Interim Report

for the six months ended
30 September 2022

accordant

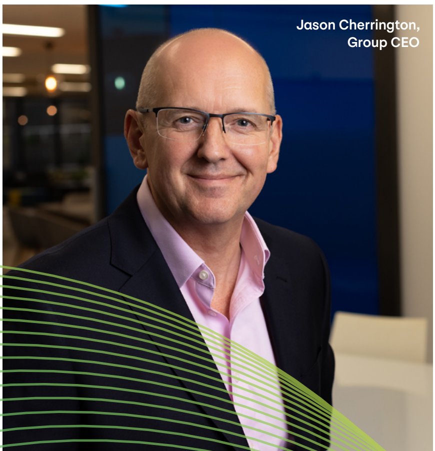
Accordant continues to grow its market presence and strengthen its authoritative voice for industry, which has never been more important.

Jason Cherrington, Group CEO

Contents

CEO's Report

Accordant continues to grow its market presence and strengthen its authoritative voice for industry, which has never been more important. At a time when labour shortages are at an all-time high, wage pressure continues to rise along with the costs of employment, our advocacy is imperative.



In many ways the broad macroeconomic forces at play create an ambiguity and uncertainty that both organisations and individuals are faced with.

Demand for our services and expertise however remains at an all time high.

It therefore remains key to resourcefully navigate all these challenges and deliver impactful solutions for our clients, whilst also supporting the aspirations of our employees and candidates.

Whilst we are committed to ensuring all our employees get the type of work they want, work that is fulfilling and fairly paid, concerns remain over proposed legislative changes that create greater costs for employers with little beneficial gain to the employee. By way of example, the workers unemployment insurance currently being proposed would only benefit one type of worker, yet premiums would have to be paid by all. We continue to raise these concerns through various industry and government engagement forums to ensure they are fully understood and the consequential impact well known.

As reported at our Annual General Meeting in August this year, the labour market continues to see unprecedented client demand. Our respective business units are drawing upon our Group's resources and initiatives to add to their unique strengths in order to meet this demand with greater efficiency. Accordant's progress in data

Accordant's progress in data literacy, digitisation and automation is positive, as is the strength of our recruitment marketing and sourcing nous.

literacy, digitisation and automation is positive, as is the strength of our recruitment marketing and sourcing nous. The ability to support our delivery teams and managers with learning and development opportunities to operate with innovation and agility has also progressed.

Capitalising on this market demand has been realised mostly in our white-collar businesses.

Madison has focused on resourcing and delivery innovation, resulting in continued volume project work across the private and public sectors, underpinning its performance. Despite the worker shortage we have increased our temporary employee numbers by 40% on the same period last year. Madison looks to the remainder of the year with a strong pipeline for growth.

JacksonStone & Partners continues to perform well and is beginning to be rewarded for recent investment in our growing Māori Practice. Our contracting arm also continues to grow with overall performance slightly ahead of what was a record year last year.

After a stalling in growth, Absolute IT is building momentum again. The focus on talent management and emphasis on building contractors is showing promising signs. Our management team has been bolstered, and our newer Consultants are well embedded and delivering wins across their portfolio. We continue to make progress on our ability to gain deeper engagement with our clients' digital transformation plans, and the opportunities that affords. With IT talent skills recognised as being the main stalling factor for many organisations looking for a step change in their digital plans, we are cautiously optimistic about the coming six months.

The market for AWF has continued to be challenging. AWF has the most reliance on a temporary workforce, which has been affected by prolonged worker shortages. Across a number of our talent pools we rely on both travellers on working holiday visas as well as skilled migrants.

So, whilst our worker retention has been high and in fact is improving year upon year, the inflow is not at the levels we need.

As has been widely reported, the flow of travellers into New Zealand has been slow to build and our sense is that there is still a net decline in this area. We prepared well by gaining the new Immigration Accredited Employer status earlier in the year, however the practical delivery of the new framework has resulted in a delay of our skilled migrants landing in the country. We expect the first of them will arrive early November. This will be a significant milestone for the AWF business after many years without any flow of skilled migrants.

As a group, Accordant has been focused on understanding the drivers of our internal employee engagement, to both optimise

As a group, Accordant has been focused on understanding the drivers of our internal employee engagement, to both optimise our capacity and capability for growth.

our capacity and capability for growth. Whilst increased movement across the labour market has gained a lot of attention in the media, our overall staff retention has been good especially when considering the demand for experienced recruiters. Additionally, we are pleased with both the number and quality of our new hires. Our people have incredible levels of pride in what they do and as we head into the second half (H2) of this financial year we have workstreams to deliver more impact for our people's continued engagement.

We have an appetite for acquisition as previously indicated. Whilst it has been complex identifying and progressing with suitable targets in the past couple of years, we have been assessing some interesting and attractive prospects. The opportunity for sustainable growth via acquisition therefore continues to appeal.

Whilst our first half (H1) growth is slower than we were expecting, it is ahead of the prior year like for like, and a good result from which to continue our commitment to pay dividends to our shareholders. The surprise cost of a September public holiday took the gloss off this result, however a one-off impact. With AWF ramping up for the busy civil and construction period and increased manufacturing demands, their contribution we believe will have a greater impact to performance over the coming months.
In terms of our earnings, revenue for H1 was up over 11.4% to $123 million compared with $110 million for H1 in the prior year.

We paid down $3 million of our term loan to $15 million (from $18 million) and our net debt was reduced to $12.5 million. Our rolling 12 months leverage ratio (Net Bank Debt over EBITDA), which we consider important to our borrowing capacity for acquisition, was at 1.5, comparing well to historical levels nearer to 3.0 times.

I recall my commentary this time last year and prospects from the suggested border reopening timelines. With hindsight this seemed overly ambitious, but perhaps frames the thinking of the times. A period of unknowns and uncertainty. Albeit a year later it feels good to be able to 'pull some levers' and make the call on our appetite for skilled migrant labour and to once again recruit offshore.

As you would expect, we are being cautious and ensuring we share the risk appropriately with our clients with respect to ongoing client need, with generally a three-year commitment to our migrant workers.

It is fair to assume the increasing number of professional contractors has been led by the candidates themselves, rather than by employers wanting lower FTE headcount (although this is a factor in government organisations).

Workers continue to push the boundaries of traditional employment, seeking flexibility of time and place of work, along with type of work. Our recently published Future of Work research, which was delivered with support from the Westpac NZ Government Innovation Fund, found that the desire for non-permanent work exceeded availability. There is a great opportunity to work more closely with employers to design work in new, innovative and flexible ways. The increase in non-permanent work will provide more opportunities that culminates in income security and is a way for organisations to access more workers in an incredibly tight talent market.

The unemployment rate is low at 3.3% for the June 2022 quarter, yet there remains a large body of people who are finding it difficult to access the employment market. The underutilisation rate currently stands at 9.2% for the same period.

Whilst numerically small, our achievements in The Work Collective to help those facing barriers to employment are significant. We are proud of this work and are starting to make a real impact.

We are therefore pleased to be able to announce an interim dividend of 6.5 cents per share.

I would like to thank the team for their significant efforts and commend the progress made in the first half of the year.

The doubling down on our activities to ensure continued momentum indicates a bright outlook for the full year.

Jason Cherrington,
CEO

Workers continue to push the boundaries of traditional employment, seeking flexibility of time and place of work, along with type of work.

Financial Statements.

Accordant Group Limited

Condensed consolidated statement of comprehensive income
For the six month period 30 September 2022 (unaudited)

	GROUP	
	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000
Revenue from contracts with customers	122,994	110,447
Investment revenue	12	–
Direct costs	(1,029)	(1,273)
Employee benefits expense	(64,079)	(58,171)
Contractor costs	(47,427)	(40,849)
Depreciation and amortisation expense	(2,287)	(2,473)
Other operating expenses	(4,556)	(4,077)
Finance costs	(651)	(549)
Fair value loss on contingent consideration	–	(585)
Profit before tax	**2,977**	**2,470**
Income tax expense	(883)	(944)
Profit for the period	**2,094**	**1,526**
Other comprehensive income for the period	–	–
Total comprehensive income for the period	**2,094**	**1,526**
Profit for the period income is attributable to equity holders of the Group	**2,094**	**1,526**
Total comprehensive income is attributable to equity holders of the Group	**2,094**	**1,526**
Earnings per share		
Total basic earnings per share (cents/share)	6.2	4.5
Total diluted earnings per share (cents/share)	6.2	4.5

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

Accordant Group Limited

Condensed consolidated statement of financial position
As at 30 September 2022 (unaudited)

	GROUP		
	30 September 2022 (unaudited) $'000	30 September 2021 (unaudited) (restated) $'000	31 March 2022 (Audited) $'000
Assets			
Non-current assets			
Property, plant and equipment	2,600	3,288	2,907
Right of use assets	5,978	8,150	7,020
Intangible assets – goodwill	38,068	38,068	38,068
Intangible assets – other	11,839	13,170	12,487
Total non-current assets	**58,485**	**62,676**	**60,482**
Current assets			
Cash and cash equivalents	2,517	4,989	4,972
Trade and other receivables	24,925	23,135	25,868
Contract assets	192	170	97
Total current assets	**27,634**	**28,294**	**30,937**
Total assets	**86,119**	**90,970**	**91,419**
Equity and liabilities			
Non-current liabilities			
Deferred tax liabilities	1,308	2,016	1,651
Borrowings	15,000	18,000	18,000
Lease liabilities	4,514	6,605	5,525
Total non-current liabilities	**20,822**	**26,621**	**25,176**
Current liabilities			
Trade and other payables	24,398	22,381	24,382
Contract liabilities	345	247	285
Taxation payable	1,035	495	2,250
Provisions	437	400	400
Lease liabilities	2,180	2,277	2,231
Contingent consideration	–	1,134	–
Total current liabilities	**28,395**	**26,934**	**29,548**
Total liabilities	**49,217**	**53,555**	**54,724**
Net assets	**36,902**	**37,415**	**36,695**
Capital and reserves			
Share capital	30,868	30,868	30,868
Treasury shares	(804)	(804)	(804)
Group share scheme reserve	325	225	282
Retained earnings	6,513	7,126	6,349
Total equity	**36,902**	**37,415**	**36,695**

For and on behalf of the Board who authorise the issue of the financial statements on 26 October 2022:

SIMON BENNETT, Chair LAURISSA COONEY, Chair, Audit & Risk Committee

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

Accordant Group Limited

Condensed consolidated statement of changes in equity
For the six month period 30 September 2022 (unaudited)

	GROUP				
	Share capital $'000	Treasury shares $'000	Group share scheme reserve $'000	Retained earnings (restated) $'000	Total equity $'000
Period ended 30 September 2021					
Balance at 31 March 2021 (Reported)	30,868	–	204	8,937	40,009
Restatement due to IFRS Interpretations Committee's April 2021 agenda decision of Software-as-a-Service (SaaS) arrangements	–	–	–	(472)	(472)
Balance at 1 April 2021 (Restated)	30,868	–	204	8,465	39,537
Comprehensive income					
Profit for the period	–	–	–	1,526	1,526
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	1,526	1,526
Transactions with shareholders					
Dividends paid	–	–	–	(2,865)	(2,865)
Treasury shares acquired	–	(804)	–	–	(804)
Share based payments	–	–	21	–	21
Total transactions with shareholders	–	(804)	21	(2,865)	(3,648)
Balance at 30 September 2021	**30,868**	**(804)**	**225**	**7,126**	**37,415**
Period ended 30 September 2022					
Balance at 1 April 2022	30,868	(804)	282	6,349	36,695
Comprehensive income					
Profit for the period	–	–	–	2,094	2,094
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	2,094	2,094
Transactions with shareholders					
Dividends paid	–	–	–	(1,987)	(1,987)
Restricted shares redeemed	–	–	(57)	57	–
Share based payments	–	–	100	–	100
Total transactions with shareholders	–	–	43	(1,930)	(1,887)
Balance at 30 September 2022	**30,868**	**(804)**	**325**	**6,513**	**36,902**

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

Accordant Group Limited

Condensed consolidated statement of cashflows
For the six month period ended 30 September 2022 (unaudited)

	GROUP	
	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000
Cashflows from operating activities		
Receipts from customers	124,370	110,693
Payments to suppliers and employees	(117,843)	(103,956)
Net cash generated from operations	6,527	6,737
Net receipts from government grants	417	1,729
Interest paid on bank overdrafts and loans	(469)	(318)
Interest paid on lease liabilities	(170)	(218)
Income taxes paid	(2,441)	(2,498)
Net cash from operating activities	**3,864**	**5,432**
Cashflows from investing activities		
Purchase of property, plant and equipment	(185)	(398)
Net cash (used in)/from investing activities	**(185)**	**(398)**
Cashflows from financing activities		
Repurchase of issued share capital	–	(804)
Dividends paid to shareholders	(1,987)	(2,865)
Proceeds from borrowings	–	3,000
Repayment of borrowings	(3,000)	–
Payment of principal on lease liabilities	(1,147)	(1,171)
Net cash from/(used in) financing activities	**(6,134)**	**(1,840)**
Net increase/(decrease) in cash held	**(2,455)**	**3,194**
Cash and cash equivalents at start of the period	4,972	1,795
Net cash and cash equivalents at end of the period	**2,517**	**4,989**

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

REPORTING ENTITY

Accordant Group Limited is a Company limited by shares, incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and listed on the NZX. The address of its registered office and principal place of business is disclosed in the directory to the interim report. The principal services of the Group are the supply of temporary staff, contractor resource and recruitment of permanent staff.

BASIS OF PREPARATION

The interim condensed consolidated financial statements are for Accordant Group Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') and have been prepared:

- in accordance with IAS 34 *Interim Financial Reporting* and NZ IAS 34 *Interim Financial Reporting*;
- in accordance with the requirements of the Financial Market Conduct Act 2013, the Companies Act 1993, and the NZX listing rules;
- on the basis of historical cost, on the basis of historical cost, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies; and
- on a going concern basis, which contemplates continuity of normal business activities, the realisation of assets, and the settlement of liabilities in the ordinary course of business; and
- in New Zealand dollars (which is the Group's functional and presentation currency), with values rounded to thousands ($000) unless otherwise stated.

The interim condensed financial statements were authorised for issue by the directors on 26 October 2022.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2022.

The accounting policies used in preparation of these interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2022, except for the adoption of any new standards effective as of 1 April 2022, and the early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

All mandatory new standards and amendments and interpretations to existing standards that came into effect during the current accounting period have been adopted in the current year.

There are a number of new standards and amendments to standards and interpretations that are not yet effective for the year beginning interpretations that are not yet effective for the year beginning 1 April 2022.

None of these new and amendments to standards and interpretations have been early adopted by the Group in preparing these financial statements or been identified as having a material effect on the Group's financial statements in future.

In the Group's annual financial statements for the year ended 31 March 2022, the IFRIC agenda decision on configuration and customisation costs for Software-as-a-Service (SaaS) arrangements (described next), resulted in a retrospective restatement of comparative financial information as at 1 April 2020 and for the year ended 31 March 2021. A similar retrospective restatement of comparative financial information has been made in these interim condensed financial statements as at 1 April 2021 and for the six month period ended 30 September 2021.

IFRIC agenda decision on configuration and customisation costs for Software-as-a-Service (SaaS) arrangements

In April 2021, the IFRS Interpretations Committee (IFRIC), which is responsible for interpreting the application of IFRS, published another agenda decision clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS), should be accounted for. This agenda decision deals with specific circumstances in relation to configuration and customisation costs incurred in implementing SaaS.

The agenda decision sets out that only in limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset where the customer controls the intellectual property of the underlying software code. In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

Where a change in accounting policy is required, comparative financial information is required to be retrospectively restated to derecognise previously capitalised costs, where material, in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The clarification required careful consideration of the nature of costs that are incurred in implementing SaaS arrangements. Over several years, the Group has made certain judgements about most costs related to SaaS arrangements. The Group has reviewed these accounting judgements and made adjustments retrospectively as a change in accounting policy (refer to note 'change in accounting policies').

GLOBAL PANDEMIC OF CORONAVIRUS DISEASE 2019

The Group continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

These interim condensed consolidated financial statements have been prepared based upon conditions existing at the end of the reporting period, 30 September 2022, and considering those events occurring subsequent to that date, up to the date of the signing of these interim financial statements, that provide evidence of conditions that existed at the end of the reporting period. All reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these interim condensed consolidated financial statements.

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

SEGMENT INFORMATION

The Chief Operating decision maker is the Group Chief Executive.

The Group has two defined Reporting Segments:

- **AWF** – Contingent Blue Collar Labour Hire associated with infrastructure, logistics, manufacturing, technical and construction.
- **Madison Recruitment, Absolute IT and JacksonStone & Partners** – White Collar Contingent temporary employees and contractors together with Permanent Recruitment associated with professional and managerial positions including technology and digital business sectors.

Within the White-Collar Reporting Segment are three (3) operating segments:

- Madison Recruitment
- Absolute IT
- JacksonStone & Partners

These operating segments have been aggregated on the basis that they have similar economic characteristics; the nature of services offered, the processes and customers are substantially the same, and strategic decisions are made in conformity over all three brands.

The Group's reportable segments have been identified as follows:

- AWF
- Madison, Absolute IT and JacksonStone & Partners

The Corporate office function reported as 'Central administration costs and director fees' provides governance, compliance, audit, public accountability, Group Funding, accounting, information technology, human resources, and marketing expertise. Revenue derived is incidental to the Group activities. The Corporate office function is not an operating segment and is not part of one of the reportable segments.

These segments have been determined on the basis, of the trading brands that operate under each; that discrete financial information is available for these segments; and that their operating results are regularly reviewed by the Group's chief operating decision maker.

AWF

The 'AWF' segment operates branches under the brand names AWF (throughout New Zealand) and Select (Dunedin). These brands primarily derive their revenues from temporary staffing services to industry.

Madison, Absolute IT and JacksonStone & Partners

The 'Madison, Absolute IT and JacksonStone & Partners' segment operates branches under the brand names Madison Recruitment, Madison Force, Absolute IT and JacksonStone & Partners (from June 2019) in major cities throughout New Zealand. These brands derive their revenues from temporary, contract and permanent staff services to commerce.

All revenues from external customers, and non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts are attributed to the Group's country of domicile.

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

	Segment revenue		Segment profit	
SEGMENT REVENUE AND RESULTS	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000
Continuing operations				
AWF	38,501	39,688	328	505
Madison, Absolute IT and JacksonStone & Partners	84,493	70,759	4,561	3,629
Total for continuing operations	**122,994**	**110,447**	**4,889**	**4,134**
Investment revenue			12	–
Central administration costs and directors fees			(1,273)	(1,115)
Finance costs			(651)	(549)
Profit/(loss) before tax			2,977	2,470
Income tax expense			(883)	(944)
Profit for the year			**2,094**	**1,526**

Revenue reported above represents revenue generated from external customers. Inter-segment sales in the year were $56,000 (2021: $146,000) and have been eliminated from the above table.

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in this report. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' fees, investment revenue, finance costs, and income tax expense. This is the same measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

SEGMENT ASSETS	30 September 2022 (unaudited) $'000	30 September 2021 (unaudited) (restated) $'000	31 March 2022 (Audited) $'000
AWF	24,431	25,285	25,947
Madison, Absolute IT and JacksonStone & Partners	60,873	62,763	62,511
Total segment assets	85,304	88,048	88,458
Unallocated assets	815	2,922	2,961
Total assets	**86,119**	**90,970**	**91,419**

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than cash, cash equivalents and tax assets of the parent.

SEGMENT LIABILITIES	30 September 2022 (unaudited) $'000	30 September 2021 (unaudited) (restated) $'000	31 March 2022 (Audited) $'000
AWF	8,283	9,084	9,175
Madison, Absolute IT and JacksonStone & Partners	25,020	20,695	21,551
Total segment liabilities	33,303	29,779	30,726
Unallocated liabilities	15,914	23,776	23,998
Total liabilities	**49,217**	**53,555**	**54,724**

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the liabilities attributable to each segment. All liabilities are allocated to reportable segments other than bank loans and tax liabilities of the parent.

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

OTHER SEGMENT INFORMATION	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000
	Depreciation and amortisation		Impairment	
AWF	708	865	–	–
Madison, Absolute IT and JacksonStone & Partners	1,579	1,608	–	–
Unallocated	–	–	–	–
Total	2,287	2,473	–	–
	Non-current assets		Net additions to non-current assets	
AWF	14,923	16,243	85	1,153
Madison, Absolute IT and JacksonStone & Partners	43,562	46,433	155	35
Unallocated	–	–	–	–
Total	58,485	62,676	240	1,188
	Employee benefits		Contractor costs	
AWF	34,444	35,496	72	14
Madison, Absolute IT and JacksonStone & Partners	28,116	21,263	47,355	40,835
Unallocated	1,519	1,412	–	–
Total	64,079	58,171	47,427	40,849

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

GEOGRAPHICAL INFORMATION

The Group operates in one geographical area, New Zealand (country of domicile). All revenues from external customers, and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets are attributable to the Group's country of domicile.

INFORMATION ABOUT CUSTOMERS

No one customer accounts for more than 10.0% of the Group's revenue and therefore the Group does not have a reliance on its major customers (for the six month period ended 30 September 2021, no one customer accounted for more than 10.0% of the Group's revenue and therefore the Group does not have a reliance on its major customers)

	GROUP	
REVENUE FROM CONTRACTS WITH CUSTOMERS	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) $'000
Revenue earned on temporary placements		
– AWF	37,053	38,824
– Madison, Absolute IT and JacksonStone & Partners	65,249	52,158
Total revenue earned on temporary placements	102,302	90,982
Revenue earned on permanent placements		
– AWF	854	677
– Madison, Absolute IT and JacksonStone & Partners	6,053	5,953
Total revenue earned on permanent placements	6,907	6,630
Revenue earned on a retained basis		
– Madison, Absolute IT and JacksonStone & Partners	2,896	2,706
Total revenue earned on a retained basis	2,896	2,706
Other service revenue		
– AWF	593	105
– Madison, Absolute IT and JacksonStone & Partners	10,296	10,024
Total other service revenue	10,889	10,129
Total revenue	**122,994**	**110,447**

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

	GROUP	
RECONCILIATION OF NET PROFIT AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES	6 months to 30 September 2022 (unaudited) $'000	6 months to 30 September 2021 (unaudited) (restated) $'000
Net profit after income tax	2,094	1,526
Adjustments for operating activities non-cash items:		
Depreciation and amortisation	2,286	2,473
Loss/(Gain) on disposal of property, plant and equipment	(5)	2
Movement in doubtful debts provision plus bad debt write off in current year	(1)	45
Movement in deferred tax	(342)	(220)
Equity-settled share-based payments	100	21
Interest on contingent consideration to the vendor of JacksonStone & Partners	–	13
Fair value loss on contingent consideration	–	585
Total non-cash items	2,038	2,919
Movements in working capital		
(Increase)/decrease in trade and other receivables, and contract assets	849	116
Increase/(decrease) in trade and other payables, contract liabilities and provisions	98	2,201
Increase/(decrease) in taxation payable	(1,215)	(1,330)
Total movement in working capital	(268)	987
Cash flow from operating activities	**3,864**	**5,432**

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

DIVIDENDS

On 26 October 2022 the directors resolved to declare a fully imputed interim dividend for the year ended 31 March 2023 of 6.5 cents per share (total dividend $2,321,686) to be paid on 1 December 2022 to all shareholders registered on 18 November 2022. The dividend reinvestment plain is not offered on this distribution.

On 25 May 2022 the directors approved the payment of a fully imputed final dividend for the year ended 31 March 2022 of 5.6 cents per share (total dividend of $1,987,062) to be paid on 30 June 2022 to all shareholder registered on 17 June 2022. The dividend reinvestment plan was not offered on this distribution.

On 27 October 2021 the directors approved the payment of a fully imputed interim dividend for the year ended 31 March 2022 of 6.5 cents per share (total dividend of $2,306,412) to be paid on 1 December 2021 to all shareholder registered on 19 November 2021. The dividend reinvestment plan was not offered on this distribution.

FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at balance date approximate the fair value at that date.

CONTINGENT LIABILITIES

The Bank has issued five guarantees on behalf of the Group totaling $534,000 in support of property leases (4) and a surety bond to the NZX.

There were no other contingent liabilities as at 30 September 2022 or 30 September 2021.

CHANGES IN ACCOUNTING POLICIES

Software as a Service arrangements

In April 2021, the IFRS Interpretations Committee (IFRIC), which is responsible for interpreting the application of IFRS, published another agenda decision clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS), should be accounted for. This agenda decision deals with specific circumstances in relation to configuration and customisation costs incurred in implementing SaaS.

The agenda decision sets out that only in limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset where the customer controls the intellectual property of the underlying software code. In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

Where a change in accounting policy is required, comparative financial information is required to be retrospectively restated to derecognise previously capitalised costs, where material, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Management undertook an assessment of whether its previously recognised computer software assets included SaaS arrangements, and concluded that there were several items of computer software assets that were SaaS arrangements. As a result, a prior period retrospective restatement of comparative financial information as at 1 April 2021, for the period ended and as at 30 September 2021 was required.

In accordance with the disclosure requirements of IAS 8, the change in accounting policy has been applied by restating comparative amounts for each of the affected financial statement lines for prior periods as it is considered material. The following summarises the impacts on the Group's financial statements. In addition to the impact on the prior years Statement of Financial Position and Statement of Comprehensive Income, the adjustments have impacted Statement of Cash Flows, Reconciliation of Net Profit after Tax to Cash Flows from Operating Activities and Segment Performance.

Statement of statement of comprehensive income for the period ended 30 September 2021

- Amortisation of intangible assets – computer software (included in Depreciation and amortisation expense) had been overstated by $100k; and Computer software expenses (included in Other operating expenses) had been understated by $237k.

Statement of financial position as at 30 September 2021

- Closing retained earnings was overstated by $609k; Computer softwware (included in Intangable assets – other) was overstated by $749k; Fixtures and equipment (included in Property, plant and equipment) was overstated by $43k; Taxation payable was overstated by 4k; and Deferred tax assets (included in in net Deferred tax liabilities) were understated by $179k.

Accordant Group Limited

Notes to the interim condensed consolidated financial statements
For the six month period ended 30 September 2022 (unaudited)

Statement of cash flows for the period ended 30 September 2021

- Payments to suppliers and employees (included in Cashflows from operating activities) had been understated by $222k; Purchases of property, plant and equipment had been overstated by $114k; and Purchases of intangible assets (included in Cashflows from investing activities) had been overstated by $108k.

Reconciliation of net profit after tax to cash flows from operating activities for the period ended 30 September 2021

- Adjustments for operating activities non-cash items:
  - Depreciation and amortisation had been overstated by $100k.
  - Movement in deferred tax had been overstated by $4k.
- Movements in working capital:
  - Decrease in trade and other receivables, and contract assets had been understated by $15k.
  - Decrease in trade and other payables, and contract liabilities had been overstated by $4k.

EVENTS SUBSEQUENT TO REPORTING DATE

Interim dividend

On 26 October 2022 the directors approved the payment of a fully imputed interim dividend of $2.322 million (6.5 cents per share) to be paid on 1 December 2022.

Other

There were no other material events subsequent to reporting date.

Directory.

Directors

Simon Bennett (Chairperson and Non-independent Director)
Simon Hull (Non-independent Director)
Wynnis Armour (Independent Director)
Nicholas Simcock (Independent Director)
Laurissa Cooney (Independent Director)
Richard Stone (Non-independent Director)

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