Segment Liabilities	2021 $'000	2020 $'000
Wealth Management	**77,396**	69,094
Funds Administration	**50,573**	54,998
	127,969	124,092

Segment Non-current operating assets by geography[5]	2021 $'000	2020 $'000
Australia	**263,004**	209,898
UK	**32,474**	33,923
New Zealand	**1,905**	2,949
Others	**15,046**	19,697
	312,429	266,467

1. Segment revenue excludes finance income in this segment (Refer to Note 6.1) 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. Corporate assets represent the net proceeds of the Institutional Placement not yet invested as of 30 June 2021.
5. Non-current assets for this purpose consist of primarily property, plant and equipment, intangible assets, contract assets and right-of-use assets, but exclude deferred tax assets.
6. Refer to Note 4.
7. Refer to Note 1(z).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

6.1 DISAGGREGATED REVENUE INFORMATION

	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2021	WEALTH MANAGEMENT	FUNDS ADMINISTRATION	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers						
Maintenance, support and hosting	**78,285**	**48,673**	**126,958**	62,762	50,285	113,047
Professional services	**68,982**	**32,292**	**101,274**	106,977	34,008	140,985
Licence fees	**11,482**	**1,654**	**13,136**	7,921	9,024	16,945
Other sales revenue	**735**	**238**	**973**	941	523	1,464
Total revenue from customers	**159,484**	**82,857**	**242,341**	178,601	93,840	272,441
Other income	**695**	**-**	**695**	1,806	-	1,806
Total segment revenue	**160,179**	**82,857**	**243,036**	180,407	93,840	274,247
Interest income			**179**			1,024
Total revenue			**243,215**			275,271
Timing of recognition						
Licences transferred at a point in time	**11,482**	**1,654**	**13,136**	7,921	9,024	16,945
Services transferred over time	**148,002**	**81,203**	**229,205**	170,680	84,816	255,496
Total revenue from customers	**159,484**	**82,857**	**242,341**	178,601	93,840	272,441
Geography						
Australia	**60,950**	**25,315**	**86,265**	51,102	21,585	72,687
UK	**81,950**	**49,587**	**131,537**	108,175	64,023	172,198
New Zealand	**11,977**	**-**	**11,977**	14,401	-	14,401
Others	**4,607**	**7,955**	**12,562**	4,923	8,232	13,155
Total segment revenue	**159,484**	**82,857**	**242,341**	178,601	93,840	272,441

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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6.2 CONTRACT BALANCES

Contract balances	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	2021 $'000	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	2020 $'000
Trade receivables	**36,950**	**3,287**	**40,237**	**23,854**	**19,919**	43,773
Contract assets - current	**14,978**	**2,985**	**17,963**	**8,167**	**4,581**	12,748
Contract assets - non-current	**5,008**	**440**	**5,448**	**5,697**	**1,165**	6,862
Contract liabilities - current	**20,756**	**10,932**	**31,688**	**17,821**	**13,659**	31,480
Contract liabilities - non-current	**2**	**-**	**2**	**423**	**59**	482

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days (Refer to Note 11).

The Consolidated Entity has written off $nil bad debts during the year ended 30 June 2021 (2020: $nil) and recognised an allowance for estimated credit loss on trade receivables of $62 thousand (2020: $109 thousand).

Contract assets are initially recognised for revenue earned from professional services as receipt of consideration is conditional on successful completion of certain milestones. Upon completion of such milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables once invoiced. Contract assets also include licence fees. They are recognised upfront at the present value of the related future contractual revenue streams, discounted at the discount rate between 1.40% and 9.40% taking into consideration corporate borrowing rates, size of the customers and jurisdiction of the customers, with the discount being unwound through profit or loss over the period of the agreements and presented as revenue.

Contract liabilities include long-term advances received to deliver maintenance, support and hosting services. Fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

6.3 PERFORMANCE OBLIGATIONS

Information about the Group's performance obligations are summarised below:

(1) *Software licences*

Contracts with customers typically contain the sale of a software licence, which typically occurs at a point in time when control of the licence is transferred to the customer, generally on delivery of the software.

(2) *Maintenance and support services*

Contracts with customers typically contain the provision of software maintenance and support services over time, which are generally fixed price in nature and recognised on a straight-line basis over the period of the contract.

(3) *Professional services*

Contracts with customers typically contain the provision of implementation and development services over time, which are generally invoiced on a time and materials basis and recognised over the period of rendering of service of the contract. From time to time, these services may be provided on a fixed price basis, which in that instance are accounting for using the percentage of completion method, including labour hours expended in the costs-incurred input method.

(4) *Hosting and managed services*

Contracts with customers may contain the provision of hosting and/or managed services over time, which are generally fixed price in nature and recognised on a straight-line basis over the period of the contract.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied), excluding remaining performance obligations included in contract liabilities on the Consolidated Statement of Financial Position, as at 30 June 2021 and 2020 are as follows:

	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	2021 $'000	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	2020 $'000
Within one year	**96,648**	**54,124**	**150,772**	**57,464**	**57,535**	114,999
More than one year	**168,942**	**53,716**	**222,658**	**104,283**	**77,439**	181,722
Total revenue	**265,590**	**107,840**	**373,430**	**161,747**	**134,974**	296,721

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FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

7 EXPENSES

	NOTES	31 DECEMBER 2021 $'000	31 DECEMBER 2020 $'000
Profit before income tax includes the following specific expenses:			
Employee benefits expense			
Salary and wages		**119,795**	136,715
Defined contribution superannuation and pension expense		**14,740**	15,956
Share-based payments		**1,503**	2,375
Other		**3,621**	2,478
Total employee benefits expense		**139,659**	157,524
Depreciation expense			
Plant and equipment		**5,125**	4,239
Leasehold improvements		**1,888**	1,243
Hosting, plant and equipment		**1,735**	2,147
Right-of-use assets		**6,365**	6,895
Total depreciation		**15,113**	14,524
Amortisation expense			
Customer contracts and relationships		**1,334**	696
Intellectual property and software development		**4,819**	4,228
Total amortisation		**6,153**	4,924
Total depreciation and amortisation expense		**21,266**	19,448
Finance costs			
Interest and finance charges paid/payable		**-**	15
Interest expense from contingent considerations		**1,290**	354
Interest expense from property leases		**1,696**	1,974
Borrowing costs and other		**443**	468
Total finance costs		**3,429**	2,811
Oher expenses			
Remeasurement of contingent consideration		**(4,620)**	-
Change in accounting policy – cloud-based software implementation costs		**2,378**	-
Other		**8,601**	7,490
Total other expenses		**6,359**	7,490

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FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

8 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income are:

	2021	2020
	$'000	$'000
Income tax expense		
Current tax	**5,926**	10,706
Deferred tax	**(415)**	(2,382)
Under/(over) provision in prior years	**(1,015)**	(1,310)
Total income tax expense	**4,496**	7,014
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (Refer to Note 14)	**807**	(4,447)
(Decrease)/increase in deferred tax liabilities (Refer to Note 22)	**(1,222)**	2,065
	(415)	(2,382)
Net amount charged to equity (including adoption of AASB 15 and exchange differences)	**(79)**	68
	(494)	(2,314)
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**39,058**	47,124
Tax at the Australian tax rate of 30% (2020: 30%)	**11,717**	14,137
Difference in overseas tax rates	**(7,115)**	(12,962)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	**1,555**	6,715
Non-deductible expenses	**727**	1,095
Attributable CFC income	**701**	602
Withholding tax written off	**271**	168
Other assessable income	**552**	1,331
Undistributed reserves	**-**	(572)
AMT credit	**(240)**	(112)
Unbooked temporary differences recognised	**-**	(2,312)
Non-assessable income	**(1,386)**	-
Effect of tax rate changes	**(835)**	-
Other	**(436)**	233
Over provision in prior years	**(1,015)**	(1,309)
Total income tax expense	**4,496**	7,014

Tax rate change

The rate of UK Corporations Tax will increase from 19% to 25% with effect from 1 April 2023. Consequently, Bravura UK's deferred tax balances that are scheduled to reverse after 1 April 2023 have been remeasured at the rate of 25%. This remeasurement resulted in additional deferred tax benefits being recognised in the current year income statement.

Losses and tax offsets		
Australia		
Unused tax and capital losses for which no deferred tax asset has been recognised	**82,832**	77,072
Unused non-refundable tax offset for which no deferred tax asset has been recognised	**7,716**	7,716
Potential tax benefit of unused Australian tax losses @30% (2020: 30%) and tax offsets	**32,566**	30,838
United Kingdom		
Unused tax losses for which no deferred tax asset has been recognised	**9,559**	9,458
Potential tax benefit of unused UK tax losses @19% (2020: 19%)	**1,816**	1,797

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Tax losses for which no deferred tax asset has been recognised are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

As a result of the 2016 IPO and the 2019 Institutional Placement Bravura Solutions incurred certain costs which were split for accounting purposes between equity and expense under AASB 132. For income tax purposes, these costs would be either outright deductible or deductible over a period of five years, as such, the unbooked deferred tax asset in respect of these costs is $27,783 in relation to costs expensed and $485,230 in relation to costs charged to equity.

Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group with effect from 10 October 2013. Bravura Solutions Limited is the "head entity" of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

9 EARNINGS PER SHARE (EPS)

	2021	2020
	$'000	$'000
Profit attributable to ordinary equity holders of the parent	**34,562**	40,110
Profit attributable to ordinary equity holders of the parent for basic and diluted EPS calculations	**34,562**	40,110
	'000	'000
Weighted average number of ordinary shares for basic EPS	**246,713**	243,695
Effects of dilution from:		
Performance rights	**2,340**	3,323
Weighted average number of ordinary shares adjusted for the effect of dilution	**249,053**	247,018

During the year, 2,119,692 shares were issued on 26 August 2020 under the LTIP (Refer to Note 26) and 702,538 shares were issued on 28 September 2020 and 176,794 shares on 26 March 2021 under the Dividend Reinvestment Plan.

	CENTS	CENTS
Basic EPS	**14.0**	16.5
Diluted EPS	**13.9**	16.2

10 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2021	2020
	$'000	$'000
Cash	**73,570**	99,080

(a) Reconciliation to cash at the end of the period

The above figures are reconciled to cash at the end of the financial period as shown in the Consolidated Statement of Cash Flows.

(b) Risk Exposure

Cash at bank earns 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 Bravura Solutions, and earn interest at the respective short-term deposit rates.

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11 CURRENT ASSETS – TRADE RECEIVABLES

	2021	2020
	$'000	$'000
Trade receivables	**40,237**	43,773

Impaired, bad and doubtful trade receivables written off

The Consolidated Entity has written off $nil bad debts during the year ended 30 June 2021 (2020: $nil) and recognised an allowance for estimated credit loss on trade receivables of $62 thousand (2020: $109 thousand).

The Consolidated Entity reviews its receivables on a customer by customer basis taking into account specific customer factors including credit worthiness, history of payment and current financial position as well as general market factors when assessing their recoverability. The amount of the provision was $62 thousand (2020: $109 thousand).

See Note 3.3 on credit risk of trade receivables.

12 CURRENT ASSETS – OTHER CURRENT ASSETS

	2021	2021
	2021	$'000
Prepayments	**8,795**	5,902
Other receivables	**498**	731
Rent deposits	**1,525**	2,059
	10,818	8,692

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

13 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	HOSTING PLANT AND EQUIPMENT	RIGHT-OF USE ASSETS[2]	TOTAL
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 July 2019	24,146	9,149	19,924	-	53,219
Adoption of AASB 16	-	-	-	41,347	41,347
Acquisition of subsidiaries	254	79	-	643	976
Additions	6,811	5,512	1,326	1,832	15,481
Disposals	(635)	(121)	(90)	-	(846)
Exchange difference	(325)	(354)	(296)	(999)	(1,974)
At 30 June 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
Depreciation and impairment					
At 1 July 2019	(13,080)	(2,951)	(15,966)	-	(31,997)
Depreciation	(4,239)	(1,243)	(2,147)	(6,895)	(14,524)
Disposals	635	121	90	-	846
Exchange difference	321	96	163	272	852
At 30 June 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)
Net book value					
At 30 June 2020	13,888	10,288	3,004	36,200	63,380
At 30 June 2021	12,699	9,407	2,517	29,796	54,419

1. During the reporting period, $0.6 million of additions relating to ROU assets were capitalised and $0.7 million of additions remained unpaid at the reporting date.
2. ROU assets represents leased premises and equipment, capitalised under AASB 16 from 1 July 2019 (Refer to Note 27).

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14 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	2021	2020
	$'000	$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**427**	532
Intangible assets	**859**	950
Accruals	**4,067**	4,991
Leases	**2,850**	3,234
Effect of tax rate changes	**822**	51
Other	**(313)**	(249)
Total deferred tax assets	**8,712**	9,509
DTA/DTL offset (Refer to Note 22)	**(8,122)**	(5,911)
Deferred tax assets after offset	**590**	3,598
Movements:		
Opening balance at 1 July	**3,598**	4,507
Amount arising from adoption of AASB 16 (Refer to Note 22)	**-**	3,277
Credited to profit or loss (Refer to Note 8)	**(807)**	1,170
Net amount charged to equity (including exchange differences)	**11**	(333)
Amount arising from business combinations credited directly to goodwill	**-**	888
DTA/DTL offset (Refer to Note 22)	**(2,212)**	(5,911)
Closing balance at 30 June	**590**	3,598

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	GOODWILL	CUSTOMER CONTRACTS AND RELATIONSHIPS	INTELLECTUAL PROPERTY AND SOFTWARE DEVELOPMENT	TOTAL
	$'000	$'000	$'000	$'000
Cost				
At 1 July 2019	128,697	53,239	104,845	286,781
Acquisitions of subsidiaries	62,281	6,403	10,250	78,934
Additions internally generated	-	-	8,669	8,669
At 30 June 2020	190,978	59,642	123,764	374,384
Acquisitions of subsidiaries[1]	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
Accumulated amortisation and impairment				
At 1 July 2019	(55,488)	(53,239)	(64,508)	(173,235)
Amortisation charge	-	(696)	(4,228)	(4,924)
At 30 June 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)
Net book value				
At 30 June 2020	135,490	5,707	55,028	196,225
At 30 June 2021	164,590	14,304	73,668	252,562

1. Refer to Note 16.

(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) *Business contracts and relationships*

Business 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 twenty years. The amortisation has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the line item "depreciation and amortisation expense". 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income in the line item "depreciation and amortisation expense". 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. No goodwill and intangible impairment charges were recognised in the reporting period.

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FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

(a) Impairment tests for goodwill and other intangible assets

(i) Description of the cash generating units and other relevant information

Goodwill and other intangible assets acquired through business combinations have been allocated and are tested at the level of their respective cash generating units at which goodwill and other intangible assets are monitored. Each of the cash generating units are determined based on the following factors:

- The availability of detailed financial forecasts based on this aggregation; and
- Operational drivers and reporting functionality.

In the current year the following cash generating units were identified:

- Wealth Management (WM); and
- Funds Administration (FA)

(ii) Methodology followed

The recoverable amount of each of the cash generating units (CGU) has been determined using a value-in-use approach. The value-in-use of each CGU has been based on detailed financial projections approved by the Board of Directors covering a five year period and the terminal value for WM and FA.

(b) Key assumptions used for value-in-use calculations

The following describes each key assumption on which cash flow projections are based to undertake impairment testing for goodwill. Revenue projections are based on detailed plans for 2021 and growth projections based on the key drivers in the current business, including an assessment of:

- Contracted maintenance and support services - estimated based on recurring revenue from current contracts with existing clients;
- Revenues for professional services to existing clients - estimated after considering the levels of revenue currently being achieved and known projects; and
- Uncontracted forecast revenue which is Management's estimate of forecast revenue.

Discount rates are based on a weighted average cost of capital calculation for the relevant markets and in the same currency as the cash flows, and adjusted for a risk premium to reflect both the increase in risk of investing in equities and the risk specific to the CGU. The pre-tax, risk-adjusted discount rate applied to these cash flow projections for WM is 10% (2020: 10%). The pre-tax, risk-adjusted discount rate applied to these cash flow projections for FA is 10% (2020: 10%).

The terminal value of WM after the five year projection period has been calculated using a growth rate of 2.0% (2020: 2.0%) which is determined by Management based on their assessment of expected long term annual growth for the software industry.

The terminal value of FA after the five year projection period has been calculated using growth rate of 1.0% (2020: 1.0%) which is determined by Management based on their assessment of expected long term annual growth for the software industry. In the comparative year no terminal value was included.

Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2021 year. This has been extrapolated in future years based on knowledge and assumptions around the growth in revenue and the level of expense required to support this.

Given the dynamic and evolving nature of COVID-19 and the continued economic and financial impacts of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. However during the pandemic, the Group's clients continued to experience our usual high service levels, without disruption. Equally, amid market volatility, the Group maintained robust financial and operational performance throughout the reporting period. Further, the Group's investment in product and recent acquisitions positions it well for future growth.

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

June 2021	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	TOTAL $'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**

June 2020	WEALTH MANAGEMENT $'000	FUNDS ADMINISTRATION $'000	TOTAL $'000
Goodwill	**135,490**	**-**	**135,490**
Customer contracts and relationships	**5,707**	**-**	**5,707**
Intellectual property and software development	**55,028**	**-**	**55,028**
Consolidated carrying amount	**196,225**	**-**	**196,225**
Amortisation of intangible assets - full-year	**4,924**	**-**	**4,924**

(d) Sensitivity to changes in assumptions

The key estimates and assumptions used to determine the value-in-use calculation are based on Management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable. To complete this assessment, Management has further applied a 100 bps sensitivity increase and decrease of the WM and FA discount rate. Management believe that no reasonable change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

16 BUSINESS COMBINATIONS

16.1 BUSINESS COMBINATIONS DURING REPORTING PERIOD

On 30 October 2020, the Group acquired 100% of the issued shares in Delta Financial Systems Limited, a UK software company that provides technology to power complex pensions administration in the UK market, for total consideration of up to £23 million ($41.5 million). £14.5 million ($26.6 million) is the initial consideration with the remaining £8.5 million ($15.7 million) representing the maximum contingent consideration payable. The acquisition will broaden the Group's client base and product suite, while being a natural extension of their core product offerings.

(a) Purchase consideration

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	DELTA $'000
Cash paid	26,628
Contingent consideration	14,013
Total purchase consideration	**40,641**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

(b) Assets and liabilities recognised

The assets and liabilities recognised as a result of the acquisitions are as follows:

	DELTA
	FAIR VALUE $'000
Cash and cash equivalents	3,573
Trade receivables	263
Intellectual property	3,984
Customer contracts and relationships	9,929
Property, plant and equipment	101
Other assets	903
Trade payables	(530)
Net deferred tax liabilities	(3,643)
Other payables	(1,189)
Provisions	(74)
Other liabilities	(1,913)
Net identifiable assets acquired[1]	11,404
Goodwill	29,237
	40,641

1. Assets and liabilities recognised as at the date of acquisition represent final valuations for Delta. Changes to the provisional amounts disclosed as of 31 December 2020 are related to additional identified intangible assets in Delta. As a result, net deferred tax liabilities recognised also increased.

The Goodwill is attributable to Delta's strong position in financial planning technology and synergies expected to arise after the Group's acquisition of the new subsidiary. It has been allocated to the Wealth Management segment. None of the goodwill is expected to be deductible for tax purposes.

(c) Acquisition-related costs

Acquisition-related costs of $0.5 million are included in other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(d) Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of Delta Financial Systems Limited for the financial years ending 30 June 2021 and 30 June 2022 up to a maximum undiscounted amount of £8.5 million ($15.7 million).

As of 30 June 2021, the fair value of the contingent consideration of $14.8 million (£8.0 million) was estimated by calculating the present value of the future expected cash flows. The discount rate of 12.5% was used for this calculation. The total interest expense related to the liability accretion amounts to $910 thousand.

(e) Revenue and profit contribution

In total, the acquisition of Delta contributed revenues of $10.2 million from the period since acquisition.

Net profit/(loss) and net cash inflow/(outflow) for Delta has been determined to be immaterial to the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows of the Group.

Bravura Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

16.2 BUSINESS COMBINATIONS DURING COMPARATIVE REPORTING PERIOD

Purchase consideration	MIDWINTER	FINOCOMP	TOTAL
	$'000	$'000	$'000
Cash paid	45,022	22,823	67,845
Cash paid - Completion Payment	253	(142)	111
Contingent consideration - present value	4,113	2,879	6,992
Total purchase consideration	49,388	25,560	74,948

	MIDWINTER	FINOCOMP	TOTAL
	FAIR VALUE $'000	FAIR VALUE $'000	FAIR VALUE $'000
Cash and cash equivalents	650	665	1,315
Trade receivables	633	380	1,013
Intellectual property	8,172	2,078	10,250
Customer contracts and relationships	3,602	2,801	6,403
Property, plant and equipment	21	955	976
Other assets	264	758	1,022
Trade payables	(462)	(56)	(518)
Net deferred tax liabilities	(1,123)	(1,190)	(2,313)
Other payables	(1,096)	(758)	(1,854)
Provisions	(1,200)	(716)	(1,916)
Other liabilities	(552)	(1,159)	(1,711)
Net identifiable assets acquired	8,909	3,758	12,667
Goodwill	40,479	21,802	62,281
	49,388	**25,560**	**74,948**

17 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2021	2021
	$'000	$'000
Trade payables	**5,519**	5,730
Other payables	**7,933**	7,207
	13,452	12,937

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and normally settled on 30 to 45-day terms.

Other payables consist of GST and payroll tax payable, are non-interest bearing and have an average term of 2 months.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 PROVISION FOR INCOME TAX

	2021	2020
	$'000	$'000
Income tax receivable	**2,146**	487
Income tax payable	**207**	395

The increase in income tax receivables at year end is predominantly attributable to the tax refund payable to Bravura Solutions (UK) Limited's upon submission of Research and Development Expenditure Credit (RDEC) claim for FY20.

19 CURRENT LIABILITIES – FINANCIAL ARRANGEMENTS

Financing arrangements

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

	2021	2020
	$'000	$'000
Total facilities	**30,072**	29,862
Used at balance date	**1,279**	1,277
Unused at balance date	**28,793**	28,585

The facility agreement with CBA was an unsecured revolving credit facility, and provided AUD 17.1 million, GBP 4.5 million and NZD 5.0 million borrowing. The interest rate is a variable rate determined each month (Refer to Note 3.3(iii)). The facilities for guarantees are drawn by an amount of $1.3 million (30 June 2020: $1.3 million).

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.

On 20 August 2021, the Consolidated Entity signed a three year unsecured multi-currency facility agreement with JP Morgan Chase Bank (herein JPM), 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 new Facility Agreement also 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.

20 CURRENT LIABILITIES – PROVISIONS

	2021	2020
	$'000	$'000
Employee benefits	**11,823**	11,359

(a) Amounts not expected to be settled within the next 12 months

The entire provision for employee benefits comprises annual and long-service leave and is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave within the next 12 months. The amount expected to be settled in greater than 12 months is estimated to be approximately $3 million (2020: $3 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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21 CURRENT LIABILITIES – OTHER CURRENT LIABILITIES

	2021	2020
	$'000	$'000
Accrued expenses	**8,231**	10,454

Accrued expenses include bonus and expense accruals.

22 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	2021	2020
	$'000	$'000
The balance comprises temporary differences attributable to:		
Undistributed reserves	**1,403**	1,403
Contingent consideration	**251**	346
Leases	**2,511**	3,013
Intangible assets	**4,949**	2,098
Effect of tax rate changes	**(13)**	-
Other	**1,751**	1,647
Total deferred tax liabilities	**10,852**	8,507
DTA/DTL offset (Refer to Note 14)	**(8,122)**	(5,911)
Deferred tax liabilities after offset	**2,730**	2,596
Movements:		
Opening balance at 1 July	**2,596**	3,507
Amount arising from adoption of AASB 16 (Refer to Note 14)	**-**	3,277
Credited to profit or loss (Refer to Note 8)	**(1,222)**	(1,212)
Net amount charged to equity (including exchange differences)	**(68)**	(266)
Amount arising from business combinations debited directly to goodwill	**3,636**	3,201
DTA/DTL offset (Refer to Note 14)	**(2,212)**	(5,911)
Closing balance at 30 June	**2,730**	2,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

23 NON-CURRENT LIABILITIES – PROVISIONS

	2021	2020
	$'000	$'000
Employee benefits - long-service leave	**2,098**	1,808
Make good provision	**2,937**	2,904
	5,035	4,712

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2021	MAKE GOOD PROVISION $'000	EMPLOYEE BENEFITS $'000
Carrying amount at start of year	2,904	13,167
Charged/(credited) to profit or loss		
Arising during the year	187	2,137
Utilised/paid	(185)	(1,311)
Exchange difference	31	(72)
Carrying amount at end of year	**2,937**	**13,921**
Current	-	11,823
Non-current	2,937	2,098
Closing balance at 30 June	**2,937**	**13,921**

Make good provision

In accordance with its lease agreements, the Group must restore leased premises to their original condition at the end of their respective lease terms (range from four to ten years).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

24 CONTRIBUTED EQUITY

Share capital	2021 SHARES	2020 SHARES	2021 $'000	2020 $'000
Total	247,361,817	244,342,793	354,584	351,727

(a) Movements in ordinary share capital

Ordinary shares issued and fully paid	SHARES	$'000
At 1 July 2019	243,170,798	347,182
Dividend reinvestment plan	1,171,995	4,545
At 30 June 2020	244,342,793	351,727
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**

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up 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.

During the year, the Company issued 2,119,692 shares under the LTIP and 702,538 dividend reinvestment plan on 28 September 2020 and 196,794 shares on 26 March 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 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 19).

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

25 RESERVES AND ACCUMULATED LOSSES

	2021	2020
	$'000	$'000
(a) Reserves		
Foreign currency translation reserve	**7,394**	7,963
Share-based payments	**6,854**	4,690
Balance at 30 June	**14,248**	12,653
Movements:		
Foreign currency translation reserve		
Balance 1 July	**7,963**	10,626
Currency translation differences arising during the year	**(569)**	(2,663)
Balance at 30 June	**7,394**	7,963
Share-based payments reserve		
Balance 1 July	**4,690**	2,315
Share-based payments	**2,164**	2,375
Balance at 30 June	**6,854**	4,690
(b) Accumulated losses		
Balance 1 July	**(53,627)**	(68,666)
Profit for the year	**34,562**	40,110
Dividends paid	**(19,983)**	(25,071)
Balance at 30 June	**(39,048)**	(53,627)

(c) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency reserve is used to record exchange differences arising from translation of the financial statements of foreign operations.

Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including KMP, as part of their remuneration (Refer to Note 26) and the Remuneration Report for further details of these long-term incentive plans.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

26 SHARE-BASED PAYMENTS

Executive LTI (Long-term incentive) plan

Bravura Solutions operates an executive LTIP during the reporting and comparative period. Under the executive LTIP, awards are made to executives and other key talent who have an impact on the Group's performance. LTIP awards are delivered in the form of performance rights options over ordinary shares in Bravura Solutions which vest over a period of three years subject to meeting EPS (Earnings per share) or TSR (Total shareholder return) performance measures.

The fair values of EPS and TSR-hurdled share options granted are estimated at the date of grant using a Binomial pricing model and a Monte Carlo simulation model respectively, taking into account the terms and conditions upon which the share options were granted.

For the portion of the LTIP subject to the relative TSR performance measure, the model simulates the TSR and compares it against a comparator group. It takes into account historical and expected dividends, and the share price fluctuation covariance of the Group and its competitors to predict the distribution of relative share performance. For more information, refer to the Remuneration Report.

The exercise price of the performance rights is nil. The contractual term of the performance rights is six years and there are no cash settlement alternatives for the employees.

Performance rights granted in FY18 vested during the reporting period. Performance rights were forfeited by an LTIP participant upon leaving the Consolidated Entity.

The expense recognised for employee services received during the year is shown in the following table:

	2021	2020
	$'000	$'000
Expense arising from equity-settled share-based payment transactions	**1,503**	2,375
Total expense arising from share-based payment transactions	**1,503**	2,375

There were no cancellations or modifications to the awards in 2021.

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

Directors, other key management personnel and other executives	NO. OF SHARE OPTIONS
Outstanding at 1 July 2019	2,921,043
Granted during the year	659,433
Forfeited during the year	-
Exercised during the year	-
Expired during the year	-
Outstanding at 30 June 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**
Exercisable at 30 June 2020	-
Exercisable at 30 June 2021	-

The weighted average remaining contractual life for the performance rights outstanding as at 30 June 2021 was 2.7 years (2020: 2.7 years).

The weighted average fair value of performance rights granted during the year was $1.60 (2020: $2.18).

Performance rights do not have exercise prices.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

The following tables list the inputs to the models used for the LTIP for the year ended 30 June 2021:

Directors and Executives	2021 TSR	2021 EPS	2020 TSR	2020 EPS
Weighted average fair values at the measurement date	$0.88	$3.09	$1.53	$3.77
Dividend yield (%)	3.01%	3.01%	3.11%	3.11%
Expected volatility (%)	42.00%	42.00%	36.00%	36.00%
Risk-free interest rate (%)	0.10%	0.10%	0.74%	0.74%
Expected life of options (years)	2.71	2.71	2.72	2.72
Weighted average share price ($)	$3.35	$3.35	$4.10	$4.10
Model used	Monte Carlo	Binomial	Monte Carlo	Binomial

The expected life of the performance rights is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

27 LEASES

The Group has lease contracts for property and equipment used in its operations. Property leases generally have a lease term between 2 and 7 years, while equipment leases are considered not material for the Group. For carrying amounts of right-of-use assets recognised and the movements during the period please refer to Note 13 and Note 7. Lease contracts for both property and equipment are fixed payments. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally the Group is restricted from assigning and subleasing the leased assets and some contracts required the Group to maintain certain financial ratios.

(a) Movement in lease liabilities

	2021	2020
	$'000	$'000
Carrying amount at beginning of year	**42,330**	44,565
Additions	**853**	2,215
Disposals	**(35)**	-
Lease payment made	**(7,960)**	(5,635)
Charged/(credited) to profit or loss		
Accretion of interest	**1,696**	1,974
Exchange difference	**(122)**	(1,089)
Carrying amount at end of year	**36,762**	42,030
Current	**7,902**	7,823
Non-current	**28,860**	34,507
Closing balance at 30 June	**36,762**	42,330

For cash outflows relating to leases refer to the Consolidated Statement of Cash Flows. For the non-cash additions of the right-of-use assets refer to Note 13. The future cash outflows relating to leases are disclosed in Note 3.3.

(b) Extension options

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. The 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 are $16.7 million (2020: $19.8 million) for extension options and $12.9 million (2020: $13.7 million) for termination options. These options are expected not to be exercised.

28 DIVIDENDS

Ordinary shares

A final dividend of 6.0c per share has been declared for FY21. The Dividend Reinvestment Plan has been activated. A final FY20 dividend of 5.5c per share was paid on 28 September 2020. An interim dividend of 2.6c per share was paid to shareholders on 26 March 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

29 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were the Directors of Bravura Solutions during the financial year:

Non-executive Directors

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

Executive Directors

Tony Klim	CEO and Managing Director
Martin Deda	CFO and Executive Director

(b) Other key management personnel

Nick Parsons	Chief Operating Officer

Former other key management personnel

Mike Margetts	Global Chief Operating Officer, resigned 17 November 2020

(c) Key management personnel compensation

	2021	2020
	$	$
Short-term employee benefits	**3,270,646**	4,318,036
Post-employment benefits	**52,909**	31,039
Share-based payments	**296,100**	1,397,727
	3,619,655	5,746,802

Short-term incentives were paid and Long-term incentives were granted and exercised during the year and prior year and are disclosed in the Remuneration Report.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

The Consolidated Entity had contingent liabilities at 30 June 2021 in respect of:

Bank guarantees

Guarantees given in respect of office leases of subsidiaries amounting to $1.3 million (30 June 2020: $1.3 million) are unsecured.

Contingent consideration

The maximum liability that could become payable under the Sales and Purchase Agreement with the previous owners of Midwinter would amount to $5 million in FY2023 (Refer to Note 2b(vii) and Note 4).

(b) Contingent assets

The Consolidated Entity had no contingent assets at 30 June 2021 (30 June 2020: $nil).

(c) Commitments

The Consolidated Entity had no capital commitments as at 30 June 2021 (30 June 2020: $nil).

31 RELATED PARTY TRANSACTIONS

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 29.

(b) Subsidiaries and ordinary shares

Interests in subsidiaries are set out in Note 32.

(c) Outstanding balances arising from transactions with related parties

There are no outstanding balances with related parties outside the Consolidated Group (2020: Nil).

(d) Transactions with related parties

Disclosures relating to guarantees to related parties provided are set out in Note 34(b).

(e) Terms and conditions of transactions with related parties other than KMP or entities related to them

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries of Bravura Solutions Limited in accordance with the accounting policy described in Note 1(c) and Note 1(d):

Name of entity	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING 2021 %	EQUITY HOLDING 2020 %
Bravura eCommerce Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Facility Pty Ltd	Australia	Ordinary	100	100
Bravura Portfolio Solutions Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions (Australia) Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Investments Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Operations Pty Ltd	Australia	Ordinary	100	100
Bravura Solutions Services Pty Limited	Australia	Ordinary	100	100
Finocomp Holdings Pty Ltd	Australia	Ordinary	100	100
Finocomp Pty Ltd	Australia	Ordinary	100	100
Garradin Pty Ltd	Australia	Ordinary	100	100
InvestmentLink Holdings Pty Ltd	Australia	Ordinary	100	100
InvestmentLink Pty Ltd	Australia	Ordinary	100	100
Midwinter Advice Solutions Pty Ltd	Australia	Ordinary	100	100
Midwinter Financial Services Pty Ltd	Australia	Ordinary	100	100
Midwinter Holdings (NSW) Pty Ltd	Australia	Ordinary	100	100
Midwinter Holdings 1 Pty Ltd	Australia	Ordinary	100	100
Midwinter Holdings 2 Pty Ltd	Australia	Ordinary	100	100
Midwinter Holdings 3 Pty Ltd	Australia	Ordinary	100	100
Real Solutions Pty Ltd	Australia	Ordinary	100	100
Mutual Fund Technologies Ltd	Bermuda	Ordinary	100	100
Bravura Solutions (Deutschland) GmbH	Germany	Ordinary	100	100
Bravura Solutions (HK) Ltd	Hong Kong	Ordinary	100	100
Bravura Solutions India LLP	India	-	100	100
Bravura Solutions Luxembourg Holdings S.a.r.L.	Luxembourg	Ordinary	100	100
Bravura Solutions (NZ) Ltd	New Zealand	Ordinary	100	100
Bravura Solutions (Polska) Holdings S.P. ZOO	Poland	Ordinary	100	100
Bravura Solutions Polska S.P. ZOO	Poland	Ordinary	100	100

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Name of entity	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING 2021 %	EQUITY HOLDING 2020 %
Bravura Software Solutions (SA) (Proprietary) Ltd	South Africa	Ordinary	100	100
Bravura Solutions (UK) Holdings Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Investments Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Ltd	United Kingdom	Ordinary	100	100
Bravura Solutions Services (UK) Ltd	United Kingdom	Ordinary	100	100
Delta Financial Systems Ltd[1]	United Kingdom	Ordinary	100	-
Finocomp Hosting Services Ltd[2]	United Kingdom	Ordinary	100	100
Finocomp Ltd	United Kingdom	Ordinary	100	100

1. Acquired during the financial year (Refer to Note 16).
2. Subsidiary was dissolved after reporting period.

33 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	NOTES	2021 $'000	2020 $'000
Profit for the year		**34,562**	40,110
Depreciation and amortisation expense	7	**21,267**	19,448
Finance costs	7	**3,429**	2,811
Share-based payments	7	**1,503**	2,375
Remeasurement of Contingent Consideration	5	**(4,620)**	-
Net unrealised exchange differences		**(1,025)**	121
Change in operating assets and liabilities			
(Increase)/decrease in trade and other debtors, contract assets		**(4,850)**	(27,574)
(Increase)/decrease in other current assets		**(4,031)**	(1,473)
(Increase)/decrease in net deferred tax assets		**3,173**	998
Increase/(decrease) in trade and other payables		**2,149**	594
Increase/(decrease) in provision for income tax		**(979)**	(4,758)
Increase/(decrease) in contract liabilities		**(803)**	(3,194)
Increase/(decrease) in net deferred tax liabilities		**(31)**	(1,000)
Increase/(decrease) in provisions and other liabilities		**(2,442)**	(9,035)
Net cash inflow from operating activities		**47,302**	19,423

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The parent of the Group is Bravura Solutions Limited an ASX listed company limited by shares, incorporated in the State of Victoria, Australia.

The financial statements for the Parent Entity show the following aggregate amounts:

	2021	2020
	$'000	$'000
Balance sheet		
Current assets	**145,840**	161,462
Non-current assets	**722,519**	938,233
Total assets	**868,359**	1,099,695
Current liabilities	**-**	-
Non-current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**868,359**	1,099,695
Shareholders' equity		
Contributed equity	**354,584**	351,728
Reserves	**593,926**	808,135
Accumulated loss	**(80,151)**	(60,168)
Total equity	**868,359**	1,099,695
Profit for the year	**1**	1
Total comprehensive profit	**1**	1

(b) Guarantees entered into by the Parent Entity

The Parent Entity has provided no financial guarantees in respect of bank overdrafts and loans of subsidiaries but is an obligor under the unsecured revolving credit facility with CBA (2020: $nil).

(c) Contingent liabilities of the Parent Entity

The Parent Entity has provided letters of support to certain subsidiaries to assist in meeting liabilities as and when they fall due and allow them to continue operating on a going concern basis for the next 12 months from the date of a subsidiary's financial report.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2021, the Parent Entity had no contractual commitments for the acquisition of property, plant or equipment (2020: $nil).

(e) Non-current assets

The Parent Entity accounts for investments in subsidiaries at fair value.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

35 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Parent Entity and its related practices:

	2021	2020
	$	$
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**905,359**	895,520
Fees for assurance services that are required by legislation to be provided by the auditor	**-**	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**-**	-
Fees for other serivces		
Advisory services	**181,000**	116,000
Tax compliance services	**91,856**	89,535
Taxation advice	**185,971**	220,607
Total fees to Ernst & Young (Australia) (A)	**1,364,186**	1,321,662
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**405,562**	261,988
Fees for assurance services that are required by legislation to be provided by the auditor	**-**	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**-**	-
Fees for other services		
Transaction advisory services	**-**	-
Tax compliance services	**45,600**	70,513
Taxation advice	**70,463**	12,907
Total fees to overseas member firms of Ernst & Young (Australia) (B)	**521,625**	345,408
Total auditor's remuneration Ernst & Young (A) + (B)	**1,885,811**	1,667,070
Fees to non-Ernst & Young member firms:		
Audit	**17,432**	15,503
Tax compliance services	**-**	-
Total fees to non-Ernst & Young member firms (C)	**17,432**	15,503

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

A final dividend of 6.0c per share has been declared for FY21. The Dividend Reinvestment Plan has been activated.

On 20 August 2021, the Consolidated Entity signed a three year unsecured multi-currency facility agreement with JP Morgan Chase Bank (herein JPM), 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 new Facility Agreement 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.

Other than the above, there have been no occurrences of maters or circumstances subsequent to 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.

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DIRECTORS' DECLARATION

In the Directors' opinion:

The financial statements and notes of Bravura Solutions Limited for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with Accounting Standards, the *Corporations Regulations 2001;*

(ii) Complying with International Financial Reporting Standards as disclosed in Note 1(a); and

(iii) Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance and cash flows for the year ended on that date.

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 has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021, in accordance with a resolution of the Directors.



NEIL BROEKHUIZEN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sydney
25 August 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bravura Solutions Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

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1. Revenue recognition for multiple-element arrangements

Why significant	How our audit addressed the key audit matter
The majority of the Group's sales contracts involve multiple-element arrangements. For example a single software sales transaction may combine the delivery of a software license and rendering of maintenance and other professional services. In determining how revenue is to be recognised, the sales consideration received from customers is allocated to the various products and services (performance obligations) that comprise the arrangement, based upon their relative fair values. This process requires significant judgement by the Group to determine: - the fair value of the license and when to recognise the revenue; and - the relative fair value of the individual performance obligations of the contract, specifically concerning the cost to deliver and the margin used to determine the stand-alone selling price of each element; Revenue recognition for multiple-element arrangements was considered to be a Key Audit Matter due to the complexity of the contracts and the judgement required to allocate the revenue amongst relevant performance obligations. Revenue disclosures and the associated judgement disclosures are included in Notes 1(e), 2(b) and 6.	Our audit procedures included the following: ► Assessment of whether the Group's revenue recognition accounting policies relating to multi-element arrangements complied with Australian Accounting Standards. ► For a sample of contracts, we tested the allocation of the revenue to separately identifiable components of multiple-element arrangements by assessing the individual fair value of performance obligations and historical pricing arrangements. ► For a sample of contracts, we assessed whether the revenue recognition criteria relevant to each element in the multiple-element arrangements had been met which included considering whether the performance obligation associated with the relevant licensed software had been met in the correct reporting period. ► Assessment of the adequacy of the related disclosures within the financial report.

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2. Capitalised software development costs

Why significant	How our audit addressed the key audit matter
Capitalised software development costs represent 13.5% of the total assets. These costs were capitalised as they meet the criteria set out in Australian Accounting Standards and are amortised over a period of 5 to 15 years. Judgement is exercised by the Group in determining the nature and amount of costs to be capitalised and in determining the useful lives over which costs are amortised. Capitalised software development costs were considered to be a Key Audit Matter given the value of these assets relevant to total assets, the significant value of amounts capitalised during the year, and the judgements required when determining whether costs should be capitalised, the useful lives over which costs should be amortised and the recoverability of capitalised software development costs. Disclosure of capitalised development costs and the associated judgements are included in Notes 1(p), 2(c) and 15.	Our audit procedures included the following: ► Assessment as to whether the Group's accounting policy for capitalisation of software development costs complied with Australian Accounting Standards. ► Assessment of the operating effectiveness of controls in respect of the processes to identify the eligibility of the development costs to be capitalised. ► For a sample of capitalised software development costs, we assessed whether the labour hours incurred were authorised, the costs incurred met the criteria for capitalisation set out in Australian Accounting Standards and recalculated the capitalisation rate used by management in determining the amount of the costs to be capitalised. ► Assessment of the appropriateness of the useful life attributed to these costs by taking into consideration the economic life of the software and the terms of customer contracts. ► For a sample of capitalised software development costs, we determined whether amortisation expenses were correctly calculated. ► Evaluation of the Group's assessment for the indicators of impairment of capitalised software development costs.

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3. Taxation

Why significant	How our audit addressed the key audit matter
The Group operates in a number of different tax jurisdictions, all of which have specific risks and regulations that need to be considered and complied with in determining the income tax position. Tax was considered to be a Key Audit Matter given the number of jurisdictions, the specific regulations that exist in each jurisdiction and the inter-dependency of companies within the group. In particular, transfer pricing arrangements within the Group are significant with a large number of cross-border charges between Group entities in different tax jurisdictions. The Group's disclosures with respect to tax and the associated judgements are included in Note 1(f), 2(b), 8, 14, 18 and 22 of the financial Report.	Our audit procedures included the following: ► Assessment of the Group's various tax exposures to determine whether adequate income tax provisions have been recorded. ► Involving our taxation specialists in relevant countries in which the Group operates, our audit procedures included the following: ► Consideration of any third-party taxation advice received by the Group. ► Assessment of the Group's determination of current and deferred income tax expense, with particular focus on transfer pricing. ► Consideration of the Group's transfer pricing policy and documentation with regard to the requirements of local tax legislation.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

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4. Business Combination

Why significant	How our audit addressed the key audit matter
As outlined in Note 16 to the financial statements, on 30 October 2020 the Group acquired 100% of the issued shares in Delta Financial Systems Limited, a UK software company that provides technology to power complex pensions administration in the UK market, for total consideration of up to £23 million ($41.5 million). £14.5 million ($26.6 million) of the consideration was paid with the remaining £8.5 million ($15.7 million) representing the maximum contingent consideration payable. This acquisition has been treated as a business combination, with the Group recognising the fair value of the assets acquired and liabilities assumed on that date. Accounting for this transaction was complex, requiring the Group to exercise judgement in identifying and determining the fair value of the acquired assets and liabilities. This was considered to be a Key Audit Matter due to the value of the acquisition and the judgement involved in accounting for the transaction and determining the fair values of the acquired assets and liabilities. The Group's disclosures with respect to business combinations and the associated judgements are included in Notes 1(h) and 16 of the financial report.	Our audit procedures included the following: ► Assessment of the Group's conclusion that the acquisition represented a business combination in accordance with Australian Accounting Standards. ► With the involvement of our valuation specialists, we considered the allocation of the purchase price to the acquired assets and liabilities. ► Assessment of the competence, qualifications, objectivity and work performed by the independent experts engaged by the Group to identify and determine the fair values of the assets acquired and liabilities assumed. ► Assessment of the adequacy of the related disclosures within the financial report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 44 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Bravura Solutions Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Gamini Martinus
Partner
Sydney
25 August 2021

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SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 16 August 2021.

Distribution of equity securities

247,361,817 fully paid ordinary shares are held by 13,684 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, are:

Fully paid ordinary shares	NUMBER OF SHAREHOLDERS
1 to 1,000	6,945
1,001 to 5,000	4,901
5,001 to 10,000	1,052
10,001 to 100,000	749
100,001 and Over	37
Total	**13,684**
Holding less than a marketable parcel	580

Substantial shareholders

Fully paid ordinary shares	PERCENTAGE %	HOLDING
Invesco Australia Limited	11.84%	29,287,193
Mawer Investment Management Ltd	10.30%	25,484,853
Connor, Clark & Lunn Financial Group Ltd	9.12%	22,554,143
Franklin Resources, Inc	6.04%	14,928,597
Lazard Asset Management Pacific Co	5.04%	12,460,297
UBS Group AG	5.00%	12,372,578

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SHAREHOLDER INFORMATION (CONTINUED)

Twenty largest holders of quoted equity securities

Fully paid ordinary shares	NUMBER	PERCENTAGE
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	107,024,592	43.27
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	42,387,858	17.14
CITICORP NOMINEES PTY LIMITED	24,097,095	9.74
NATIONAL NOMINEES LIMITED	17,114,795	6.92
BNP PARIBAS NOMINEES PTY LTD	4,499,080	1.82
BNP PARIBAS NOMS(NZ) LTD	1,529,740	0.62
BNP PARIBAS NOMS PTY LTD	1,498,684	0.61
ANTHONY BRIAN KLIM	1,200,000	0.49
BNP PARIBAS NOMINEES PTY LTD	834,008	0.34
SANDHURST TRUSTEES LTD	737,194	0.30
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	733,695	0.30
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	696,719	0.28
DEDA FAMILY SUPERANNUATION FUND PTY LIMITED	556,102	0.22
MR HAINING YU & MS WEIHUA HAN	535,789	0.22
MS GERALDINE MARGARET KASPERS	523,750	0.21
MR NICHOLAS PARSONS	523,750	0.21
CLIOCAS INVESTMENTS PTY LTD	315,247	0.13
PICKARD CAPITAL PTY LTD	277,100	0.11
WARBONT NOMINEES PTY LTD	247,517	0.10
NETWEALTH INVESTMENTS LIMITED	235,770	0.10
Total	**205,568,485**	**83.10**

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CORPORATE DIRECTORY

CORPORATE INFORMATION

ABN 54 164 391 128

CORPORATE AND REGISTERED OFFICE

Level 6, 345 George Street

Sydney NSW 2000

Phone: +61 2 9018 7800

Fax: +61 2 9018 7811

WEBSITE ADDRESS

www.bravurasolutions.com

BOARD OF DIRECTORS

Neil Broekhuizen

Independent Chairman

Peter Mann

Independent

Alexa Henderson

Independent

Libby Roy

Independent

Tony Klim

CEO and Managing Director

Martin Deda

CFO and Executive Director

COMPANY SECRETARY

Martin Deda and Nigel Liddell

AUDITORS

Ernst & Young

200 George Street

Sydney NSW 2000

Phone: 61 2 9248 5555

SHARE REGISTRY

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

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