

Annual Report  
2022



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# connected

In many ways, the tighter the talent market and the more complicated the employment framework, the more relevance we have for our clients and candidates.

Jason Cherrington, Group CEO

# Highlights

**\$221.5<sub>m</sub>**

## Revenue

FY2021, \$205.5 million  
FY2020, \$263.5 million

**\$36.7<sub>m</sub>**

## Shareholders' Funds

FY2021, \$39.5 million\*  
FY2020, \$33.1 million\*

**\$3.0<sub>m</sub>**

## Net Profit After Tax

FY2021, \$6.3 million\*  
FY2020, \$2.7 million

**\$10.5<sub>m</sub>**

## Operating Cash Flow

FY2021, \$21.9 million\*  
FY2020, \$9.9 million

**\$13.0<sub>m</sub>**

## Net Bank Debt

FY2021, \$13.2 million  
FY2020, \$29.8 million

# Achievements

**10,930**

Candidates placed into a temporary, contract or permanent role, a 17% increase on the prior year.



AWF's audited ACC Accredited Employer status improved for the second consecutive year to tertiary, demonstrating continuous improvement to good safety and injury management practice.

**802**

Training outcomes delivered.



Recertification of 12 Mental Health First Responders through CoLiberate.

**21,700+**

Temporary and contract assignments filled across New Zealand.

**1,524**

Organisations partnered with to deliver recruitment services.

**48,000+**

Safety engagements with our temporary employees.



Two recruitment industry award wins (SEEK's Excellence in Candidate Engagement and the RSCA's Recruitment Professional of the Year), from five finalist placements, across four Accordant businesses.



The Work Collective expands its reach and partner networks.

# Chair's Report



Simon Bennett, Chair

# Dear Shareholder,

## I feel honoured to write to you for the first time as Chair of Accordant, following the retirement of Ross Keenan during the financial year.

What a privilege it has been to observe and learn from him over the years. I often joked that he was 'old school' and a bit of an 'elder statesman'. I needn't have joked as these were in fact laudable and factual traits I was describing.

Ross was extremely principled and regimented in his approach to the business. At all times he put shareholders first, and at all times his tool of trade to achieve his goal was respectful and honest (direct) communication with his people. His vast experience ensured that he was never rattled or shaken and offered a very calm and steady 'hand on the tiller' no matter what the conditions.

Despite the ever-growing complexity of the compliance framework, the rapid pace of changes to the workplace and the economy, he had a very keen sense to ensure simplicity of purpose and clear focus for the business. This allowed the company to navigate exceptionally well in what have been extraordinary times.

Ross remains a loyal and enthusiastic shareholder and I thank him for his dedication, humour, support, and friendship.

Last year he reflected that the prior financial year had been 'a year like no other'. He noted the toll that the pandemic had taken on our people, our business and clients, and displayed a somewhat cautious tone.

In reflecting on the year that has been, it presented us with even more challenges than the one prior. The 2021 end of year lockdown was longer than the prior year for the greater Auckland region, which we managed without any significant government support.

The ongoing and cumulative impact of the closed border became more significant as the year went on. The impact of the lack of skilled migrants is well known, but perhaps not so well known is the impact of a lack of international students and those on working holiday visas. We saw the cumulative impact of the omission of up to 10,000 of these people arriving most months of the year – now stalled. In pre-Covid times we would utilise thousands of these workers across our blue and white collar businesses, often contributing to over 1,000 temps a day working for us.

What the business achieved under the circumstances was outstanding, on the back of an extraordinary effort from our people. The businesses were resilient and adaptable, enabling us to deliver a very solid result given the context.

We now have much more confidence in our ability to operate in the 'living with COVID-19' world that we have been presented. The shortage of workers, whilst a negative as mentioned above, has highlighted the valuable role we play in the labour market. Client demand is very strong, and we are able to leverage the significant expertise we have built in sourcing and candidate acquisition. Our networks and footprint in the market have and will again prove very powerful.

We have delivered a credible performance, with Net Profit After Tax of \$3.0m. It is difficult to make a fair comparison to the prior year with government support, goodwill write-down and adjustment for JacksonStone & Partners' valuation. We delivered well ahead of the 2020 year of \$2.7 million NPAT, which is perhaps the more useful comparison.

Having paid a 6.5 cent interim dividend during the year, it is pleasing to be able to pay a further 5.6 cents as a final dividend. Our debt remains low relative to earnings, and we expect to grow our dividends to shareholders over the year ahead.

Our management team, led by Jason Cherrington, are energised by the opportunities that lie ahead. Whilst we have not entertained any channel or market expansion during the last two years, we are now re-engaging our growth plans. We have strong belief in the business and as Chair I am looking forward to unlocking the value that exists in the business.

The business, despite the challenging times, is in good heart. The stability of our senior team is testament to the strength of culture and depth of commitment to the role we play.

I would like to thank all of our people for their efforts over the last 12 months and for what they have achieved.

For the Board,

**Simon Bennett**  
Chair

# CEO's Insights



Jason Cherrington, Group CEO



Accordant plays a key role within our complex and dynamic employment market, and I've enjoyed getting to understand our business, the people and the opportunities we have in front of us.

Jason Cherrington, Group CEO

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With a rich and varied history across our operating units, and even more opportunity ahead of us, I was warmly welcomed by our teams across the country, whom were all eager to share their vast knowledge and expertise with me.

At the point I joined in June 2021, the businesses had kicked off the financial year well, with AWF rebuilding strongly from the prior year and Madison also showing strong signs of growth in the first quarter.

Little did we know that six weeks into my new role, the orderly and well-planned transition was to become increasingly complex, with the government's COVID-19 response placing New Zealand into lockdown once again, and in the case of Auckland for an extended period of time.

Having previously experienced the distractions and difficulties faced when required to adjust to changing health orders, our ability to respond to the changing environment was somewhat developed. It was also of significant comfort to be supported by a very capable and committed leadership team. I am also pleased that our technology and flexible ways of working ensured business continuity was executed to a high standard.

## Underpinning our goals and performance will be the nurturing, development and retention of our people across the Group.

During this period of the pandemic AWF's clients were split in two, those that could operate and those who could not, with the definition of essential services yet again coined. As a result, and in almost all cases overnight, many of our branches found 70% of their regular field workers were not required. The AWF team once again sought out essential service related demand from logistics and supermarkets, where prompt action meant we were able to place several hundred workers to help support their resourcing challenges.

Whilst many of AWF's regular clients in Auckland were able to operate to some degree after the drop in alert levels, we were still impacted by fall-off as a result of health and safety at work protocols limiting worker numbers to sites.

AWF is continually replenishing its workforce; such is the nature of the temporary recruitment business. Circa 30% of our workers per annum take permanent roles with our clients, another 30% will take other pathways, return to whanau, study or move. As such we are always engaging new workers to top up our talent pool. This is special and unique to AWF, with a 90% reliance on temporary business, nevertheless it is satisfying that in the process of maintaining a large workforce, we engage, train and develop new workers.

The closure of the border to working holiday visas and students had a significant impact on the pool of workers available for work. At the same time demand increased, and our clients took the opportunity to recruit many of our workers into their own permanent roles.

This landscape required us to retain our people for longer, be even more innovative in our sourcing strategies and transfer our skills to offer more permanent recruitment solutions to our clients. It was impressive to witness. Looking after our people was key to this retention strategy and it is a credit to our team for their efforts in this regard, reflected in AWF winning SEEK's 'SARA Award' for Excellence in Candidate Engagement.

The result is that AWF is far more robust than the \$904k Segment Profit would indicate. We expect AWF to make a more significant contribution in the coming year.

The Madison temporary workforce was largely able to work remotely this lockdown. Similar to AWF, our temps choose short-term work assignments. Many like to change roles regularly, others fit work around study, family and other commitments. As such, the flow of new candidates is a very important factor. We would normally place circa 2,000 people per annum who are on a working holiday visa into temporary roles. This is a significant source of talent for temporary placements, and one we expect to benefit from again as border restrictions ease.

Madison had a strong year off the back of increased demand and a number of large projects, either related to or a result of New Zealand's COVID-19 response. They grew the number of consultants in the business by 25%, and expect to add a further 15% this year. This is a significant achievement given the tightness of the candidate market and the continued approaches to our people. They are therefore poised to deliver another strong year.

Absolute IT, with their niche focus, is perhaps the business with the most significant potential, however we did not achieve the goals we set for ourselves. We operate in a very competitive market that requires stability and a renewed vision to capitalise on the opportunity. The technology sector continues to create significant demand, and strong candidate management within the contracting area has been a key focus in the second half of the year. Attracting and retaining key talent within the business has also been front of mind as a key enabler. These initiatives create the right environment for Absolute IT to now grow over the next 12 months.

We completed the final payment (December 2021) for the acquisition of JacksonStone & Partners. We paid \$1.393m in December 2021 to the vendors of JacksonStone & Partners, which resulted in a fair value loss on contingent consideration of \$845k due to an increase in Net Disposable Revenue during the 12-month Earn-out period ending 31 October 2021. In summary, a welcomed over performance result by the business resulted in a higher final payment. The JacksonStone team had an outstanding year, notwithstanding the retirement of a number of the founders of the business. Whilst their executive recruitment was very strong, even more encouraging was the growth in contractor numbers. March Year on Year, contractor numbers are up 50% and with high numbers currently placed they are beginning the new financial year well.

Whilst not additive in a financial sense, but massively impactful for our people and the employment landscape, our social employment initiative The Work Collective is now firmly established. We have chosen to give you a closer look at our goals and achievements later in the report. We have a dedicated General Manager driving this initiative and have every confidence that it will be a great success as we look to create scale.

## There are opportunities to support our clients' acceleration of their digital journeys and support the new ways of working ahead of us.

The culmination of our efforts, despite the aforementioned and obvious market factors, ensured we delivered Net Profit After Tax (NPAT) of \$3.0m. We paid \$1.4m to complete the JacksonStone & Partners acquisition, had a catch-up on final dividend for the FY21 year of 8.2 cps, paid a 6.5 cps interim dividend for FY22 and maintained Bank Net Debt at a modest \$13.0m, slightly lower than prior year of \$13.2m.

Growing Group revenues year on year by 7.8%, and further developing our key client relationships, is especially pleasing considering the macro market challenges described, and provides the platform for us to push on further next year with realistic confidence.

The year ahead looks promising. Our white collar segment has growth opportunities, and we expect to rebuild AWF again to higher levels of earnings. Alongside our current businesses, we expect to develop additional channel opportunities during the year, relevant to both our client needs and market demand.

There are opportunities to support our clients' acceleration of their digital journeys and support the new ways of working ahead of us. We have witnessed organisations over the pandemic period review their business models across sectors, review how they engage with their customers and the market generally and seek out new channels as they look to transform their business using digital as an enabler. We therefore expect demand for our services to grow alongside these ambitions and the opportunity to broaden our offerings in this space is apparent.

With a good base of contingent (both our temporary workforce and contractors), we see growth opportunities that will enhance our resilience in these turbulent economic times.

Our own digital transformation continues apace. We are consolidating gains, with all our white-collar businesses on the same operating platform and have witnessed significant advances in our candidates' experience and the efficiency of their journey with us.

Underpinning our goals and performance will be the nurturing, development and retention of our people across the Group. This is not new to us, but our people's expectations have changed, as flexible working arrangements become the norm and priorities for many have changed. In this regard we have taken onboard learnings during the pandemic and applied those successfully to our ways of working and the ongoing wellbeing of our people. Our people remain key to our success and clear career development pathways further demonstrate our commitment in this area.

It is fair to say that the immigration settings and border opening dates are very important to us. Despite a conservative stance by the government and a world where we may have to fill the funnel again rather than open the gate as we have in the past, we consider there is upside for our business when this finally occurs. The recent opening for working holiday visa holders is certainly a start.

There is an extraordinary amount of change on the horizon across the legislative landscape. We are concerned that the introduction of initiatives such as Fair Pay Agreements and the New Zealand Income Insurance Scheme will add another layer of complexity and cost to our clients and candidates at a time when inflation is high, and unemployment is low. As an employer of a significant number of people we are aligned with the government in raising

skills levels, helping more people into the workforce and raising productivity. It is humbling to have such a key role in this regard as we contribute significantly to the labour market in New Zealand.

We were pleased to put an end to the challenge we had in the employment court to our worker status, by the PSA, with the decision in our favour upheld firstly by the Court of Appeal and subsequently the Supreme Court during the year.

In many ways, the tighter the talent market and the more complicated the employment framework, the more relevance we have for our clients and candidates. So, whilst we are active in encouraging a good employment framework, our expertise remains additive to our clients regardless of the government of the day.

I would like to finish by thanking Simon Bennett for the support and guidance during our respective transitions and look forward to our further collaboration. I would also like to thank the Board, my executive team, and the wider business for giving me such a good start. I really enjoy the people and the place that we have in New Zealand. It is a fascinating and complex market we operate in, and hugely rewarding and satisfying knowing the impact we have on so many people's lives.

**Jason Cherrington**  
Group Chief Executive

# What Drives Us

## Our Belief

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**We believe it is people that drive our country forward.**

## Our Vision

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**To grow our impact as New Zealand's leading recruitment, resourcing and people solutions partner for the benefit of our people, customers, finances and country.**

### Our People

At the heart of our business is a group of curious, resilient, capable and engaged people who are driving us forward. Their determination to do better empowers us to contribute more additively to the lives of New Zealanders and the success of New Zealand.

### Our Customers

We will choose and partner with our clients wisely, adding value through quality, expertise, efficiency, relationships and customised solutions.

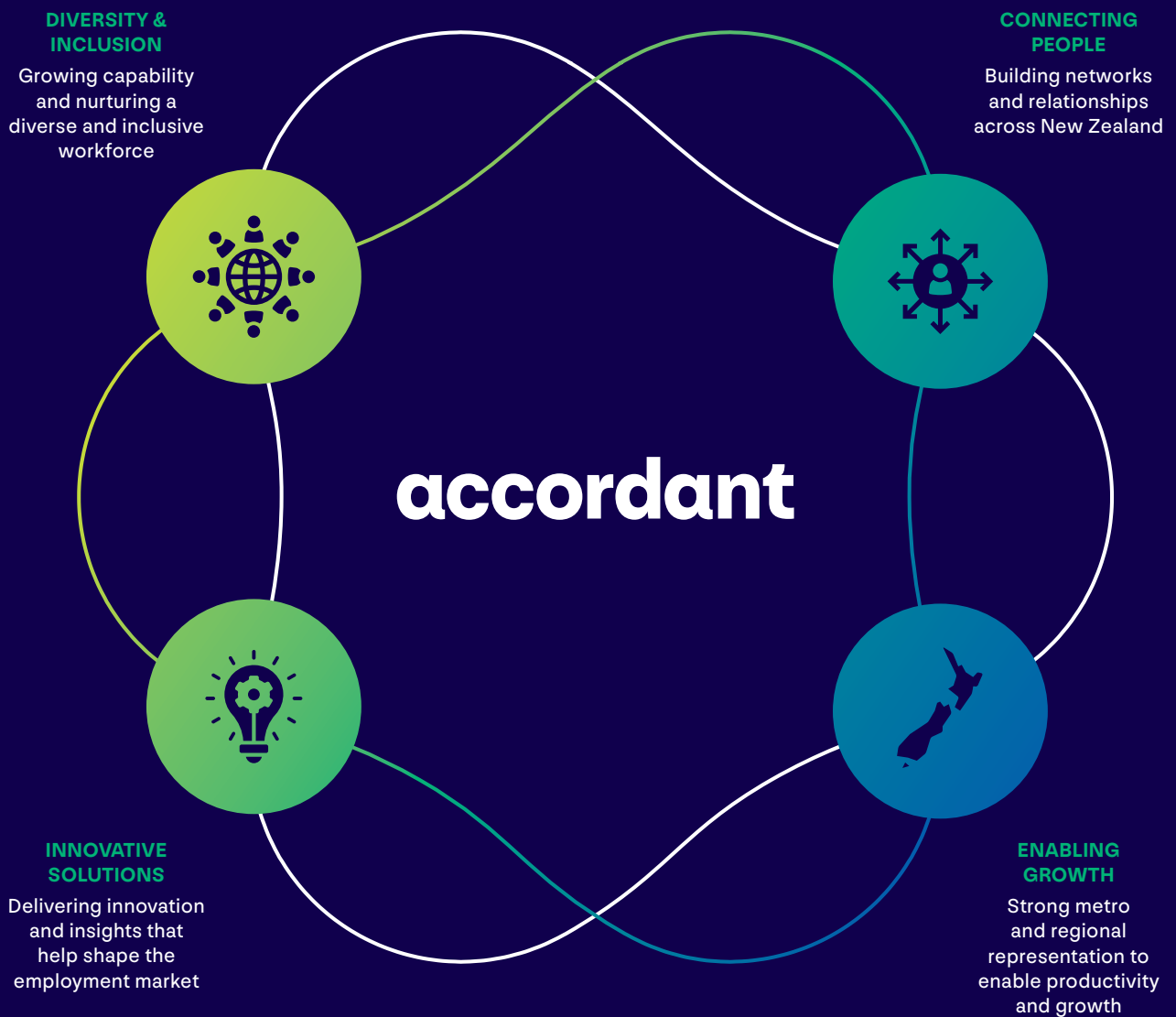
### Our Finances

We will drive strong dividend and earnings growth through continued performance and improvement initiatives to create sustainable shareholder value.

### Our Country

Our unique position enables us to provide proactive solutions to address structural challenges in the employment market, making an impact by growing and shaping our workforce for the current and future needs of New Zealand.

## Our Difference



# OUR BUSINESSES

## the work collective

The Work Collective is an employment initiative that delivers social impact through connecting employers, employment support organisations and Accordant's businesses with candidates who face barriers to employment, providing them access to meaningful work opportunities. Launched in mid-2019, The Work Collective offers organisations a way to achieve social impact through their staffing supply chain.



*In partnership with the Accordant brands, FY23 will see The Work Collective deliver more. We aim to tackle labour market challenges by providing an innovative solution that improves employment outcomes for people who have faced difficulties in securing work, while supporting New Zealand businesses to grow and prosper and enabling them to achieve positive social outcomes through their procurement spend.*

**Donna Lynch**  
General Manager,  
The Work Collective

## absolute IT

Founded in 2000, Absolute IT caters to the specific recruitment needs of the technology and digital sectors. Absolute IT's specialist recruiters provide permanent and contractor staffing services New Zealand-wide from their offices in Wellington, Auckland, Hamilton, and Christchurch. From resourcing large transformation programmes in the public sector, to sourcing the right fit for large corporates and attracting world class talent for New Zealand start-ups, Absolute IT is relied upon for its expertise and extensive networks.



*The coming year represents both tremendous opportunity and challenge for the New Zealand IT recruitment sector. We are excited to meet these challenges and take advantage of the opportunities through the enhancements made to our exceptional team, our business and our technology systems over the last year.*

**Steve Cotton**  
General Manager, Absolute IT



Since 1988, AWF has had a proud history of supplying entry-level, semi-skilled and skilled workers to a range of sectors, spanning infrastructure, construction, transport, logistics, manufacturing, primary industries and many more. From Kaitaia in the north to Invercargill in the south, AWF's network of 21 branches provide hundreds of enterprises throughout New Zealand with the human capital necessary to complete major projects, meet increased demand in goods and services, and fill the skills gap in permanent workforces.



*The appreciation of traditionally lower-paid workers is demonstrably higher than it has ever been, especially in light of the role they have played in keeping our country connected and moving during lockdown restrictions. Organisations who recognise their value will be the least hard hit as we transition out of COVID-19-induced labour shortages.*

**Fleur Board**  
General Manager, AWF



JacksonStone & Partners is one of the most experienced executive search and recruitment consultancies in New Zealand. Established in 2011, JacksonStone works across all disciplines up to Chief Executive level and including board appointments, for organisations in the public, private and not-for-profit sectors. JacksonStone offers global search reach through their membership of the CFR Global Executive Search alliance. Their experienced consultants have the capability to identify and place talent both nationally and internationally.



*The next 12 months are going to further test the executive market, with candidates strongly in the driver's seat. It is more important than ever for us to partner exclusively with our clients to provide a seamless candidate experience – one which will continue to see both clients and candidates have a positive experience and get to the right outcome. We are ready for the challenges FY23 will bring and will continue to adapt and move with the market.*

**David Hollander**  
Chief Executive,  
JacksonStone & Partners



Madison was established in 1998 and has become the recruitment partner to a wide variety of organisations within the private, public, and not-for-profit sectors. Madison's service spans entry-level and support roles through to professional and managerial positions. Each year, hundreds of permanent positions are filled by candidates who have been sourced and matched to meet specific business requirements and, every day, hundreds more employees work on temporary and contract assignments across the country.



*Our people have been essential to our growth this past year. They have been supported by further investment in our CRM capability and the establishment of our new national resourcing team, both of which have enabled us to efficiently deliver large client projects and an enhanced candidate experience. We have a clear intent to continue our growth in the temporary market following easing of New Zealand's border restrictions, allowing an increased supply of candidates to meet our market demand.*

**Christian Brown**  
General Manager,  
Madison Recruitment



## The Evolving World of Work

### THE ACCELERATION OF WORKPLACE TECHNOLOGY CONTINUES

Working alongside our clients, we have seen that in many workplaces throughout New Zealand the continued response to COVID-19, along with evolving customer needs, have further accelerated the adoption of digital technologies – in some instances by many years. Most of these changes are here to stay, and workplaces are now looking to the future and identifying ways to take advantage of the opportunities these changes represent.

With New Zealand's unemployment rate holding steady at 3.2% (Stats NZ, 4 May 2022) for the second quarter in a row – together with wage growth, inflationary pressures and supply chain challenges – businesses are looking to their technology strategy to empower their people and deliver better products and services to their customers.

Enhanced collaboration, improved productivity, stronger insights, real time data visibility, greater safety and security – there are many drivers for an organisation's investment in digital transformation. However, it is the organisations that are able to ensure people remain at the heart of their technology strategy that will thrive. As the border reopens and New Zealand welcomes back international migrants and visitors, this becomes even more significant.

Arguably, every business is becoming a 'tech' business. From social connectedness to the acceleration of learning through gamification and virtualisation, the past two years have seen a greater reliance on technology

across most sectors than ever before – both within and outside a traditional office environment. Investment from government and industry in upskilling and reskilling workforces will be a key factor in an equitable and accessible future of work in New Zealand.

The question then comes to strategy versus the reality of implementation. Are businesses sufficiently prepared? Do they have the capability and resources to successfully implement their plans? What lessons have been learned over the past two years? What training and development capabilities are required to support their people on the journey? Technology is a persistent force, and it continues to have the power to transform the world of work.

It is true today that many people have considerably more computing power in their pocket than what was needed to help a human reach the moon. With technology so intertwined in people's work and personal lives, the ability of employers to protect the boundaries between work and homelife, whether in a hybrid work environment or not, will be critical. Flexibility in the workplace is constantly being redefined, and investment in wellbeing is now a necessity. Using technology as an enabler and taking a human-centred approach to digital transformation is good for business, and good for all New Zealanders, which is why we continue to build our expertise and focus on this area to support our customers and our people.

### A New Era for The Work Collective

The Work Collective has been part of the fabric of Accordant since 2019. Now led by Donna Lynch as General Manager, it offers businesses a structured programme through Accordant that connects client partners and employment support organisations with people who face barriers to employment. The impact of the meaningful work opportunities accessed through The Work Collective continues to grow.

Building on the achievements and connections made since its inception, several new streams of work are now central to the way The Work Collective supports New Zealand's communities. One of these is assisting secondary school students prepare for the world of work.

After a successful pilot programme in 2021, The Work Collective has developed a formal programme for deployment within schools during 2022 and beyond. Working together with secondary schools and linking them to Accordant's businesses provides students access to suitable paid work opportunities in a variety of industry sectors throughout New Zealand. The programme provides students an improved understanding of the employment market and educates them on the various parts of a successful job search process.

Another of these programmes is a collaboration with Absolute IT. Today, more than ever, innovation is needed to make an impact and provide client partners with a wider pipeline of talent. As a New Zealand-grown organisation Accordant is persistently addressing the talent shortages the IT sector faces, while also supporting individuals who face barriers to accessing work in the IT sector by providing them with support and opportunities to overcome these obstacles.

The programme benefits IT students by establishing a connection with Absolute IT for future career guidance and opportunities, offering access to paid contract work while they study and enabling utilisation of their study in real world scenarios. For client partners, this develops a new stream of talent who align with their impact goals. Clients can do this in a flexible and reliable way, contributing positively to overcoming barriers to employment for some students studying IT-related subjects, while supporting the future success of the sector.

In the year ahead The Work Collective continues to focus on delivering impact through organisations' supply chains. There will be a deeper focus on engagement and consultation with Māori and Pasifika, including identifying more sponsor organisations and client partners who wish to improve outcomes for individuals, their whanau and their communities.



# Our Locations

Our national presence, coupled with our local knowledge, allows us to deliver more for both our candidates and clients.



# Board of Directors



**Simon Bennett**

Simon is an experienced business leader and director. He has a keen interest in the labour market's role in a successful economy and the growth of New Zealand's productivity. Simon has been a director of several businesses and is on the Board of Trustees for the Ice Foundation (a charitable trust which owns business incubator The Icehouse) and is also a Director of The Icehouse. Simon was appointed as Chair in January 2022, having previously served as the Group's Chief Executive, retiring during the course of 2021.



**Simon Hull**

Simon founded the Allied Work Force business in 1988. He was AWF Managing Director for 27 years and is Accordant Group's largest shareholder. He has been instrumental in growing what is now the Accordant business from a single office in Penrose to its current market leading position. Before founding Allied Work Force, Simon was involved in farming, horticulture, and small business management. He continues to be involved in marine-focussed businesses as well as pursuing his onshore and offshore yacht racing passion. Simon is a non-executive ("non-independent") Director.



**Wynniss Armour**

Wynniss joined the Board in January 2015 and is now an independent Director. After holding senior management positions in both the public and private sectors (including Adecco – one of the largest global recruitment firms) Wynniss co-founded the Madison Group, which was sold to AWF in 2013. She contributes a wealth of business experience and commercial acumen and a particular understanding of the Group's businesses. Wynniss is a member of Global Women and the Institute of Directors, and is a Director of angel investor ArcAngels and of Armour Consulting.



### Nick Simcock

Nick joined the Board as an independent Director in January 2018 after 15 years in Managing Director roles in New Zealand, Australia, and Asia/Pacific with Korn Ferry. Nick brings deep industry expertise in recruiting, outsourcing, consulting and talent management. Nick was the CEO and Director of a start-up SaaS payments business Wrap It Up, which was sold in 2017. He is a Trustee on the Wellington Creative Capital Arts Trust and was formerly on the Otago University Business School Board of Advisors. Nick is a Chartered Member of the Institute of Directors.



### Laurissa Cooney

Laurissa, who is of Te Āti Hau Nui a Pāpā Rangi (Whanganui) descent, joined the Board as an independent Director in August 2020. Laurissa has previously held senior management, auditing and consulting roles with Deloitte in New Zealand and Deloitte Touche in London, and was the CFO for Te Whare Wānanga o Awanuiārangi. She currently serves as the Chair of Tourism Bay of Plenty, and she is an independent Director for Air New Zealand and Goodman (NZ). She is also a Trustee for the commercial investment trust of Ngai Tai Ki Tamaki and a guardian of Aotearoa Circle. Laurissa is a Chartered Member of the Institute of Directors and a member of the Chapter Zero steering committee.



### Richard Stone

Richard joined the human resources consulting industry in 1987, and went on to co-found three successful firms, the most recent of which was JacksonStone & Partners where he was Executive Chair. Richard has held a number of governance roles. He has been Chair of UNICEF NZ, President of the Wellington Chamber of Commerce, a Council member of Business NZ and a Director of Wellington NZ. Presently, he is the Chair of LifeFlight, Chair of Commerce Building Limited and a Director of Cape Horn Land Company Limited. Richard is a non-executive (“non-independent”) Director.



# Financial Commentary

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## REVENUE

Group Revenue of \$221.5m was up 7.8% on the prior year's Revenue of \$205.5m. FY20 Revenue was \$263.5m. AWF's Revenue was up \$1.8m (2.4%) on the prior year. Revenue sourced from the provision of services to Commerce (Madison Recruitment, Absolute IT and JacksonStone & Partners) was up \$14.2m (11.1%).

The impact of the COVID-19 pandemic has been significant on AWF, with a slower rate of recovery towards pre-COVID-19 financial performance. New Zealand's border closures, immigration restrictions and extended lockdown periods all significantly impacted AWF's performance, whilst temporarily contracting the size of the temporary job market. Whilst AWF have been constrained by the supply of new candidates, demand for their services is strong.

New Zealand's low unemployment rate and the government's isolation requirements over the last 24 months have intensified the gap between supply and demand. Management and the Board are confident that the temporary job market will return to a level consistent with New Zealand's pre-COVID-19 environment.

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## NET PROFIT AFTER TAX

After-tax Profit of \$3.0m was down on the prior year's result of \$6.3m. FY20 After-tax Profit was \$2.7m. This year's result includes a fair value adjustment loss of \$0.845m on the JacksonStone & Partners contingent consideration. The prior year had a fair value adjustment gain of \$1.285m.

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## DIVIDEND

COVID-19 saw the suspension of Dividend payments for both the final dividend for the year ended 31 March 2020, and the interim dividend for year ended 31 March 2021. A fully imputed Final Dividend for FY21 of 8.2 cps was paid in June 2021, followed by a fully imputed FY22 Interim Dividend of 6.5 cps paid in December 2021. The dividend reinvestment option was not offered for these distributions. A fully imputed Final Dividend for FY22 of 5.6 cps has been approved for payment on 30 June 2022.

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## CASH FLOW

Cash flow from operating activities in FY22 of \$10.5m was down on the prior year's result of \$21.9m and in line with FY20's result of \$9.9m.

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## NET BANK DEBT

Net Bank Debt at \$13.0m was consistent with FY21 at \$13.2m after payment during the year of Dividends of \$5.2m, JacksonStone & Partners contingent consideration of \$1.4m and Treasury Share acquisition of \$0.8m.

# Corporate Governance Statement

The Board of Directors of Accordant Group Limited (NZX:AGL) is responsible for the corporate governance of the Company. The Board has established a culture that ensures commitment to and compliance with good corporate governance principles, and ethical conduct is at the heart of the Company's business practices. The Company will continue to monitor developments in corporate governance practices and update its policies to ensure Accordant maintains appropriate standards of governance.



This statement sets out the corporate governance policies, practices and processes followed by the Board throughout the year. Accordant complies with the NZX Listing Rules and the corporate governance principles set out in the NZX Code of Corporate Governance. The Company also complies with the principles in the Financial Markets Authority's Corporate Governance Principles and Guidelines.

## THE BOARD

The Board is responsible for the affairs and activities of the Company. It establishes the Group's objectives, strategies for achieving these objectives, the overall policy framework within which the business of the Group is conducted, and monitors Management's performance with respect to these matters. The Board has delegated the day-to-day management of the Group to the Chief Executive Officer. Other delegations are covered in a Delegations Policy.

The Company's Constitution and the Board Charter set out the policies and guidelines for the operation of the Board.

## BOARD COMPOSITION AND OPERATIONS

As at 31 March 2022, the Board comprised six directors. Wynniss Armour, Laurissa Cooney and Nick Simcock have been determined as independent directors as defined by the NZX Listing Rules. Simon Hull, Simon Bennett (Chairperson) and Richard Stone are non-independent directors.

With the Board changes we do not currently have a majority independent directors. We are seeking to redress this imbalance during this financial year.

The Board is elected by the shareholders of the Company. In accordance with the Company's constitution and the NZX Listing Rules, a director must not hold office (without re-election) past the third annual meeting following the director's appointment or three years, whichever is longer.

The Board holds regularly scheduled meetings and other meetings on an as required basis. Board papers are circulated ahead of each meeting. The Board has access to senior executives and external advisers to provide further information.

## BOARD REMUNERATION

Directors' fees for the year ended 31 March 2022 totalled \$375,000. The Director fee pool is \$450,000. The Chairperson is paid a fee of \$115,000 per annum and all other Directors are paid \$60,000 per annum.

The terms of any Directors' retirement payments are as prescribed in the Constitution and require prior approval of shareholders in general meeting. No retirement payments have been made to any Director.

## BOARD COMMITTEES

The Board has five formally constituted committees of Directors. Each Committee has a Charter or terms of reference that establishes its purpose, structure and responsibilities. The Committees make recommendations to the Board and may only make decisions on matters for which they have been given specific authority.

### 1. Audit & Risk Committee

The Audit and Risk Committee provides assurance and assistance to the Board and Chief Executive on the Company's risk, control and compliance framework, and its external financial reporting and accountability responsibilities.

The members of the Committee are Laurissa Cooney (Chairperson), Simon Bennett and Nick Simcock.

The Committee meets at least twice per year, with the external auditors of the Company and the Accordant executives responsible for internal audit management in attendance. The Committee also meets with the external auditors with Accordant executives absent.



## 2. Remuneration Committee

The Remuneration Committee's purpose is to establish sound remuneration policies and practices that attract and retain high performing Directors and senior executives. The Committee ensures that executives and Directors are rewarded having regard to the Company's long-term performance. The policies adopted are intended to align shareholder interests and employee interests by demonstrating a clear relationship between shareholder value and executive performance.

All Directors are members of this Committee. The Chairperson is Wynnis Armour. The Committee meets at least annually to review senior executive remuneration and incentives.

## 3. Nominations Committee

The Nominations Committee assists the Chairperson with an annual evaluation of the Board and Director performance; to determine Director Independence and to identify and recommend to the Board individuals for nomination as members of the Board and its Committees.

All Directors are members of this Committee.

The Committee meets at least annually.

## 4. Health & Safety Committee

The role of this Committee is to assist the Board to fulfill its responsibilities and to ensure compliance with all legislative and regulatory requirements in relation to the health and safety practices of the Company as those activities affect employees and contractors. It ensures that the Board members themselves are aware of their own responsibilities and duties under legislation, and are fully informed on all Health and Safety issues and targets.

All Directors are members of this Committee. The Chairperson is Simon Hull.

The Committee members participate in monthly meetings, and participate in and review reports presented by the Group Operations Health and Safety Committee.

## 5. Organisation Committee

The Organisation Committee acts as a reference point for the Chief Executive in matters around organisational change as required from time to time. The Committee is also responsible for assisting the Board in the application of remuneration policies and best practice for the Board, Chief Executive and Senior Management.

All Directors are members of this Committee. The Chairperson is Wynnis Armour.

## REMUNERATION OF AUDITORS

Details of remuneration paid to Auditors are set out in A4 of the Financial Statements.

## NON-AUDIT SERVICES

The External Financial Auditors Independence Policy sets out the Company's position in regard to non-audit services.

Deloitte Limited are the auditors of Accordant Group Limited and whilst its main role is to provide audit services to the Company, the Company does employ their specialist advice where appropriate. In each instance, the Board has considered the nature of the advice sought in context of the audit relationship. In accordance with the advice received from the Audit, Finance and Risk Committee, the Board does not consider these services have compromised the auditor independence for the following reasons:

All non-audit services have been reviewed by the Audit, Finance and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor;

None of the services undermined the general principles relating to auditor independence, including not reviewing or auditing the auditor's own work, not acting in a management or decision-making capacity for the Company, not acting as advocate for the Company or not jointly sharing economic risk or rewards.

## SHARE TRADING

The Company has adopted a Share Trading policy that sets out the formal procedures Directors and employees are required to follow to ensure compliance with the Financial Markets Conduct Act 2013 (refer to the website).





## DIVERSITY

The Company has a diversity policy in place (refer to the website), consistent with the Directors' belief that a diverse workforce contributes to improved business performance, enables innovation and enhances the Company's relationship with its customers.

In accordance with NZX's Listing Rule requirements, the gender breakdown of Accordant Group Limited's Board of Directors and Officers as at 31 March 2022 is:

|                         | 2022 |        |                | 2021 |        |                |
|-------------------------|------|--------|----------------|------|--------|----------------|
|                         | MALE | FEMALE | GENDER DIVERSE | MALE | FEMALE | GENDER DIVERSE |
| NUMBER OF DIRECTORS     | 4    | 2      | -              | 3    | 2      | -              |
| PERCENTAGE OF DIRECTORS | 67%  | 33%    | -              | 60%  | 40%    | -              |
| NUMBER OF OFFICERS      | 5    | 5      | -              | 4    | 5      | -              |
| PERCENTAGE OF OFFICERS  | 50%  | 50%    | -              | 44%  | 56%    | -              |

## DIRECTORS' AND OFFICERS' INDEMNITY AND INSURANCE

The Company has insured all its Directors and Officers and the Directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their position as Directors. The insurance does not cover liabilities arising from criminal actions.

The Company and Officers have executed Deeds of Indemnity with Directors, indemnifying them to the extent permitted by section 162 of the Companies Act 1993.

## RISK MANAGEMENT

The Board is responsible for ensuring that key business and financial risks are identified and appropriate controls and procedures are in place to effectively manage those risks. In managing the Company's business risks, the Board approves and monitors policy and process in such areas as internal audit, treasury management, financial performance and capital expenditure. The Board also monitors expenditure against approved projects and approves the capital plan. A Risk Framework is in place (refer to the website).

### Principles:

- creates and protects value;
- is an integral part of all Accordant's processes;
- is part of the decision-making process;
- explicitly addresses uncertainty;
- is systematic, structured and timely;
- is based on the best available information; and encourages open communication;
- is tailored to Accordant;
- takes human, cultural factors and diversity into account;
- is transparent and inclusive;
- is dynamic, iterative and responsive to change; and
- facilitates continual improvement.

The Company has insurance policies in place covering most areas of risk to its assets and business. Policies are reviewed and renewed annually with reputable insurers.

Directors may seek their own independent professional advice to assist with their responsibilities. During the 2022 financial year no Director sought their own independent professional advice.

## INTERESTS REGISTER

The Board maintains an Interests Register. In considering matters affecting the Company, Directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict has been disclosed, the Director takes no further part in receipt of information or participation in discussions on that matter.

## DISCLOSURE/SHAREHOLDER RELATIONS

The Company has a Continuous Disclosure Policy and procedures in place to ensure key financial and material information is communicated to the market in a clear and timely manner.

Consistent with best practice and a policy of continuous disclosure, external communications that may contain market sensitive data are released through NZX in the first instance. Further communication is encouraged with press releases through mainstream media.

The Company's website is actively used as a portal for shareholder reports, news releases and other communications released to shareholders and media.

The Board formally reviews its proceedings at the conclusion of each meeting to determine whether there may be a requirement for a disclosure announcement.



## Independent Auditor's Report

To the Shareholders of Accordant Group Limited

### Opinion

We have audited the consolidated financial statements of Accordant Group Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, statement of changes in equity, and statement of cashflows for the year then ended, and notes to the consolidated financial statements, including a summary of other accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 26 to 70, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the Company or any of its subsidiaries.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

#### Impairment testing of goodwill and other indefinite life intangible assets for AWF and Madison Recruitment

Goodwill of \$38.1 million (2021: \$38.1 million) and other indefinite life intangible assets (brand names) of \$10.5 million (2021: \$10.5 million) are recognised in the consolidated financial statements at 31 March 2022, as detailed in notes B4 and B3 respectively.

Goodwill and other indefinite life intangible assets are tested for impairment annually or whenever there are indicators that these assets may be impaired.

For the purpose of impairment testing, the goodwill and other indefinite life intangible assets are allocated to cash generating units (CGU). The recoverable amount of each CGU is determined through a value in use calculation, which reflects significant unobservable inputs, including forecasted financial performance, discount rates and growth rates (including terminal growth rate).

The AWF and Madison Recruitment CGUs include goodwill and indefinite life intangibles of \$11.2 million and \$20.7 million respectively.

As disclosed in note B4, the impact of the Covid-19 pandemic has been more pronounced on AWF. The key judgement underpinning the future cashflow is the impact of relaxation of border controls, which will assist in candidate supply together with a continuing post-pandemic recovery.

We have included the impairment considerations of goodwill and other indefinite life intangibles for AWF and Madison Recruitment as a key audit matter because of their significance to the Group's consolidated financial statements and the judgement involved in determining the recoverable amount of each CGU.

### How our audit addressed the key audit matter

We have audited the Group's value in use calculations for each cash-generating unit (CGUs). Our procedures included, amongst others:

- Testing the value in use calculations for arithmetic accuracy;
- Comparing the forecast performance with the approved 2023 financial year budget;
- Assessing the historical accuracy of the Group's previous forecasts by comparing prior period budgets to actual performance;
- Challenging Management's assumptions used in the forecasted financial performance, by utilising our knowledge of the Group, the past performance of the CGUs, and their customers;
- Performing sensitivity analysis on the forecasted financial performance, growth rates and discount rates and terminal growth rates to determine the extent to which any changes in these inputs would result in impairment to AWF and Madison CGUs;
- Involving our internal valuation specialists in assessing the discount and terminal growth rates for reasonableness in comparison to market data; and
- Evaluating the sufficiency of related disclosures with regards to the requirements of NZ IAS 36 Impairment of Assets.

### Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

### Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1>

This description forms part of our auditor's report.

### Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

The logo for Deloitte Limited, featuring the company name in a stylized, cursive script.

**Bryce Henderson, Partner**  
for Deloitte Limited  
Auckland, New Zealand  
25 May 2022

**Accordant Group Limited**

Statement of comprehensive income  
For the year ended 31 March 2022

|  | NOTE               | GROUP          |                              |
|--|--------------------|----------------|------------------------------|
|  |                    | 2022<br>\$'000 | 2021<br>(Restated)<br>\$'000 |
| Revenue from contracts with customers              | A2                 | 221,509        | 205,482                      |
| Investment revenue                                 | A3                 | 7              | –                            |
| Fair value (loss)/gain on contingent consideration | F7                 | (845)          | 1,285                        |
| Direct costs                                       |                    | (2,376)        | (2,569)                      |
| Employee benefits expense                          | A1, F1             | (117,757)      | (92,170)                     |
| Contractor costs                                   | A1                 | (81,354)       | (78,632)                     |
| Depreciation and amortisation expense              | A4, B1, B2, B3, G1 | (4,941)        | (5,049)                      |
| Impairment of goodwill                             | A4, B4             | –              | (7,000)                      |
| Other operating expenses                           | G1                 | (8,443)        | (9,023)                      |
| Finance costs                                      | A4                 | (1,095)        | (1,228)                      |
| <b>Profit before tax</b>                           |                    | <b>4,705</b>   | <b>11,096</b>                |
| Income tax expense                                 | A5, G1             | (1,706)        | (4,779)                      |
| <b>Profit for the year</b>                         |                    | <b>2,999</b>   | <b>6,317</b>                 |
| Other comprehensive income for the year            |                    | –              | –                            |
| <b>Total comprehensive income for the year</b>     |                    | <b>2,999</b>   | <b>6,317</b>                 |
| <b>Earnings per share</b>                          |                    |                |                              |
| Total basic earnings per share (cents/share)       | C4                 | 8.9            | 18.4                         |
| Total diluted earnings per share (cents/share)     | C4                 | 8.9            | 18.4                         |

The notes to the Group financial statements form an integral part of these financial statements

**Accordant Group Limited**Statement of financial position  
As at 31 March 2022

|                                      | NOTE   | GROUP          |                              |
|--------------------------------------|--------|----------------|------------------------------|
|                                      |        | 2022<br>\$'000 | 2021<br>(Restated)<br>\$'000 |
| <b>Assets</b>                        |        |                |                              |
| <b>Non-current assets</b>            |        |                |                              |
| Property, plant and equipment        | B1, G1 | 2,907          | 3,449                        |
| Right of use assets                  | B2     | 7,020          | 8,570                        |
| Intangible assets – goodwill         | B4     | 38,068         | 38,068                       |
| Intangible assets – other            | B3, G1 | 12,487         | 13,853                       |
| <b>Total non-current assets</b>      |        | <b>60,482</b>  | <b>63,940</b>                |
| <b>Current assets</b>                |        |                |                              |
| Cash and cash equivalents            | C6     | 4,972          | 1,795                        |
| Trade and other receivables          | C7, G1 | 25,868         | 23,286                       |
| Contract assets                      | A2     | 97             | 180                          |
| <b>Total current assets</b>          |        | <b>30,937</b>  | <b>25,261</b>                |
| <b>Total assets</b>                  |        | <b>91,419</b>  | <b>89,201</b>                |
| <b>Equity and liabilities</b>        |        |                |                              |
| <b>Non-current liabilities</b>       |        |                |                              |
| Deferred tax liabilities             | A5, G1 | 1,651          | 2,235                        |
| Borrowings                           | C8     | 18,000         | 15,000                       |
| Lease liabilities                    | B2     | 5,525          | 6,991                        |
| <b>Total non-current liabilities</b> |        | <b>25,176</b>  | <b>24,226</b>                |
| <b>Current liabilities</b>           |        |                |                              |
| Trade and other payables             | C9     | 24,382         | 20,180                       |
| Contract liabilities                 | A2     | 285            | 230                          |
| Taxation payable                     | A5, G1 | 2,250          | 1,829                        |
| Provisions                           | F2     | 400            | 400                          |
| Lease liabilities                    | B2     | 2,231          | 2,264                        |
| Contingent consideration             | F7     | –              | 535                          |
| <b>Total current liabilities</b>     |        | <b>29,548</b>  | <b>25,438</b>                |
| <b>Total liabilities</b>             |        | <b>54,724</b>  | <b>49,664</b>                |
| <b>Net assets</b>                    |        | <b>36,695</b>  | <b>39,537</b>                |
| <b>Capital and reserves</b>          |        |                |                              |
| Share capital                        | C2     | 30,868         | 30,868                       |
| Treasury shares                      | C3     | (804)          | –                            |
| Group share scheme reserve           |        | 282            | 204                          |
| Retained earnings                    | C1, G1 | 6,349          | 8,465                        |
| <b>Total equity</b>                  |        | <b>36,695</b>  | <b>39,537</b>                |

For and on behalf of the Board who authorise the issue of the financial statements on 25 May 2022:



SIMON BENNETT, Chair



LAURISSA COONEY, Chair, Audit &amp; Risk Committee

The notes to the Group financial statements form an integral part of these financial statements

**Accordant Group Limited**

Statement of changes in equity  
For the year ended 31 March 2022

|   | NOTE   | GROUP                   |                           |                                      |  |                        |
|---|--------|-------------------------|---------------------------|--------------------------------------|--|------------------------|
|   |        | Share capital<br>\$'000 | Treasury shares<br>\$'000 | Group share scheme reserve<br>\$'000 | Retained earnings (Restated)<br>\$'000 | Total equity<br>\$'000 |
| <b>2021</b>   |        |                         |                           |                                      |  |                        |
| <b>Balance at 31 March 2020 (Reported)</b>  |        | 30,868                  | –                         | 330                                  | 2,536                                  | 33,734                 |
| Restatement due to IFRS Interpretations Committee's April 2021 agenda decision of Software-as-a-Service (SaaS) arrangements | G1     | –                       | –                         | –                                    | (592)                                  | (592)                  |
| <b>Balance at 1 April 2020 (Restated)</b>   |        | 30,868                  | –                         | 330                                  | 1,944                                  | 33,142                 |
| <b>Comprehensive income</b>   |        |                         |                           |                                      |  |                        |
| Profit for the year   |        | –                       | –                         | –                                    | 6,317                                  | 6,317                  |
| Other comprehensive income  |        | –                       | –                         | –                                    | –                                      | –                      |
| Total comprehensive income  |        | –                       | –                         | –                                    | 6,317                                  | 6,317                  |
| <b>Transactions with shareholders</b>   |        |                         |                           |                                      |  |                        |
| Restricted shares expired   | C1, F1 | –                       | –                         | (162)                                | 162                                    | –                      |
| Restricted shares lapsed  | C1, F1 | –                       | –                         | (42)                                 | 42                                     | –                      |
| Share based payments  | F1     | –                       | –                         | 78                                   | –                                      | 78                     |
| Total transactions with shareholders  |        | –                       | –                         | (126)                                | 204                                    | 78                     |
| <b>Balance at 31 March 2021 (Restated)</b>  |        | <b>30,868</b>           | –                         | <b>204</b>                           | <b>8,465</b>                           | <b>39,537</b>          |
| <b>2022</b>   |        |                         |                           |                                      |  |                        |
| <b>Balance at 31 March 2021 (Reported)</b>  |        | 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 | G1     | –                       | –                         | –                                    | (472)                                  | (472)                  |
| <b>Balance at 1 April 2021 (Restated)</b>   |        | 30,868                  | –                         | 204                                  | 8,465                                  | 39,537                 |
| <b>Comprehensive income</b>   |        |                         |                           |                                      |  |                        |
| Profit for the year   |        | –                       | –                         | –                                    | 2,999                                  | 2,999                  |
| Other comprehensive income  |        | –                       | –                         | –                                    | –                                      | –                      |
| Total comprehensive income  |        | –                       | –                         | –                                    | 2,999                                  | 2,999                  |
| <b>Transactions with shareholders</b>   |        |                         |                           |                                      |  |                        |
| Dividends paid  | C1, C5 | –                       | –                         | –                                    | (5,171)                                | (5,171)                |
| Restricted shares lapsed  | C1, F1 | –                       | –                         | (56)                                 | 56                                     | –                      |
| Treasury shares acquired  | C3     | –                       | (804)                     | –                                    | –                                      | (804)                  |
| Share based payments  | F1     | –                       | –                         | 134                                  | –                                      | 134                    |
| Total transactions with shareholders  |        | –                       | (804)                     | 78                                   | (5,115)                                | (5,841)                |
| <b>Balance at 31 March 2022</b>   |        | <b>30,868</b>           | <b>(804)</b>              | <b>282</b>                           | <b>6,349</b>                           | <b>36,695</b>          |

The notes to the Group financial statements form an integral part of these financial statements

**Accordant Group Limited**

Statement of cashflows  
For the year ended 31 March 2022

|  | NOTE      | GROUP          |                              |
|--|-----------|----------------|------------------------------|
|  |           | 2022<br>\$'000 | 2021<br>(Restated)<br>\$'000 |
| <b>Cashflows from operating activities</b>                                   |           |                |                              |
| Receipts from customers  |           | 219,120        | 212,846                      |
| Payments to suppliers, contractors and employees                             | G1        | (207,979)      | (218,514)                    |
| Net cash (used in)/generated from operations                                 |           | 11,141         | (5,668)                      |
| Net receipts from government grants  |           | 2,283          | 33,323                       |
| Interest paid on bank overdraft and loans                                    |           | (665)          | (707)                        |
| Interest paid on lease liabilities   | B2        | (410)          | (505)                        |
| Income taxes paid  |           | (1,870)        | (4,556)                      |
| <b>Net cash from operating activities</b>                                    | <b>C6</b> | <b>10,479</b>  | <b>21,887</b>                |
| <b>Cashflows from investing activities</b>                                   |           |                |                              |
| Proceeds from disposal of property, plant and equipment                      |           | 36             | 135                          |
| Purchase of property, plant and equipment                                    | B1        | (619)          | (1,424)                      |
| Repayment of deferred consideration to the vendor of JacksonStone & Partners | F7        | (1,393)        | (1,500)                      |
| <b>Net cash (used in)/from investing activities</b>                          |           | <b>(1,976)</b> | <b>(2,789)</b>               |
| <b>Cashflows from financing activities</b>                                   |           |                |                              |
| Repurchase of issued share capital   | C3        | (804)          | –                            |
| Dividends paid to share holders of the parent                                | C5        | (5,171)        | –                            |
| Proceeds from borrowings   | C8        | 3,000          | –                            |
| Repayment of borrowings  | C8        | –              | (21,000)                     |
| Payment of principal on lease liabilities                                    | B2        | (2,351)        | (2,481)                      |
| <b>Net cash from/(used in) financing activities</b>                          |           | <b>(5,326)</b> | <b>(23,481)</b>              |
| <b>Net increase/(decrease) in cash held</b>                                  |           | <b>3,177</b>   | <b>(4,383)</b>               |
| Cash and cash equivalents at start of the year                               |           | 1,795          | 6,178                        |
| <b>Net cash and cash equivalents at end of the year</b>                      | <b>C6</b> | <b>4,972</b>   | <b>1,795</b>                 |

The notes to the Group financial statements form an integral part of these financial statements

## IN THIS SECTION

The notes to the financial statements include information that is considered relevant and material to assist the reader in understanding changes in Accordant Group Limited and its controlled entities (“the Group”) financial position or performance.

Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of the Group;
- it helps explain changes in the Group’s business; or
- it relates to an aspect of the Group’s operations that is important to future performance.

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 annual report. The principal services of the Group are the supply of temporary staff, contractor resource and recruitment of permanent staff.

## BASIS OF PREPARATION

These 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 New Zealand Generally Accepted Accounting Practices in New Zealand (“GAAP”). For the purposes of complying with NZ GAAP the Group is a for profit entity. They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), International Financial Reporting Standards (“IFRS”) and other applicable Financial Reporting Standards as appropriate for profit-orientated entities;
- 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, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies;
- on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business; and
- in New Zealand dollars (which is the Group’s functional and presentation currency), with values rounded to thousands (\$000) unless otherwise stated.

The financial statements were authorised for issue by the directors on 25 May 2022.

## Adoption of new and revised Standards and Interpretations

**New standards and amendments and interpretations to existing standards that came into effect during the current accounting period**

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.

With the exception of the IFRIC agenda decision on configuration and customisation costs for Software-as-a-Service (SaaS) arrangements (described next), none of the new and amendments to standards and interpretations have had a material impact on the Group.

**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.

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 G1).

**New standards and amendments and interpretations to existing standards that are not yet effective for the current accounting period**

The Group has not early adopted any new standards, amendments and interpretations that have been issued but are not yet effective.

There are a number of new standards and amendments to standards and 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.



## OTHER ACCOUNTING POLICIES

Accounting policies that are relevant to an understanding of the financial statements (other than those provided throughout the notes to the financial statements) are set out below:

### Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### Goods and services tax (GST)

All revenue and expense transactions and cashflows are recorded exclusive of GST and other value added taxes. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

### Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible (notes B1 and B2) and intangible assets (note B3) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists (and at least annually for indefinite life intangible assets) the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

### Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

All of the financial assets of the Group, which include trade and other receivables (note C7), are classified as financial assets at amortised cost.

The Group's trade and other payables (note C9) and deferred consideration (note F7) arising from business combinations are classified as financial liabilities at amortised cost.

The Group's contingent consideration amounts arising from business combinations (note F7) are classified as a financial liability at fair value through profit or loss. Contingent consideration is categorised within Level 3 of the fair value hierarchy.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### Equity instruments

Ordinary share capital (note C2) is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Costs which are not directly attributable to the issue of new shares are shown as an expense and included in other operating expenses in the Statement of Comprehensive Income.

### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### Comparatives

Certain comparative amounts have been reclassified to conform to the current year's presentation.

## KEY JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies and the application of accounting standards, Management are required to make a number of judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. These estimates and associated assumptions are based on historical experience and various other matters that are considered to be appropriate under the circumstances. Actual results may differ from these estimates.

Judgments and sources of estimation uncertainty that are considered material to understand the performance of the Group are found in the following notes:

### Note – A2

Expectation of refund liabilities and rebates to customers.

### Note – B2

Estimate of the future right of use assets and lease liabilities.

### Note – B3

Estimating the remaining useful lives of identifiable customer relationships and restraint of trade assets and testing the carrying value of brand assets.

### Note – B4

Impairment testing of the carrying value of goodwill and indefinite life intangible assets.

### Note – C7

Expected credit losses from trade and other receivables

### Note – F2

Rehabilitation under the ACC Partnership programme.

## GLOBAL PANDEMIC OF CORONAVIRUS DISEASE 2019

The COVID-19 pandemic continues to inhibit general activity and confidence levels within the community, the economy, and the operations of the Group's business. The Group continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

During the financial year Group eligible entities received Government Grants totalling \$2.283m (2021: \$33.323m). A combination of the two-week COVID-19 Wage Subsidy for businesses affected by the move to Alert Level 4 on 17 August 2021 together with the Covid-19 Leave support scheme and COVID-19 Short Term Absence payment schemes.

These grants supported the Group's ability to retain personnel and pay remuneration throughout New Zealand's COVID-19 Alert Levels. The government grants have been offset against employee benefits expense in the statement of comprehensive income. Refer note F1.

The financial statements have been prepared based upon conditions existing at the end of the reporting period together with subsequent events up to the date of the signing of these 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 financial statements.

## A. Financial Performance

### IN THIS SECTION

This section explains the financial performance of the Group, providing additional information about individual items in the Statement of Comprehensive Income, including:

- accounting policies, judgments and estimates that are relevant for understanding items recognised in revenue.
- analysis of the Group's performance for the year by reference to key areas including: performance by segment, revenue, expenses and taxation.

### A1 SEGMENT PERFORMANCE

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 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.

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

|  | Segment revenue |                | Segment profit |                      |
|--|-----------------|----------------|----------------|----------------------|
|  | 2022            | 2021           | 2022           | 2021                 |
|  | \$'000          | \$'000         | \$'000         | (Restated)<br>\$'000 |
| <b>SEGMENT REVENUE AND RESULTS</b>               |                 |                |                |                      |
| <b>Continuing operations</b>                     |                 |                |                |                      |
| AWF  | 79,600          | 77,762         | 904            | 10,931               |
| Madison, Absolute IT and JacksonStone & Partners | 141,894         | 127,720        | 7,789          | 4,253                |
| <b>Total for continuing operations</b>           | <b>221,494</b>  | <b>205,482</b> | <b>8,693</b>   | <b>15,184</b>        |
| Other income                                     | –               | –              | 7              | –                    |
| Central administration costs and directors fees* | 15              | –              | (2,900)        | (2,860)              |
| Finance costs                                    | –               | –              | (1,095)        | (1,228)              |
| <b>Profit/(loss) before tax</b>                  | <b>221,509</b>  | <b>205,482</b> | <b>4,705</b>   | <b>11,096</b>        |
| Income tax expense*                              | –               | –              | (1,706)        | (4,779)              |
| <b>Profit for the year</b>                       | <b>221,509</b>  | <b>205,482</b> | <b>2,999</b>   | <b>6,317</b>         |

Revenue reported above represents revenue generated from external customers. Inter-segment sales in the year were \$175,485 (2021: \$82,372) and have been eliminated from the above table. Inter-segment sales were eliminated from the originating segment. No one customer accounts for more than 10% of the Group's revenue (2021: No one customer accounts for more than 10% of the Group's revenue).

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.

|   | <b>2022</b>   | <b>2021</b>          |
|---|---------------|----------------------|
|   | \$'000        | (Restated)<br>\$'000 |
| <b>SEGMENT ASSETS</b>                             |               |                      |
| AWF*  | 25,947        | 26,858               |
| Madison, Absolute IT and JacksonStone & Partners* | 62,511        | 61,661               |
| Total segment assets                              | 88,458        | 88,519               |
| Unallocated assets                                | 2,961         | 682                  |
| <b>Total assets</b>                               | <b>91,419</b> | <b>89,201</b>        |

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.

|   | <b>2022</b>   | <b>2021</b>          |
|---|---------------|----------------------|
|   | \$'000        | (Restated)<br>\$'000 |
| <b>SEGMENT LIABILITIES</b>                        |               |                      |
| AWF*  | 8,859         | 8,565                |
| Madison, Absolute IT and JacksonStone & Partners* | 23,504        | 21,984               |
| Total segment liabilities                         | 32,363        | 30,549               |
| Unallocated liabilities                           | 22,361        | 19,115               |
| <b>Total liabilities</b>                          | <b>54,724</b> | <b>49,664</b>        |

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.

## OTHER SEGMENT INFORMATION

|   | Depreciation and amortisation |                      | Impairment |              |
|---|-------------------------------|----------------------|------------|--------------|
|   | 2022                          | 2021                 | 2022       | 2021         |
|   | \$'000                        | (Restated)<br>\$'000 | \$'000     | \$'000       |
| AWF*  | 1,720                         | 1,756                | –          | –            |
| Madison, Absolute IT and JacksonStone & Partners* | 3,221                         | 3,293                | –          | –            |
| Madison impairment                                | –                             | –                    | –          | 7,000        |
| Unallocated                                       | –                             | –                    | –          | –            |
| <b>Total</b>                                      | <b>4,941</b>                  | <b>5,049</b>         | <b>–</b>   | <b>7,000</b> |

|   | Non-current assets |                      | Net additions to non-current assets |              |
|---|--------------------|----------------------|-------------------------------------|--------------|
|   | 2022               | 2021                 | 2022                                | 2021         |
|   | \$'000             | (Restated)<br>\$'000 | \$'000                              | \$'000       |
| AWF*  | 15,535             | 15,951               | 1,318                               | 1,431        |
| Madison, Absolute IT and JacksonStone & Partners* | 44,947             | 47,989               | 180                                 | 185          |
| Unallocated                                       | –                  | –                    | –                                   | –            |
| <b>Total</b>                                      | <b>60,482</b>      | <b>63,940</b>        | <b>1,498</b>                        | <b>1,616</b> |

|  | Employee benefits |               | Contractor costs |               |
|--|-------------------|---------------|------------------|---------------|
|  | 2022              | 2021          | 2022             | 2021          |
|  | \$'000            | \$'000        | \$'000           | \$'000        |
| AWF  | 71,466            | 60,329        | 18               | 52            |
| Madison, Absolute IT and JacksonStone & Partners | 43,412            | 30,311        | 81,336           | 78,580        |
| Unallocated                                      | 2,879             | 1,530         | –                | –             |
| <b>Total</b>                                     | <b>117,757</b>    | <b>92,170</b> | <b>81,354</b>    | <b>78,632</b> |

## A2 REVENUE FROM CONTRACTS WITH CUSTOMERS

### Accounting Policy

#### Revenue recognition from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised once value has been received by the customer, when the performance obligations have been satisfied and control has transferred. The transaction price is allocated to performance obligations based on their relative standalone selling prices.

#### Revenue earned on temporary placement – over time

Revenue from temporary placements, represents amounts billed from the supply of semi-skilled and skilled temporary staff, including the wage cost of these staff is recognised when the service has been provided. Revenue is recognised over time as services are provided. Performance completed to date is based on the number of hours worked.

The factors considered by Management on a contract by contract basis when concluding the Group is acting as principal rather than agent are as follows:

- Whether the customer has a direct relationship with the Group;
- Whether the Group has the primary responsibility for providing the services to the client, and engages and contracts directly with the temporary worker or other recruitment companies; and
- Whether the Group has latitude in establishing the rates directly or indirectly with all parties.

#### Revenue earned on permanent placement – point in time

Revenue from permanent placements, represents amounts billed from the placement of permanent candidates. Revenue is typically based on a percentage of the candidate's remuneration package, this income being recognised at the date an offer is accepted by a candidate and where a start date has been determined.

In general, where a candidate fails to remain in the position for greater than twelve weeks a guarantee is provided to replace the candidate.

#### Revenue earned on a retained basis – point in time

Where the Group is engaged on a retainer basis, revenue recognised is typically based on a percentage of candidate's remuneration package, this income being recognised on the completion of defined stages of work. The defined stages are: on confirmation of vacancy and after job briefing; on presentation of shortlist; and candidate placement.

Revenue is recognised when the underlying performance obligation is satisfied – the successful placement of the candidate.

#### Revenue earned as other services are provided – point in time

Where the Group is engaged to provide contractors, they are covered by the Group's indemnity insurance cover. A fee for this indemnity insurance cover is recognised when the underlying performance obligation is satisfied.

Where the Group is engaged to provide other employee related services, such as psychometric assessments, advertising and candidate background checks, revenue is recognised when the underlying performance obligation is satisfied.

#### Variable consideration

The Group pays customer rebates (for revenue from temporary and permanent placement), provides credit notes and warranties over the contract period for certain recruitment services (for revenue on a retained basis). Revenue is constrained to the extent that recognition would result in a significant reversal of revenue. When the uncertainty is resolved, the consideration is recognised.

#### Significant financing component

Payment is typically due within 30 - 60 days from the invoicing of a contract. There is no significant financing component in any of the Group's contracts with customers.

|   | GROUP          |                |
|---|----------------|----------------|
|   | 2022           | 2021           |
|   | \$'000         | \$'000         |
| <b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>        |                |                |
| Revenue earned on temporary placements              |                |                |
| – AWF   | 78,148         | 76,793         |
| – Madison, Absolute IT and JacksonStone & Partners  | 105,397        | 95,563         |
| <b>Total revenue earned on temporary placements</b> | <b>183,545</b> | <b>172,356</b> |
| Revenue earned on permanent placements              |                |                |
| – AWF   | 1,233          | 737            |
| – Madison, Absolute IT and JacksonStone & Partners  | 11,899         | 5,369          |
| <b>Total revenue earned on permanent placements</b> | <b>13,132</b>  | <b>6,106</b>   |
| Revenue earned on a retained basis                  |                |                |
| – Madison, Absolute IT and JacksonStone & Partners  | 5,618          | 4,346          |
| <b>Total revenue earned on a retained basis</b>     | <b>5,618</b>   | <b>4,346</b>   |
| Other service revenue                               |                |                |
| – AWF   | 219            | 232            |
| – Madison, Absolute IT and JacksonStone & Partners  | 18,995         | 22,442         |
| <b>Total other service revenue</b>                  | <b>19,214</b>  | <b>22,674</b>  |
| <b>Total revenue</b>                                | <b>221,509</b> | <b>205,482</b> |

#### KEY JUDGEMENTS AND ESTIMATES – DETERMINING THE TRANSACTION PRICE FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Refund guarantees

For revenue on a retained basis, Management estimates the expected refund guarantees to customers based on historical experience of candidates leaving within the guarantee period. The estimate is updated for key reporting periods. Refund guarantees relate to the placement of individual candidates.

##### Rebates

Management estimates the expected rebates to customers on inception of the contract based on past precedent and future expected sales. The estimate is updated for key reporting periods. Rebates relate to the placement of a portfolio of candidates and the discount is applied to all qualifying placements.

|  | GROUP          |                |
|--|----------------|----------------|
|  | 2022           | 2021           |
| REVENUE FROM CONTRACTS WITH CUSTOMERS BY CLIENT INDUSTRY CATEGORY                                    | \$'000         | \$'000         |
| <b>AWF revenue from contracts with customers</b>   |                |                |
| – Construction & civil   | 34,317         | 37,654         |
| – Engineering & technical  | 9,482          | 9,075          |
| – Manufacturing & logistics  | 35,801         | 31,033         |
| <b>Total AWF revenue from contracts with customers</b>   | <b>79,600</b>  | <b>77,762</b>  |
| <b>Madison, Absolute IT, JacksonStone &amp; Partners revenue from contracts with customers</b>       |                |                |
| – Administration & other services  | 658            | 786            |
| – Arts & recreation services   | 160            | 25             |
| – Construction and trades  | 1,633          | 757            |
| – Education and training   | 1,189          | 777            |
| – Financial and insurance services   | 23,676         | 22,173         |
| – Government, defence and public safety  | 83,465         | 82,228         |
| – Healthcare and social assistance   | 5,241          | 4,262          |
| – Information technology   | 5,206          | 2,833          |
| – Logistics (transport, postal & warehousing)  | 870            | 377            |
| – Manufacturing  | 1,731          | 1,382          |
| – Media & telecommunications   | 777            | 646            |
| – Primary (agriculture, forestry, fishing, mining)   | 1,898          | 2,539          |
| – Professional, scientific and technical services  | 4,159          | 2,523          |
| – Property/rental and hiring services  | 489            | 154            |
| – Retail trade & hospitality   | 3,762          | 1,931          |
| – Utilities (electricity, gas, water, waste)   | 3,862          | 3,033          |
| – Wholesale trade  | 3,133          | 1,294          |
| <b>Total Madison, Absolute IT, JacksonStone &amp; Partners revenue from contracts with customers</b> | <b>141,909</b> | <b>127,720</b> |
| <b>Total revenue from contracts with customers</b>   | <b>221,509</b> | <b>205,482</b> |



**CONTRACT ASSETS****Services rendered, invoice yet to send**

Payment for services rendered (i.e revenue earned on temporary placement – over time) are not due from the customer until the Group has invoiced the customer. Contract assets are balances due to be recovered from customers for work performed, subject to acceptance conditions, that have yet to be invoiced. When the customer is invoiced, any amounts previously recognised as a contract asset are reclassified to trade receivables. Contract assets amounts are invoiced within 30 days, with payment typically due within 30 to 37 days from

the invoice being issued. There is no significant financing component in any of the Group's contracts with customers.

Appropriate allowances for expected irrecoverable amounts are recognised in profit and loss which are measured using the simplified approach permitted by NZ IFRS 9 Financial Instruments, which requires lifetime expected losses for contract assets to be recognised from initial recognition of the assets. The Group determines the expected credit losses from contract assets in a manner consistent with the approach described for trade and other receivables in note C7.

|  | GROUP     |            |
|--|-----------|------------|
|  | 2022      | 2021       |
|  | \$'000    | \$'000     |
| <b>CONTRACT ASSETS</b>                             |           |            |
| Customers yet to be invoiced for services rendered | 97        | 180        |
| Less provision for impairment                      | –         | –          |
| <b>Total contract assets</b>                       | <b>97</b> | <b>180</b> |
| Classified as:                                     |           |            |
| Current  | 97        | 180        |
| Non-current  | –         | –          |
| <b>Total contract assets</b>                       | <b>97</b> | <b>180</b> |

**EXPECTED LOSS FOR CONTRACT ASSETS**

Management has reviewed and assessed contracts and the provision for impairment \$Nil (2021: \$Nil) represents the best estimate of the expected credit losses based on historical credit loss experience adjusted to reflect current conditions and estimates of future economic conditions.

**CONTRACT LIABILITIES****Contract guarantees**

For revenue on a retained basis, the Group's standard contract terms for under permanent placement revenue contracts, includes a guarantee that the candidate placed will remain in the role for more than 12 weeks. If the candidate does not remain in the role for more than 12 weeks, the Group will endeavour to replace the candidate with another individual at no further cost to the customer. If the Group is unable to replace the candidate then the customer is entitled to a credit against the customer's account.

Upon placement, a refund liability is recognised with a corresponding adjustment to revenue. This refund liability is measured using a rate derived utilising the Group's historical experience of candidates who have left before 12 weeks. This historical experience rate is measured using the portfolio approach permitted by NZ IFRS 15 Revenue from Contract with Customers. This estimate is updated regularly at each reporting period.

**Contract rebates**

For revenue from temporary and permanent placements, under the Group's contract terms with certain customers, a rebate is payable/applied to customers based on agreed percentages of amounts billed over a specified period. These agreed percentages can either be a single fixed rate or incremental based on thresholds.

At the beginning of the specified period, a rebate liability is recognised with a corresponding adjustment to revenue. This rebate liability is measured using a rate derived utilising the Group's expectation of the amounts to be billed to the customer over the specified period. This expectation is based on historical experience with the customer adjusted to reflect forecast estimates of the placements required by the customer over the specified period.

This estimate is updated regularly at each reporting period.

**CONTRACT LIABILITIES**

|                                   | GROUP      |            |
|-----------------------------------|------------|------------|
|                                   | 2022       | 2021       |
|                                   | \$'000     | \$'000     |
| Rebate liabilities                | 133        | 116        |
| Guarantee refund liabilities      | 152        | 114        |
| <b>Total contract liabilities</b> | <b>285</b> | <b>230</b> |
| Classified as:                    |            |            |
| Current                           | 285        | 230        |
| Non-current                       | –          | –          |
| <b>Total contract liabilities</b> | <b>285</b> | <b>230</b> |

**KEY JUDGEMENTS AND ESTIMATES – GUARANTEE AND REBATE LIABILITIES****Guarantee refund liabilities**

Management has reviewed and assessed the historical experience rate for refund guarantees that represent the best estimate of expected candidates leaving within the guarantee period.

**Rebate liabilities**

Management has reviewed and assessed the past precedent and future expected sales for individual customers and the contract liabilities for rebates that represent the best estimate of expected rebates to customers.

**A3 INVESTMENT REVENUE****Accounting Policy**

Dividend and interest revenue is presented as investment revenue in the statement of comprehensive income.

**Interest revenue**

Interest revenue is accrued on a time basis using the effective interest method.

**Dividend revenue**

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

**INVESTMENT REVENUE**

|                                 | GROUP    |          |
|---------------------------------|----------|----------|
|                                 | 2022     | 2021     |
|                                 | \$'000   | \$'000   |
| Interest received               | 7        | –        |
| <b>Total investment revenue</b> | <b>7</b> | <b>–</b> |

**A4 EXPENSES**

|   |             | GROUP       |            |
|---|-------------|-------------|------------|
|   |             | 2022        | 2021       |
|   |             | \$'000      | \$'000     |
| <b>EXPECTED CREDIT LOSS</b>                   | <b>NOTE</b> |             |            |
| Impairment losses recognised                  |             | 78          | 206        |
| Impairment losses recovered                   |             | (29)        | –          |
| Changes in the expected credit loss provision | C7          | (112)       | 132        |
| <b>Total expected credit losses</b>           |             | <b>(63)</b> | <b>338</b> |

|  |             | GROUP        |                      |
|--|-------------|--------------|----------------------|
|  |             | 2022         | 2021                 |
|  |             | \$'000       | (Restated)<br>\$'000 |
| <b>DEPRECIATION AND AMORTISATION EXPENSE</b>       | <b>NOTE</b> |              |                      |
| Depreciation of property, plant and equipment*     | B1, G1      | 1,146        | 981                  |
| Depreciation of right of use assets                | B2          | 2,429        | 2,702                |
| Amortisation of intangible assets*                 | B3, G1      | 1,366        | 1,366                |
| <b>Total depreciation and amortisation expense</b> |             | <b>4,941</b> | <b>5,049</b>         |

\* Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

|                                 |             | GROUP    |              |
|---------------------------------|-------------|----------|--------------|
|                                 |             | 2022     | 2021         |
|                                 |             | \$'000   | \$'000       |
| <b>IMPAIRMENT EXPENSE</b>       | <b>NOTE</b> |          |              |
| Intangible assets – Goodwill    | B4          | –        | 7,000        |
| <b>Total impairment expense</b> |             | <b>–</b> | <b>7,000</b> |

|  |  | GROUP        |              |
|--|--|--------------|--------------|
|  |  | 2022         | 2021         |
|  |  | \$'000       | \$'000       |
| <b>FINANCE COSTS</b>   |  |              |              |
| <b>Financial liabilities measured at amortised cost</b>                    |  |              |              |
| Interest on bank overdrafts and loans                                      |  | 671          | 707          |
|  |  | 671          | 707          |
| <b>Financial liabilities measured at fair value through profit or loss</b> |  |              |              |
| Interest on contingent consideration                                       |  | 13           | 16           |
|  |  | 13           | 16           |
| <b>Lease liabilities</b>   |  |              |              |
| Interest on lease liabilities  |  | 411          | 505          |
|  |  | 411          | 505          |
| <b>Total finance costs</b>   |  | <b>1,095</b> | <b>1,228</b> |

|   |  | GROUP      |            |
|---|--|------------|------------|
|   |  | 2022       | 2021       |
|   |  | \$'000     | \$'000     |
| <b>AUDITOR'S REMUNERATION TO DELOITTE FOR:</b>  |  |            |            |
| <b>Audit of the financial statements</b>        |  |            |            |
| Audit of the financial statements               |  | 252        | 219        |
| <b>Total auditor's remuneration to Deloitte</b> |  | <b>252</b> | <b>219</b> |

The Group's Audit Finance and Risk Committee monitor the independence of Deloitte Limited and ensure Audit Partner rotation occurs after five years. These financial statements are the Deloitte Audit Partner's third year.

**OTHER ITEMS****Political donations**

There have been no donations to any political party during the financial year (2021: \$Nil).

**A5 TAXATION****Accounting Policy – current tax**

- 1 Income tax expense represents the sum of the tax currently payable and deferred tax.
  - 2 Taxable profit differs from profit before tax reported in the income statement as it excludes items of income and expense that are taxable or deductible in other years and also excludes items that will never be taxable or deductible.
  - 3 Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, or where they arise from the initial accounting for a business combination.
  - 4 Income tax expense is the income assessed on taxable profit for the year.
  - 5 Current tax liabilities are calculated using tax rates that have been enacted at balance date, being 28% (2021: 28%) for New Zealand.
- In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

|  | GROUP          |                              |
|--|----------------|------------------------------|
|  | 2022<br>\$'000 | 2021<br>(Restated)<br>\$'000 |
| <b>INCOME TAX EXPENSE</b>  |                |                              |
| <b>Current tax</b>   |                |                              |
| In respect of current year   | 2,251          | 5,567                        |
| In respect of prior year   | 40             | (132)                        |
|  | 2,291          | 5,435                        |
| <b>Deferred tax</b>  |                |                              |
| In respect of current year*  | (569)          | (810)                        |
| In respect of prior year   | (16)           | 154                          |
|  | (585)          | (656)                        |
| <b>Total tax expense</b>   | <b>1,706</b>   | <b>4,779</b>                 |
| Reconciliation to profit before tax  |                |                              |
| <b>Profit before income tax</b>  | 4,705          | 11,096                       |
| Income tax at 28%  | 1,317          | 3,107                        |
| Tax effect of expenses that are not deductible in determining taxable profit | 389            | 1,672                        |
| <b>Income tax expense</b>  | <b>1,706</b>   | <b>4,779</b>                 |
| <b>Effective tax rate for the year</b>                                       | 36.3%          | 43.1%                        |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

|   | GROUP          |                |
|---|----------------|----------------|
|   | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>CURRENT TAX ASSETS AND LIABILITIES</b> |                |                |
| <b>Current tax liabilities</b>            |                |                |
| Income tax payable                        | 2,250          | 1,829          |
| <b>Total current tax liabilities</b>      | <b>2,250</b>   | <b>1,829</b>   |

**Accounting Policy – deferred tax**

- Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
- Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
- Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**DEFERRED TAX BALANCES**

The following are the major deferred tax assets/(liabilities) recognised by the Group, and the movements thereon, during the current reporting period:

|   | GROUP             |                     |                   |                  |                              |                |
|---|-------------------|---------------------|-------------------|------------------|------------------------------|----------------|
|   | Lease liabilities | Right of use assets | Employee benefits | Other provisions | Intangible assets (Restated) | Total          |
|   | \$'000            | \$'000              | \$'000            | \$'000           | \$'000                       | \$'000         |
| <b>At 1 April 2020 (Reported)</b>   | 3,147             | (3,046)             | 977               | 62               | (4,262)                      | (3,122)        |
| Retrospective Software-as-a-Service (SaaS) arrangements restatement (note G1) | –                 | –                   | –                 | –                | 231                          | 231            |
| <b>At 1 April 2020 (Restated)*</b>  | 3,147             | (3,046)             | 977               | 62               | (4,031)                      | (2,891)        |
| Prior period adjustment   | –                 | –                   | 150               | (304)            | –                            | (154)          |
| Charge (credit to profit or loss for the year)*                               | (582)             | 643                 | (56)              | 469              | 383                          | 857            |
| Retrospective Software-as-a-Service (SaaS) arrangements restatement (note G1) | –                 | –                   | –                 | –                | (47)                         | (47)           |
| <b>As at 31 March 2021 (Restated)*</b>  | <b>2,565</b>      | <b>(2,403)</b>      | <b>1,071</b>      | <b>227</b>       | <b>(3,695)</b>               | <b>(2,235)</b> |
| <b>As at 1 April 2021 (Restated)*</b>   | 2,565             | (2,403)             | 1,071             | 227              | (3,695)                      | (2,235)        |
| Prior period adjustment   | –                 | –                   | –                 | 16               | –                            | 16             |
| Charge (credit to profit or loss for the year)                                | (397)             | 419                 | 74                | 274              | 198                          | 568            |
| <b>As at 31 March 2022</b>  | <b>2,168</b>      | <b>(1,984)</b>      | <b>1,145</b>      | <b>517</b>       | <b>(3,497)</b>               | <b>(1,651)</b> |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

|   | GROUP  |        |
|---|--------|--------|
|   | 2022   | 2021   |
|   | \$'000 | \$'000 |
| <b>IMPUTATION BALANCES</b>  |        |        |
| <b>Imputation credits available for subsequent reporting periods at 28%</b> | 13,893 | 13,600 |

The above amounts represent the balance of the imputation account as at the end of the reporting period at 28%, adjusted for, imputation credits that will arise from the payment of the amount of the provision for income tax; and imputation debits that have arisen from the payment of dividends recognised as a liability at the reporting date. The consolidated amounts include imputation credits that would be available to the parent entity if subsidiaries paid dividends. The imputed portions of the final dividends recommended after reporting date will be imputed out of existing imputation credits or out of imputation credits arising from the payment of income tax in the next reporting period.

## B. Assets used to generate income

### IN THIS SECTION

This section shows the assets the Group uses to generate operating income. In this section of the notes there is information about:

In this section there is information about:

- (a) property, plant and equipment
- (b) intangible assets
- (c) goodwill

### B1 PROPERTY, PLANT AND EQUIPMENT

#### Accounting policy

- 1 Fixtures and equipment, motor vehicles and leasehold improvements are stated at cost less accumulated depreciation and any accumulated impairment losses.
- 2 Depreciation is charged so as to write off the cost of assets, over their estimated useful lives using the diminishing value method.
- 3 The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

The following diminishing value rates are used for the depreciation of property, plant and equipment

- Motor vehicles 25 to 36%
- Fixtures and equipment 10 to 60%
- Leasehold improvements 4 to 14%

|  | GROUP          |                                   |                        |              |
|--|----------------|-----------------------------------|------------------------|--------------|
|  | Motor Vehicles | Fixtures and equipment (Restated) | Leasehold Improvements | Total        |
|  | \$'000         | \$'000                            | \$'000                 | \$'000       |
| Cost*  | 506            | 5,013                             | 2,104                  | 7,623        |
| Less accumulated depreciation*                     | (340)          | (3,422)                           | (721)                  | (4,483)      |
| <b>Net book value at 1 April 2020 (Restated)*</b>  | <b>166</b>     | <b>1,591</b>                      | <b>1,383</b>           | <b>3,140</b> |
| Additions  | 1,275          | 133                               | 16                     | 1,424        |
| Disposals – cost                                   | (243)          | (1,067)                           | (170)                  | (1,480)      |
| Depreciation expense*                              | (155)          | (487)                             | (339)                  | (981)        |
| Eliminations on disposal – depreciation            | 218            | 1,024                             | 104                    | 1,346        |
| <b>Net book value at 31 March 2021 (Restated)*</b> | <b>1,261</b>   | <b>1,194</b>                      | <b>994</b>             | <b>3,449</b> |
| Additions  | 306            | 230                               | 83                     | 619          |
| Disposals – cost                                   | (40)           | (52)                              | (14)                   | (106)        |
| Depreciation expense                               | (452)          | (380)                             | (314)                  | (1,146)      |
| Eliminations on disposal – depreciation            | 32             | 45                                | 14                     | 91           |
| <b>Net book value at 31 March 2022</b>             | <b>1,107</b>   | <b>1,037</b>                      | <b>763</b>             | <b>2,907</b> |
| Cost   | 1,805          | 4,252                             | 2,019                  | 8,076        |
| Less accumulated depreciation                      | (697)          | (3,215)                           | (1,257)                | (5,169)      |
| <b>Net book value at 31 March 2022</b>             | <b>1,108</b>   | <b>1,037</b>                      | <b>762</b>             | <b>2,907</b> |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

## B2 LEASES

### RIGHT OF USE ASSETS AND LEASES LIABILITIES

#### Accounting policy

- 1 The Group leases various properties (including offices), motor vehicles and computer equipment. Property lease contracts are typically made for fixed periods of 3 to 9 years but may have extension options as described below. Motor vehicle and computer equipment leases are typically made for fixed periods of 1 to 5 years without extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

- 2 Leases are recognised as a right-of-use ('ROU') asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

Costs included in the measurement of the right-of-use asset comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date; less any lease incentives received; and
- any initial direct costs incurred by the lessee.

Depreciation is charged so as to write off the cost of assets, over the lease term using the straight-line method or where shorter than the useful life of the right of use asset.

- 3 The lease liability is initially measured at the present value of the future lease payments over the lease term that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- the exercise price under a purchase option that the Group is reasonably certain to exercise that option; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

There are no leases with variable lease payments which depend on an index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- 4 The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value assets.

The Group recognises the lease payments associated with these leases within operating expenses on a straight line basis over their lease terms.

## KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

### Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

#### *Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

### Incremental borrowing rates

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

#### *Critical judgements in determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing (currently, the Group's sole term facility provider, ASB Bank Limited) received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group subsidiaries, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, location, and security.

|  |      | GROUP         |                |                    |               |
|--|------|---------------|----------------|--------------------|---------------|
|  |      | Property      | Motor vehicles | Computer Equipment | Total         |
|  | NOTE | \$'000        | \$'000         | \$'000             | \$'000        |
| <b>RIGHT OF USE ASSETS</b>               |      |               |                |                    |               |
| Cost                                     | G1   | 13,072        | 810            | 23                 | 13,905        |
| Less accumulated depreciation            |      | (2,324)       | (468)          | (6)                | (2,798)       |
| <b>Net book value at 1 April 2020</b>    |      | <b>10,748</b> | <b>342</b>     | <b>17</b>          | <b>11,107</b> |
| Additions/lease liability remeasurements |      | 192           | –              | –                  | 192           |
| Disposals – cost                         |      | (338)         | (350)          | –                  | (688)         |
| Depreciation expense                     | A4   | (2,437)       | (257)          | (8)                | (2,702)       |
| Eliminations on disposal – depreciation  |      | 311           | 350            | –                  | 661           |
| <b>Net book value at 31 March 2021</b>   |      | <b>8,476</b>  | <b>85</b>      | <b>9</b>           | <b>8,570</b>  |
| Additions/lease liability remeasurements |      | 869           | 10             | –                  | 879           |
| Disposals – cost                         |      | (477)         | (336)          | –                  | (813)         |
| Eliminations on disposal – depreciation  |      | 477           | 336            | –                  | 813           |
| Depreciation expense                     | A4   | (2,336)       | (85)           | (8)                | (2,429)       |
| <b>Net book value at 31 March 2022</b>   |      | <b>7,009</b>  | <b>10</b>      | <b>1</b>           | <b>7,020</b>  |
| Cost                                     |      | 13,317        | 134            | 23                 | 13,474        |
| Less accumulated depreciation            |      | (6,308)       | (124)          | (22)               | (6,454)       |
| <b>Net book value at 31 March 2022</b>   |      | <b>7,009</b>  | <b>10</b>      | <b>1</b>           | <b>7,020</b>  |



|  | GROUP          |                |
|--|----------------|----------------|
|  | 2022           | 2021           |
|  | \$'000         | \$'000         |
| <b>LEASE LIABILITIES</b>   |                |                |
| Property   | 7,744          | 9,161          |
| Motor vehicle  | 11             | 85             |
| Computer equipment   | 1              | 9              |
| <b>Total lease liabilities</b>                                       | <b>7,756</b>   | <b>9,255</b>   |
| Classified as:   |                |                |
| Current  | 2,231          | 2,264          |
| Non-current  | 5,525          | 6,991          |
| <b>Total lease liabilities</b>                                       | <b>7,756</b>   | <b>9,255</b>   |
| <b>Maturity analysis - contractual undiscounted cashflows:</b>       |                |                |
| Less than 1 year   | 2,539          | 2,661          |
| Later than 1 year and not later than 5 years inclusive               | 5,490          | 7,162          |
| More than 5 years  | 439            | 476            |
| <b>Total undiscounted lease liabilities 31 March</b>                 | <b>8,468</b>   | <b>10,299</b>  |
| <b>Amounts recognised in Statement of Comprehensive Income:</b>      |                |                |
| Interest on lease liabilities  | (411)          | (505)          |
| Expenses relating to short term leases                               | (601)          | (362)          |
| <b>Total amounts recognised in Statement of Comprehensive Income</b> | <b>(1,012)</b> | <b>(867)</b>   |
| <b>Cash outflows recognised in the Statement of Cashflows:</b>       |                |                |
| <b>Recognised within cash flows from operating activities</b>        |                |                |
| Interest elements of lease payments                                  | (410)          | (505)          |
| <b>Total recognised within cash flows from operating activities</b>  | <b>(410)</b>   | <b>(505)</b>   |
| <b>Recognised within cash flows from financing activities</b>        |                |                |
| Principal elements of lease payments                                 | (2,351)        | (2,481)        |
| <b>Total recognised within cash flows from financing activities</b>  | <b>(2,351)</b> | <b>(2,481)</b> |
| <b>Total cash outflows recognised in the Statement of Cashflows</b>  | <b>(2,761)</b> | <b>(2,986)</b> |

**B3 INTANGIBLE ASSETS****Accounting policy**

- Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.
- Intangible assets acquired separately with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives (72 months). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- Intangible assets acquired separately with indefinite useful lives are not amortised and are reviewed for impairment on an annual basis and whenever there is an indication that the asset may be impaired as per NZ IAS 36 Impairment of Assets (refer also B4).

Other intangible assets (excluding goodwill) represent the value of client relationships, brand names and restraints of trade acquired through business combinations (where the economic value can reliably be assessed) and computer software

|   | NOTE | GROUP                                     |                                  |                      |                              | Total<br>\$'000 |
|---|------|---|----------------------------------|----------------------|------------------------------|-----------------|
|   |      | Computer Software<br>(Restated)<br>\$'000 | Customer Relationships<br>\$'000 | Brand Name<br>\$'000 | Restraint of Trade<br>\$'000 |                 |
| Cost  |      | 973                                       | 15,751                           | 10,475               | 2,710                        | 29,909          |
| Retrospective Software-as-a-Service (SaaS) arrangements restatement | G1   | (845)                                     | –                                | –                    | –                            | (845)           |
| Less accumulated amortisation*                                      |      | –   | (12,492)                         | –                    | (1,223)                      | (13,715)        |
| <b>Net book value at 1 April 2020 (Restated)*</b>                   |      | <b>128</b>                                | <b>3,259</b>                     | <b>10,475</b>        | <b>1,487</b>                 | <b>15,349</b>   |
| Additions*  |      | –   | –                                | –                    | –                            | –               |
| Disposals – cost*   |      | (128)                                     | (1)                              | (1)                  | –                            | (130)           |
| Amortisation expense*   | A4   | –   | (874)                            | –                    | (492)                        | (1,366)         |
| Eliminations on disposal – amortisation*                            |      | –   | –                                | –                    | –                            | –               |
| <b>Net book value at 31 March 2021 (Restated)*</b>                  |      | <b>–</b>                                  | <b>2,384</b>                     | <b>10,474</b>        | <b>995</b>                   | <b>13,853</b>   |
| Additions   |      | –   | –                                | –                    | –                            | –               |
| Amortisation expense  | A4   | –   | (874)                            | –                    | (492)                        | (1,366)         |
| Eliminations on disposal – amortisation                             |      | –   | –                                | –                    | –                            | –               |
| <b>Net book value at 31 March 2022</b>                              |      | <b>–</b>                                  | <b>1,510</b>                     | <b>10,474</b>        | <b>503</b>                   | <b>12,487</b>   |
| Cost  |      | –   | 15,750                           | 10,474               | 2,710                        | 28,934          |
| Less accumulated amortisation                                       |      | –   | (14,240)                         | –                    | (2,207)                      | (16,447)        |
| <b>Net book value at 31 March 2022</b>                              |      | <b>–</b>                                  | <b>1,510</b>                     | <b>10,474</b>        | <b>503</b>                   | <b>12,487</b>   |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

The amortisation expense has been included in the line item “depreciation and amortisation expense” in the Statement of Comprehensive Income.

Brand names of:

- \$7.465 million identified and recognised from the Madison acquisition are allocated to the Madison Group cash generating unit; and
- \$1.980 million identified and recognised from the Absolute IT acquisition are allocated to the Absolute IT cash generating unit.
- \$1.029 million identified and recognised from the JacksonStone & Partners acquisition are allocated to the JacksonStone & Partners cash generating unit.

**KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

Brand assets are indefinite life non-financial assets.

Determining whether brand assets are impaired requires an estimation of the value in use of the cash generating unit to which brand relates to. The impairment testing of brand is undertaken in conjunction with the impairment testing of goodwill related to the cash generating unit (refer to note B4 for further information).

The impairment assessment of customer relationships and restraint of trade assets requires a judgment and estimation of the expected remaining useful life of these assets.

**B4 GOODWILL****Accounting policy**

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the acquiree over the fair value of the identified net assets recognised.

Goodwill is not amortised, but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units ('CGUs') expected to benefit from the synergies of the combination.

Cash generating units to which goodwill and indefinite life intangible assets have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and the value in use. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss on goodwill is recognised immediately in profit or loss and is not subsequently reversed.

|                                     | GROUP         |               |
|-------------------------------------|---------------|---------------|
|                                     | 2022          | 2021          |
|                                     | \$'000        | \$'000        |
| Balance at 1 April                  | 38,068        | 45,068        |
| Impairment – Madison Recruitment    | –             | (7,000)       |
| <b>Balance as at 31 March</b>       | <b>38,068</b> | <b>38,068</b> |
| Allocation to cash generating units |               |               |
| • AWF                               | 11,212        | 11,212        |
| • Madison Recruitment               | 13,223        | 13,223        |
| • Absolute IT                       | 7,836         | 7,836         |
| • JacksonStone & Partners           | 5,797         | 5,797         |
| <b>Total goodwill</b>               | <b>38,068</b> | <b>38,068</b> |

### Annual test for impairment

The Group tests goodwill and other indefinite life intangible assets annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of each cash-generating unit is determined from value in use calculations which use a discounted cash flow analysis. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and forecast financial performance. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and risk specific to the cash generating units. The growth rates are based on management's best estimate. Forecast revenues, direct and indirect costs, are based on historical experience/past practices and expectation of future changes in the markets the Group operates and services.

Impairment testing of goodwill and other intangible assets is an area where estimates and judgments have a significant risk of causing a material adjustment to the carrying amount of the Group's goodwill and other indefinite life intangible asset balances.

When there is an impairment, i.e., the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying value amount of any goodwill allocated to the cash generating unit and thereafter, pro rata against the carrying value of other assets (including intangible assets and net assets).

The value in use calculations use post-tax cash flow projections over a 5- year period based on FY23 financial budgets prepared by management and approved by the Board.

### Madison Recruitment, Absolute IT and JacksonStone & Partners

Key assumptions used for the value in use calculations included:

- Sales growth – 1.5% (2021: 1.5%) Average annual growth over financial years 2024 – 2027 based on past performance, management's expectations of market development, current industry trends and including long-term inflation forecasts.
- Terminal year sales growth – Starting Financial Year 2028 the impairment models assume a constant growth rate of 1.5% (2021: 1.5%).
- The discount rate used to discount the forecast cash flows is 9.48% (2021: 8.78%).

### AWF

The AWF CGU is sensitive to changes in financial performance assumptions. The impact of the COVID-19 pandemic has been significant on AWF with a slower rate of recovery to pre-COVID-19 financial performance. New Zealand's border restrictions have impinged on AWF's temporary candidate pool and contracted the size of the temporary job market. Demand for AWF's services is strong. Supply is potentially constrained. The key judgement underpinning the future cashflow is the impact of relaxation of border controls, which will assist in candidate supply together with a continuing post-pandemic recovery. Management and the Board are confident that the temporary job market will return to pre-Covid profitability. AWF has applied an accelerated rate of Sales growth over FY24 to FY26 off a low FY23 Budget, returning to pre-covid profitability in 2026 with sales growth of 1.5% (2021: 1.5%) thereafter. The terminal year sales growth starting FY28 assumes a constant growth rate of 1.5% (2021: 1.5%). The discount rate used to discount the forecast cash flows is 9.48% (2020: 8.78%).

### Sensitivity Analysis

At year end, in testing goodwill for further impairment, a sensitivity analysis for reasonably possible changes in key assumptions was performed.

The sensitivity assumptions across all CGU's included reducing the estimated growth rate by 0.5%, reducing the terminal rate of growth by 1.0% and increasing the discount rate by 1.0%.

These reasonably possible changes do not result in any impairment.

### KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Determining whether goodwill is impaired requires an estimation of the value-in-use of the group of cash generating units to which goodwill has been allocated. The value-in-use calculation requires Management to estimate the future cash flows expected to arise from those cash-generating units and a suitable discount rate in order to calculate present value.

The discount rate applied to future cashflows has been obtained through an independent assessment of Group's weighted average cost of capital which takes in to consideration a risk-free rate based on New Zealand Government Bonds, a market risk premium and an equity beta based a selection of comparable recruitment companies.

## C. Managing funding

### IN THIS SECTION

This section explains the Group's reserves and working capital. In this section there is information about:

- (a) equity and dividends
- (b) net debt; and
- (c) receivables and payables

### C1 RETAINED EARNINGS

|   | NOTE | GROUP          |                              |
|---|------|----------------|------------------------------|
|   |      | 2022<br>\$'000 | 2021<br>(Restated)<br>\$'000 |
| <b>RETAINED EARNINGS AND DIVIDENDS</b>              |      |                |                              |
| Opening balance at 1 April (Restated)*              |      | 8,465          | 1,944                        |
| Total comprehensive income for the year (Restated)* |      | 2,999          | 6,317                        |
| Dividends paid                                      | C5   | (5,171)        | –                            |
| Restricted share scheme options expired             | F1   | –              | 162                          |
| Restricted share scheme options lapsed              | F1   | 56             | 42                           |
| <b>Closing balance at 31 March (Restated)*</b>      |      | <b>6,349</b>   | <b>8,465</b>                 |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

### C2 SHARE CAPITAL

|                                    |    | GROUP                |                      |                |                |
|------------------------------------|----|----------------------|----------------------|----------------|----------------|
|                                    |    | 2022<br>No of Shares | 2021<br>No of Shares | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>ORDINARY SHARE CAPITAL</b>      |    |                      |                      |                |                |
| Issued and fully paid:             |    |                      |                      |                |                |
| Opening balance at 1 April         |    | 34,325,542           | 34,325,542           | 30,868         | 30,868         |
| Issue of shares                    | C3 | –                    | –                    | –              | –              |
| <b>Closing balance at 31 March</b> |    | <b>34,325,542</b>    | <b>34,325,542</b>    | <b>30,868</b>  | <b>30,868</b>  |

The share capital reflected in the above note represents the ordinary share capital of Accordant Group Limited.

All ordinary shares carry rights to dividends and distribution on wind-up.

### C3 TREASURY SHARES

|                                    | NOTE | GROUP                |                      |                |                |
|------------------------------------|------|----------------------|----------------------|----------------|----------------|
|                                    |      | 2022<br>No of Shares | 2021<br>No of Shares | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>TREASURY SHARES</b>             |      |                      |                      |                |                |
| Issued and fully paid:             |      |                      |                      |                |                |
| Opening balance at 1 April         |      | –                    | –                    | –              | –              |
| Purchase of treasury shares        |      | 517,289              | –                    | 804            | –              |
| <b>Closing balance at 31 March</b> |      | <b>517,289</b>       | <b>–</b>             | <b>804</b>     | <b>–</b>       |

Treasury shares were acquired during the financial year to provide flexibility under the equity-settled share based incentive scheme.

517,289 Treasury shares were acquired progressively over the period 28 May 2021 to 7 July 2021 at a weighted average cost of \$1.5545 per share at a cost of \$804k.

**C4 EARNINGS PER SHARE**

|  | NOTE | GROUP      |                    |
|--|------|------------|--------------------|
|  |      | 2022       | 2021<br>(Restated) |
| EARNINGS PER SHARE   |      | \$'000     | \$'000             |
| Comprehensive income for the year net of tax                     |      | 2,999      | 6,317              |
| Number of ordinary shares as at 31 March                         | C2   | 34,325,542 | 34,325,542         |
| Weighted average number of shares for basic earnings per share   |      | 33,808,253 | 34,325,542         |
| <b>Total basic earnings per share (cents per share)</b>          |      | <b>8.9</b> | <b>18.4</b>        |
| Weighted average number of shares for diluted earnings per share |      | 33,808,253 | 34,325,542         |
| <b>Total diluted earnings per share (cents per share)</b>        |      | <b>8.9</b> | <b>18.4</b>        |

The restricted shares detailed in Note F1 could also potentially dilute earnings per share in the future, but currently are anti-dilutive (2021 were anti-dilutive).

**C5 DIVIDENDS****Accounting policy**

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

|                           | GROUP           |              |                 |              |
|---------------------------|-----------------|--------------|-----------------|--------------|
|                           | 2022            |              | 2021            |              |
|                           | Cents per share | Total \$'000 | Cents per share | Total \$'000 |
| Recognised amounts:       |                 |              |                 |              |
| Prior year final dividend | 8.20            | 2,865        | –               | –            |
| Interim dividend          | 6.50            | 2,306        | –               | –            |
|                           |                 | <b>5,171</b> |                 | –            |
| Final dividend declared   | 5.60            | 1,987        | 8.20            | 2,865        |

**Dividends****Prior year final dividend**

On 27 May 2021 the directors resolved to resume distributions of dividends and approved the payment of a fully imputed final dividend of 8.2 cents per share (total dividend \$2,865,016) to be paid on 30 June 2021 to all shareholders registered on 20 June 2021. The dividend reinvestment plan was not offered on this distribution.

**Current year interim dividend**

On 27 October 2021 the directors approved the payment of a fully imputed interim dividend of \$2,306m (6.5 cents per share) paid on 1 December 2021.

**Subsequent event**

On 25 May 2022 the directors resolved to approve the payment of a fully imputed final dividend of 5.6 cents per share (total dividend of \$1,987,062) to be paid on 30 June 2022 to all shareholders registered on 17 June 2022. The dividend reinvestment plan will not be offered on this distribution.

**C6 CASH AND CASH EQUIVALENTS****Accounting policy****Cash and cash equivalents**

Cash and cash equivalents comprise of cash held by the Group and short-term bank deposits with an original maturity of less than three months. The carrying amount of these assets approximates their fair value.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

**Statement of cash flows**

The following terms are used in the Group's statement of cash flows:

- Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities;

- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Interest paid and interest received may be classified as operating cash flows because they enter into the determination of profit or loss.

Cash payments for the interest portion of a financial liability or lease liability, have been classified as part of operating activities and cash payments for the principal portion for financial liability or lease liability, have been classified as part of financing activities.

Interest received on cash at bank have been classified as part of operating activities.

|   | GROUP         |                      |
|---|---------------|----------------------|
|   | 2022          | 2021                 |
|   | \$'000        | \$'000               |
| <b>CASH AND CASH EQUIVALENTS</b>  |               |                      |
| Cash at bank  | 4,972         | 1,795                |
| <b>Total cash and cash equivalents</b>  | <b>4,972</b>  | <b>1,795</b>         |
|   |               |                      |
|   | GROUP         |                      |
|   | 2022          | 2021                 |
|   | \$'000        | (Restated)<br>\$'000 |
| <b>RECONCILIATION OF NET PROFIT AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES</b>         |               |                      |
| <b>Net profit after income tax*</b>   | 2,999         | 6,317                |
| <b>Adjustments for operating activities non-cash items:</b>                                   |               |                      |
| Depreciation and amortisation*  | 4,941         | 5,049                |
| Impairment  | –             | 7,000                |
| (Gain)/Loss on disposal of property, plant and equipment and intangible assets*               | (24)          | 38                   |
| Movement in expected credit loss provision  | (63)          | 338                  |
| Movement in deferred tax*   | (585)         | (656)                |
| Equity-settled share-based payments   | 134           | 78                   |
| Interest on contingent consideration to the vendor of JacksonStone & Partners                 | 13            | 16                   |
| Fair value movement on contingent consideration to the vendor of JacksonStone & Partners      | 845           | (1,285)              |
| <b>Total non-cash items</b>   | <b>5,261</b>  | <b>10,578</b>        |
| <b>Movements in working capital excluding movements relating to purchase of subsidiaries:</b> |               |                      |
| (Increase)/decrease in trade and other receivables, and contract assets*                      | (2,451)       | 29,854               |
| Increase/(decrease) in trade and other payables, and contract liabilities*                    | 4,249         | (25,952)             |
| Increase/(decrease) in provisions   | –             | 211                  |
| Increase/(decrease) in taxation payable*  | 421           | 879                  |
| <b>Total movement in working capital</b>  | <b>2,219</b>  | <b>4,992</b>         |
| <b>Cash flow from operating activities</b>  | <b>10,479</b> | <b>21,887</b>        |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.

## C7 TRADE AND OTHER RECEIVABLES

### Accounting policy

Trade and other receivables are measured on initial recognition at fair value and subsequently at amortised cost using the effective interest method.

Appropriate allowances for expected irrecoverable amounts are recognised in profit and loss which are measured using the simplified approach permitted by NZ IFRS 9 *Financial Instruments*, which requires lifetime expected losses for trade and other receivables to be recognised from initial recognition of the receivable.

There are no trade and other receivables with a significant financing component.

The Group determines the expected credit losses by calculating:

- a probability weighted amount that is determined by evaluating a range of possible outcomes;
- time value of money;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

When reassessing expected credit losses the Group also considers any change in the credit risk and quality of the receivable from the date credit was initially granted up to the end of the reporting period, referring to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Group determines the expected credit losses for all trade receivables and other receivables (including those that are past due and neither past due) by using a provision matrix, estimated based on historical credit loss experience based on shared credit risk characteristics and the days past due status of the debtors. The expected loss rates are based on the payment profiles of sales over a period of 60 months. The historical loss rates are adjusted to reflect current conditions and estimates of future economic conditions affecting the ability of the debtors to repay the receivables.

An allowance of \$381,000 (2021: \$493,000) has been made for expected credit losses arising from trade and other receivables.

Before accepting a new customer, the Group conducts reference checks using external sources. Customer checks and approval of credit limits are performed independently of the sales function, and are reviewed on an ongoing basis.

The credit period on sale of services is between 7 and 30 days, unless otherwise agreed. No interest is charged on trade receivables for the first 30 days from the date of invoice. Thereafter, interest can be charged at 1.5 per cent per month on the outstanding balance.

Included in trade receivables are debtors with a carrying value of \$4.6 million (2021: \$2.9 million) which are overdue at the reporting date. Included in other receivables are debtors with a carrying value of \$Nil (2021: \$Nil) which are overdue at the reporting date. The Group does not hold any collateral over these balances.

The Group writes off a receivable when there is information indicating that the debt is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors has been placed under receivership or liquidation, or has entered into bankruptcy proceedings. NZ IFRS 9 includes a rebuttal presumption that a loss event has occurred if debtors are aged greater than 90 days. Impairment losses on trade and other receivables are presented as 'direct expenses' in the Statement of Comprehensive Income. Any revisions to this amount are credited to the same line item.

|  | GROUP         |                    |
|--|---------------|--------------------|
|  | 2022          | 2021<br>(Restated) |
|  | \$'000        | \$'000             |
| <b>TRADE AND OTHER RECEIVABLES</b>       |               |                    |
| Trade receivables                        | 25,253        | 22,961             |
| Provision for expected credit loss       | (381)         | (493)              |
| <b>Total trade receivables</b>           | <b>24,872</b> | <b>22,468</b>      |
| Other receivables*                       | 996           | 818                |
| <b>Total other receivables</b>           | <b>996</b>    | <b>818</b>         |
| <b>Total trade and other receivables</b> | <b>25,868</b> | <b>23,286</b>      |

\*Comparative balances presented have been restated as a result of a change in accounting policy during the year described further in note G1.



|   | NOTE | GROUP          |                |
|---|------|----------------|----------------|
|   |      | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>PROVISION FOR IMPAIRMENT</b>                                 |      |                |                |
| <b>PROVISION FOR EXPECTED CREDIT LOSS FOR TRADE RECEIVABLES</b> |      |                |                |
| Balance at 1 April  |      | 493            | 361            |
| Impairment losses reversed                                      | A4   | (112)          | (39)           |
| Impairment losses recognised                                    | A4   | –              | 171            |
| <b>Balance at 31 March</b>                                      |      | <b>381</b>     | <b>493</b>     |

|  | GROUP         |                |                 |                 |             |               |
|--|---------------|----------------|-----------------|-----------------|-------------|---------------|
|  | Current       | 1 – 30<br>days | 30 – 60<br>days | 60 – 90<br>days | 90+<br>days | Total         |
| <b>EXPECTED LOSS RATES FOR TRADE RECEIVABLES</b>       |               |                |                 |                 |             |               |
| <b>31 March 2022</b>                                   |               |                |                 |                 |             |               |
| Expected loss rate (%)                                 | 0.0%          | 0.0%           | 19.5%           | 51.9%           | 49.4%       | 1.7%          |
| Gross trade receivables (\$'000)                       | 20,697        | 3,341          | 572             | 352             | 291         | 25,253        |
| Provision for impairment of trade receivables (\$'000) | –             | –              | (97)            | (159)           | (125)       | (381)         |
| <b>Net trade receivables</b>                           | <b>20,697</b> | <b>3,341</b>   | <b>475</b>      | <b>193</b>      | <b>166</b>  | <b>24,872</b> |
| <b>31 March 2021</b>                                   |               |                |                 |                 |             |               |
| Expected loss rate (%)                                 | 0.9%          | 1.0%           | 22.2%           | 41.1%           | 35.4%       | 2.5%          |
| Gross trade receivables (\$'000)                       | 20,044        | 1,829          | 275             | 193             | 620         | 22,961        |
| Provision for impairment of trade receivables (\$'000) | (164)         | (16)           | (53)            | (69)            | (191)       | (493)         |
| <b>Net trade receivables</b>                           | <b>19,880</b> | <b>1,813</b>   | <b>222</b>      | <b>124</b>      | <b>429</b>  | <b>22,468</b> |

#### EXPECTED LOSS FOR OTHER RECEIVABLES

Management has reviewed and assessed other receivables and the provision for impairment \$Nil (2021: \$Nil) represents the best estimate of the expected credit losses based on historical credit loss experience adjusted to reflect current conditions and estimates of future economic conditions. The expected loss rate (%) is calculated on a GST inclusive basis.

#### Other information about customers

The Group has no customers making up more than 10% of the 2022 Group revenue (2021: none).

The concentration of credit risk is limited due to the size of the customer base.

#### KEY JUDGEMENTS AND ESTIMATES – EXPECTED CREDIT LOSSES FROM RECEIVABLES

Management has reviewed and assessed debtors on a branch-by-branch basis and the provision for impairment represents the best estimate of the expected credit losses based on historical credit loss experience adjusted to reflect current conditions and estimates of future economic conditions.

**C8 BORROWINGS**

|                         | GROUP         |               |
|-------------------------|---------------|---------------|
|                         | 2022          | 2021          |
| <b>BORROWINGS</b>       | \$'000        | \$'000        |
| Bank loans              | 18,000        | 15,000        |
| <b>Total borrowings</b> | <b>18,000</b> | <b>15,000</b> |
| <b>Classified as:</b>   |               |               |
| Current                 | –             | –             |
| Non-current             | 18,000        | 15,000        |
| <b>Total bank loans</b> | <b>18,000</b> | <b>15,000</b> |

**Summary of borrowing arrangements**

The Group has a term loan facility of \$30.0 million (2021: \$30.0 million) with ASB Bank Limited of which \$18.0 million was drawn as at 31 March 2022 (2021: \$15 million). The loan facilities are secured by first ranking General Security Deed with cross guarantees and indemnities executed by all Group entities (refer note E1). The banking facilities require the Group to operate within defined financial undertakings. The Group has complied with all covenant requirements during the year. Interest is calculated on a floating rate and the annual weighted average rate is 3.17% (2021: 2.21%). The rate is reset every three months. The loan is an interest only loan and is repayable on 1 October 2023 (2021: 1 October 2022). As at 31 March 2022, the Group has an available overdraft facility of \$8.0 million (2021: \$8.0 million) with ASB Bank Limited, at an interest rate of 4.28% (2021: 4.04%). The balance of the overdraft was \$Nil as at 31 March 2022 (2021: \$Nil) and cash at bank was \$4.972 million at 31 March 2022 (2021: \$1.795 million).

**Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities:

|  | NOTE | GROUP                      |                         |                     |                             |
|--|------|----------------------------|-------------------------|---------------------|-----------------------------|
|  |      | Opening balance<br>1 April | Financing<br>cash flows | Non-cash<br>changes | Closing balance<br>31 March |
|  |      | \$'000                     | \$'000                  | \$'000              | \$'000                      |
| <b>For the year ended 31 March 2022</b>                      |      |                            |                         |                     |                             |
| <b>Borrowings</b>  |      |                            |                         |                     |                             |
| Bank loans - ASB Bank Limited <sup>(i)</sup>                 |      | 15,000                     | 3,000                   | –                   | 18,000                      |
| <b>Other financial liabilities from financing activities</b> |      |                            |                         |                     |                             |
| Lease liabilities (ii)                                       | B2   | 9,255                      | (2,350)                 | 851                 | 7,756                       |
| <b>Total</b>   |      | <b>24,255</b>              | <b>650</b>              | <b>851</b>          | <b>25,756</b>               |
| <b>For the year ended 31 March 2021</b>                      |      |                            |                         |                     |                             |
| <b>Borrowings</b>  |      |                            |                         |                     |                             |
| Bank loans - ASB Bank Limited <sup>(i)</sup>                 |      | 36,000                     | (21,000)                | –                   | 15,000                      |
| Lease liabilities <sup>(ii)</sup>                            | B2   | 11,599                     | (2,481)                 | 137                 | 9,255                       |
| <b>Total</b>   |      | <b>47,599</b>              | <b>(23,481)</b>         | <b>137</b>          | <b>24,255</b>               |

(i) The cash flows make up the net amount of proceeds/(payment) from borrowings, repayments of borrowings and repayment of other financial liabilities in the statement of cash flows.

(ii) Non-cash changes comprise new leases entered into during the year of \$371,000 (2021: \$125,000) and remeasurement of existing leases during the year of \$481,000 (2021: \$12,000).

**C9 TRADE AND OTHER PAYABLES****Accounting policy**

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Income, expenses, assets and liabilities are recognised net of goods and services tax ("GST"), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST where invoiced.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

|                                       | GROUP         |               |
|---------------------------------------|---------------|---------------|
|                                       | 2022          | 2021          |
|                                       | \$'000        | \$'000        |
| <b>TRADE AND OTHER PAYABLES</b>       |               |               |
| Trade payables                        | 8,442         | 7,054         |
| Goods and services tax (GST) payable  | 1,921         | 1,724         |
| PAYE                                  | 3,723         | 3,620         |
| Other payables and accruals           | 10,296        | 7,782         |
| <b>Total trade and other payables</b> | <b>24,382</b> | <b>20,180</b> |

## D. Financial instruments used to manage risk

### IN THIS SECTION

This section explains the financial risks the Group faces, how these risks affect the Group's financial position and performance and how the Group manages these risks.

#### D1 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks comprising:

- credit risk;
- liquidity risk;
- market risk – interest rate risk; and
- capital risk.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Group's principal financial assets are cash and cash equivalents, and trade and other receivables.

The credit risk on cash and cash equivalents is limited because the counterparty is a bank with a high credit-rating assigned by international credit-rating agencies. The maximum credit risk on other balances is limited to their carrying values without taking into account any collateral held.

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables.

The Group has no significant concentration of credit risk as its exposure is spread over a large number of customers other than outlined in note C7.

##### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from its interest earning cash deposits and its interest bank borrowings. The Group is exposed to interest rate risk to the extent that it invests for a fixed term at fixed rates or borrows for a fixed term at fixed rates. The Group's policy is to obtain the most favourable term and interest rate available.

##### Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note C8, cash and cash equivalents (note C6) and equity attributable to equity holders of the Group, comprising retained earnings and issued share capital as disclosed in notes C1 and C2 respectively.

The Directors and Management review the capital structure on a periodic basis. As part of this review the Directors and Management consider the cost of capital and the risks associated with each class of capital. The Directors and Management will balance the overall capital structure through payment of dividends, new share issues, and share buy backs as well as the issue of new debt or the redemption of existing debt.

##### Fair value of financial instruments

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

### Liquidity and interest rate risk management

The following table details the Group's remaining contractual maturity for its financial assets and liabilities. The table has been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to receive or pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are at floating rates, the undiscounted cash flows are derived from interest rates at 31 March.

|                              | Weighted average effective interest rate | Less than 1 month | 1 – 3 months   | 3 – 12 months  | 1 – 5 years     | 1 – 5 years  | TOTAL          |
|------------------------------|--|-------------------|----------------|----------------|-----------------|--------------|----------------|
|                              | %  | \$'000            | \$'000         | \$'000         | \$'000          | \$'000       | \$'000         |
| <b>2022</b>                  |  |                   |                |                |                 |              |                |
| <b>Financial assets</b>      |  |                   |                |                |                 |              |                |
| Non-interest bearing         | -%                                       | 25,965            | –              | –              | –               | –            | 25,965         |
| Floating interest            | -%                                       | 4,972             | –              | –              | –               | –            | 4,972          |
| <b>Financial liabilities</b> |  |                   |                |                |                 |              |                |
| Non-interest bearing         | -%                                       | (10,018)          | (2,461)        | (2,137)        | (5,490)         | (439)        | (20,545)       |
| Floating interest            | 3.17%                                    | (48)              | (95)           | (428)          | (18,285)        | –            | (18,856)       |
|                              |  | <b>20,871</b>     | <b>(2,556)</b> | <b>(2,565)</b> | <b>(23,775)</b> | <b>(439)</b> | <b>(8,464)</b> |
| <b>2021</b>                  |  |                   |                |                |                 |              |                |
| <b>Financial assets</b>      |  |                   |                |                |                 |              |                |
| Non-interest bearing         | -%                                       | 23,451            | –              | –              | –               | –            | 23,451         |
| Floating interest            | -%                                       | 1,795             | –              | –              | –               | –            | 1,795          |
| <b>Financial liabilities</b> |  |                   |                |                |                 |              |                |
| Non-interest bearing         | -%                                       | (7,925)           | (645)          | (2,647)        | (7,162)         | (476)        | (18,855)       |
| Floating interest            | 2.21%                                    | (28)              | (55)           | (249)          | (15,166)        | –            | (15,498)       |
|                              |  | <b>17,293</b>     | <b>(700)</b>   | <b>(2,896)</b> | <b>(22,328)</b> | <b>(476)</b> | <b>(9,107)</b> |

The current year analysis includes all financial assets and liabilities. In relation to the financial liabilities, this excludes tax related balances and employee benefits, as these are not financial instruments.

### Sensitivity analysis

The sensitivity analysis has been based on the exposure to interest rates for borrowings and cash and cash equivalents at 31 March. The weighted average interest of cash and cash equivalents at balance date was 0% (2021: 0%).

A 50 point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

|                             | INTEREST RATE<br>+/- 50 bps |        |
|-----------------------------|-----------------------------|--------|
|                             | 2022                        | 2021   |
|                             | \$'000                      | \$'000 |
| Impact on profit and equity | 90                          | 75     |

## E. Group structure

### IN THIS SECTION

This section provides information to help readers understand the Group's structure and how it affects the financial position and performance of the Group.

#### E1 SUBSIDIARIES

##### Accounting policies

##### Basis of consolidation

The Group financial statements comprise the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the Group:

- has powers over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its powers to affect its returns

The Company reassesses 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 listed above.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements include the financial statements of Accordant Group Limited and the subsidiaries listed below. Subsidiaries are entities controlled, directly or indirectly, by Accordant Group Limited.

| NAME OF SUBSIDIARY  | Place of incorporation and operation | Proportion of ownership interest | Proportion of voting power held | Principal activity |
|---|--------------------------------------|----------------------------------|---------------------------------|--------------------|
| AWF Limited   | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Labour hire        |
| Madison Recruitment Limited                                     | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Recruitment        |
| Madison Force Limited   | New Zealand                          | N/A* (2021: 100%)                | N/A* (2021: 100%)               | Recruitment        |
| Absolute IT Limited   | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Recruitment        |
| Probity NZ Limited  | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Probity checks     |
| Accordant Group Services Limited (formerly NZ Employed Limited) | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Group Services     |
| JacksonStone & Partners Limited                                 | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Recruitment        |
| JacksonStone Consulting Limited                                 | New Zealand                          | 100% (2021: 100%)                | 100% (2021: 100%)               | Dormant            |
| The Work Collective Limited                                     | New Zealand                          | 100% (2021: N/A)                 | 100% (2021: N/A)                | Social Enterprise  |

\*On 8 February 2022, Madison Force Limited was amalgamated into Madison Recruitment Limited to become Madison Recruitment Limited under Part XIII of the Companies Act 1993.

## F. Other

### IN THIS SECTION

This section includes the remaining information relating to the Group's financial statements that is required to comply with financial reporting standards.

#### F1 EMPLOYEE BENEFITS AND SHARE BASED PAYMENTS

##### Accounting policies

- Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.
- Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.
- The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.  
Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.
- The Group operates an equity-settled share based incentive scheme for senior staff and directors that is settled in ordinary shares. The fair value of these share-based payments is calculated on the grant date using an appropriate valuation model. The fair value is included in employee benefits expense on a straight line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest.  
The same amount is credited to shareholders equity. At each balance date, the Group re-assesses its estimates of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in employee benefits expense immediately, with a corresponding adjustment to shareholders equity.
- The Group is not party to any Golden parachute clauses.

|  | GROUP          |               |
|--|----------------|---------------|
|  | 2022           | 2021          |
|  | \$'000         | \$'000        |
| <b>EMPLOYEE BENEFITS</b>               |                |               |
| Employee benefits                      | 115,198        | 89,360        |
| Employer contribution to Kiwisaver     | 2,425          | 2,732         |
| Equity-settled share-based payments    | 134            | 78            |
| <b>Total employee benefits expense</b> | <b>117,757</b> | <b>92,170</b> |

Government grants have been offset against employee benefits (refer Global Pandemic of Coronavirus Disease 2019).

|  | GROUP        |              |
|--|--------------|--------------|
|  | 2022         | 2021         |
|  | \$'000       | \$'000       |
| <b>COMPENSATION OF KEY MANAGEMENT PERSONNEL (Excludes Directors)</b> |              |              |
| The remuneration of key management during the year was as follows:   |              |              |
| Salaries and short-term benefits                                     | 2,990        | 3,219        |
| Employer contribution to Kiwisaver                                   | 89           | 86           |
| Equity-settled share-based payments                                  | 131          | –            |
| <b>Total key management personnel compensation</b>                   | <b>3,210</b> | <b>3,305</b> |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Directors fees expensed during the year was \$375,000 (2021: \$332,000).

Gross dividends paid during the year to key management who hold restricted shares was \$301,000 during the year were (2021: \$Nil).

### Employee share schemes

The Group has an ownership-based compensation scheme for senior employees of the Group. In accordance with the provisions of the restricted share scheme, as approved by shareholders, senior employees and directors may, at the discretion of the Board, be granted the opportunity of purchasing restricted shares at a price determined by the Board under the rules of the scheme.

Invited participants purchase the shares by way of an interest free loan from the Group. Participants may convert their shares from the vesting date and only when they have repaid the loan from the Group. The shares issued to participants are held as security for the loan until such time the loan has been repaid. Restricted shares are entitled to all the rights as ordinary shares, including dividends and full voting rights, but are not tradeable until they are converted to ordinary shares based on the terms of the scheme.

A total of 885,000 restricted shares were issued to senior staff during the year under the terms of the Group share scheme (2021: 400,000). At the same time an interest free loan was provided to staff to purchase these shares pursuant to the terms of the scheme.

No restricted shares were exercised during the year (2021: No restricted shares were exercised during the year).

81,000 restricted shares were expired during the year (2021: 223,000) and 66,000 restricted shares were forfeited during the year (2021: 36,000). The corresponding interest free loan provided to staff was also cancelled.

At 31 March 2022, there were 1,675,000 (2021: 937,000) shares held by staff members and corresponding loans to the value of \$3,019,000 (2021: \$1,664,020).

The following share-based payment arrangements were in existence at 31 March 2022:

|                                | Number           | Grant date | Vesting date | Expiry date | Issue price | Fair value at grant date of the option |
|--------------------------------|------------------|------------|--------------|-------------|-------------|--|
| <b>RESTRICTED SHARE SERIES</b> |                  |            |              |             | \$          | \$                                     |
| G Shares 2019 Grant            | 129,200          | 1/11/2018  | 1/07/2021    | 1/07/2022   | 1.90        | 0.38                                   |
| H Shares 2019 Grant            | 208,800          | 1/11/2018  | 1/01/2024    | 1/01/2025   | 1.90        | 0.55                                   |
| G Shares 2020 Grant            | 20,800           | 18/06/2019 | 1/07/2021    | 1/07/2022   | 1.85        | 0.33                                   |
| H Shares 2020 Grant            | 31,200           | 18/06/2019 | 1/01/2024    | 1/01/2025   | 1.85        | 0.46                                   |
| I Shares 2021 Grant            | 150,000          | 18/09/2020 | 1/07/2023    | 1/07/2024   | 1.50        | 0.37                                   |
| J Shares 2021 Grant            | 250,000          | 18/09/2020 | 1/07/2025    | 1/07/2026   | 1.50        | 0.41                                   |
| K Shares 2022 Grant            | 429,000          | 1/10/2021  | 1/01/2024    | 1/01/2025   | 1.90        | 0.43                                   |
| L Shares 2022 Grant            | 456,000          | 1/10/2021  | 1/01/2025    | 1/01/2026   | 1.90        | 0.48                                   |
| <b>Total</b>                   | <b>1,675,000</b> |            |              |             |             |  |

The rules of the restricted share scheme (which for accounting purposes are treated as share options) allow participants to hand back to the Group restricted shares issued to them at the grant date (or during the exercise period) should the market price of the shares be below the exercise price. If the restricted shares are handed back to the Group, the loan from the Group is cancelled. Due to the nature of the restricted share scheme, the scheme has been treated as a share option scheme under NZ IFRS 2 Share-based Payment and a value placed on each restricted share in accordance with the standard.

Restricted shares are valued using Black-Scholes pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise, and behavioural considerations. Expected volatility is based on the historical share price volatility over the expected term of the option. The valuation assumes that senior employees and directors will exercise the options at the end of the allowed one-year loan repayment period.



| RESTRICTED<br>SHARE SERIES | Grant date          | Vesting date | Share price at grant date | Exercise Price | Term to vesting | Expected life | Risk Free Rate | Annualised Volatility | Option Value |
|----------------------------|---------------------|--------------|---------------------------|----------------|-----------------|---------------|----------------|-----------------------|--------------|
|                            |                     |              | \$                        | \$             | (Days)          | (Years)       | %              | %                     | \$           |
|                            | G Shares 2019 Grant | 1/11/2018    | 1/07/2021                 | \$1.84         | \$1.90          | 973           | 2.70           | 2.00%                 | 25.10%       |
| H Shares 2019 Grant        | 1/11/2018           | 1/01/2024    | \$1.84                    | \$1.90         | 1,887           | 5.20          | 2.20%          | 26.70%                | \$0.55       |
| G Shares 2020 Grant        | 18/06/2019          | 1/07/2021    | \$1.83                    | \$1.85         | 744             | 2.00          | 1.20%          | 24.90%                | \$0.33       |
| H Shares 2020 Grant        | 18/06/2019          | 1/01/2024    | \$1.83                    | \$1.85         | 1,658           | 4.50          | 1.30%          | 24.70%                | \$0.46       |
| I Shares 2021 Grant        | 18/09/2020          | 1/07/2023    | \$1.47                    | \$1.50         | 1,016           | 2.80          | 0.27%          | 33.60%                | \$0.37       |
| J Shares 2021 Grant        | 18/09/2020          | 1/07/2025    | \$1.47                    | \$1.50         | 1,566           | 4.30          | 0.37%          | 31.20%                | \$0.41       |
| K Shares 2022 Grant        | 1/10/2021           | 1/01/2024    | \$1.75                    | \$1.90         | 822             | 2.30          | 1.22%          | 36.80%                | \$0.43       |
| L Shares 2022 Grant        | 1/10/2021           | 1/01/2025    | \$1.75                    | \$1.90         | 1,188           | 3.30          | 1.40%          | 35.20%                | \$0.48       |

The weighted average fair value of the restricted shares granted under the restricted share scheme during the year was \$0.45 (2021: \$0.47)

The following reconciles the outstanding restricted shares granted under the restricted share scheme at the beginning and end of the year:

|                            | GROUP            |                                    |                |                                    |
|----------------------------|------------------|------------------------------------|----------------|------------------------------------|
|                            | 2022             |                                    | 2021           |                                    |
|                            | Option Number    | Weighted average exercise price \$ | Option Number  | Weighted average exercise price \$ |
| Balance at 1 April         | 937,000          | \$1.78                             | 796,000        | \$2.14                             |
| Granted during the year    | 885,000          | \$1.90                             | 400,000        | \$1.50                             |
| Exercised during the year  | –                | –                                  | –              | –                                  |
| Expired during the year    | (81,000)         | \$2.46                             | (223,000)      | \$2.50                             |
| Forfeited during the year  | (66,000)         | \$1.91                             | (36,000)       | \$2.29                             |
| <b>Balance at 31 March</b> | <b>1,675,000</b> | <b>\$1.80</b>                      | <b>937,000</b> | <b>\$1.78</b>                      |

The number of restricted share options exercisable at 31 March 2022 is Nil (2021: Nil).

The restricted shares outstanding at 31 March 2022 had a weighted average remaining contractual life of 1,129 days (2021: 1,498 days).

During the year ended 31 March 2022 the share based payments expense recognised by the Group was a charge of \$134,028 (2021: charge of \$78,914).

There were no restricted share options exercised during the year (2021: none).

## F2 PROVISIONS

### Accounting policy

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of 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

the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

|                                       | GROUP      |            |
|---------------------------------------|------------|------------|
|                                       | 2022       | 2021       |
|                                       | \$'000     | \$'000     |
| <b>PROVISION FOR MEDICAL COSTS</b>    |            |            |
| Balance at 1 April                    | 400        | 189        |
| Payments made during the year         | (223)      | (344)      |
| Estimated future rehabilitation costs | (19)       | 476        |
| Revaluation of provision              | 242        | 79         |
| <b>Balance at 31 March</b>            | <b>400</b> | <b>400</b> |
| Current                               | 400        | 400        |
| Non-current                           | –          | –          |
| <b>Balance at 31 March</b>            | <b>400</b> | <b>400</b> |

AWF Limited participates in the ACC accredited employers full self-cover plan. Under the plan AWF Limited, as employer undertakes injury management (via its appointed agent) and accepts financial responsibility for employees who suffer work-related injuries for a nominated period. AWF Limited has capped its exposure to total claims and unexpected high individual claims via stop loss cover.

### KEY JUDGEMENTS AND ESTIMATES – REHABILITATION UNDER THE ACC PARTNERSHIP PROGRAMME

Provisions represent management's best estimate of the Group's liability for ongoing medical and rehabilitation costs for open claims in terms of the partnership agreement with Accident Compensation Corporation, based on past experiences and the nature of the open claims.

## F3 RELATED PARTIES

### Controlling entity

The SA Hull Family Trust No.2, which holds 18,194,598 (2021: 18,194,598) shares is the ultimate controlling entity of the Group, having a 53.01% (2021: 53.01%) holding.

### Transactions

During the year, Group entities entered into the following trading transactions with a related party that is not a member of the Group:

|   | GROUP  |        |
|---|--------|--------|
|   | 2022   | 2021   |
|   | \$'000 | \$'000 |
| <b>RELATED PARTY TRANSACTIONS</b>                 |        |        |
| Multihull Ventures Limited – Recruitment services | –      | 9      |
| Mr Simon Bennett – Consultancy services           | 30     | –      |
| Mr Richard Stone – Consultancy services           | 50     | –      |

Mr Simon Hull (Director) is a shareholder of Multihull Ventures Limited.

Accordant Group Services Limited has entered a consultancy arrangement with Mr Simon Bennett (Chairperson and Director) commencing 1 January 2022 at the rate of \$120,000 per annum for a defined scope of work.

JacksonStone & Partners Limited has entered into a consultancy arrangement commencing 1 April 2021 with Mr Richard Stone (Director) at the rate of \$50,000 per annum for a defined scope of work.

At 31 March 2022, Group entities do not have any amounts owed or owing to a related party that is not a member of the Group (2021: \$ Nil).

**F4 COMMITMENTS**

|  | GROUP     |            |
|--|-----------|------------|
|  | 2022      | 2021       |
| <b>CAPITAL EXPENDITURE COMMITMENTS</b>       | \$'000    | \$'000     |
| Property, plant and equipment                | 39        | 300        |
| <b>Total capital expenditure commitments</b> | <b>39</b> | <b>300</b> |

**F5 CONTINGENT ASSETS AND LIABILITIES**

ASB Bank Limited 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.

The Group has no other contingent assets or liabilities at 31 March 2022 (2021: \$Nil).

**F6 EVENTS AFTER THE REPORTING DATE****Other**

No other subsequent events have occurred since reporting date that would materially impact the Group's financial statements as at 31 March 2022.

## F7 BUSINESS COMBINATIONS JACKSONSTONE & PARTNERS CONTINGENT CONSIDERATION

### Accounting policy

Business combinations are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group (if any) in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

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

At the acquisition date, the identifiable assets acquired and the liabilities (including contingent liabilities) assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with NZ IAS 12 *Income Taxes* and NZ IAS 19 *Employee Benefits* respectively.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Effective 1 June 2019, Accordant Group Limited acquired the shares of JacksonStone & Partners Limited ('JacksonStone & Partners').

### As at acquisition date

As part of the purchase agreement, a contingent consideration arrangement was agreed.

Under the contingent consideration arrangement, there were additional cash payments to the previous owners of JacksonStone & Partners, where the Group was required to pay:

- an initial capped earn out ('Earnout tranche 1') of \$1.5m subject to achievement of a specified value of Net Disposable Revenue, agreed by both parties, this earn-out was achieved and paid on 30 November 2020; and
- a second uncapped earn out ('Earnout tranche 2') which was also subject to achievement of a specified value of Net Disposable Revenue, agreed by both parties, for the amended 12-month period to 31 October 2021 (previously 30 September 2021), payable in November 2021.

At acquisition date, the potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement was assessed at \$1.5m (Paid 30 November 2020) for Earnout tranche 1 and \$1.958m for Earnout tranche 2. The fair value of Earnout tranche 2 of \$1.785m, was estimated by applying a discount factor of 3.715% to the uncapped earn out amount of \$1.958m.

### As at 31 March 2021

There had been a material change in the Group's estimate of the Net Disposable Revenue to the previous owners of JacksonStone & Partners under the contingent consideration arrangement for Earn-out tranche 2.

The potential undiscounted future amount that the Group could be required to make under the contingent consideration arrangement had been revised down to \$0.549m (2020: \$1.958m). The liability had decreased by a total of \$1.409m with a fair value gain of \$1.285m and reduced discount interest of \$49,000 applying a consistent discount factor of 3.715% to the uncapped revised earn out amount of \$0.549m.

### As at 31 March 2022

The contingent consideration arrangement for Earn-out tranche 2 was calculated for the 12-month period ending 31 October 2021 at \$1.393m (Paid 3 December 2021). Improved trading performance since 31 March 2021 resulted in an increase in Net Disposable Revenue which resulted in a fair value loss on contingent consideration of \$845k.

## G. Significant matters in the financial year

### G1 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 31 March 2020, for the year ended and as at 31 March 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.

## Restated Statement of Financial Position as at 1 April 2020

|                                |                                      | GROUP                   |                  |              |                |
|--------------------------------|--------------------------------------|-------------------------|------------------|--------------|----------------|
|                                |                                      | 31 March 2020           | 1 April 2020     | 1 April 2020 |                |
|                                |                                      | As originally presented | SaaS adjustments | Restated     |                |
| NOTE                           |                                      | \$'000                  | \$'000           | \$'000       |                |
| <b>Assets</b>                  |                                      |                         |                  |              |                |
| <b>Non-current assets</b>      |                                      |                         |                  |              |                |
|                                | Property, plant and equipment        | B1                      | 3,193            | (53)         | 3,140          |
|                                | Right of use assets                  | B2                      | 11,107           | –            | 11,107         |
|                                | Intangible assets – goodwill         | B4                      | 45,068           | –            | 45,068         |
|                                | Intangible assets – other            | B3                      | 16,194           | (845)        | 15,349         |
|                                | <b>Total non-current assets</b>      |                         | <b>75,562</b>    | <b>(898)</b> | <b>74,664</b>  |
| <b>Current assets</b>          |                                      |                         |                  |              |                |
|                                | Cash and cash equivalents            | C6                      | 6,178            | –            | 6,178          |
|                                | Trade and other receivables          | C7                      | 53,442           | 75           | 53,517         |
|                                | Contract assets                      | A2                      | 87               | –            | 87             |
|                                | <b>Total current assets</b>          |                         | <b>59,707</b>    | <b>75</b>    | <b>59,782</b>  |
|                                | <b>Total assets</b>                  |                         | <b>135,269</b>   | <b>(823)</b> | <b>134,446</b> |
| <b>Equity and liabilities</b>  |                                      |                         |                  |              |                |
| <b>Non-current liabilities</b> |                                      |                         |                  |              |                |
|                                | Deferred tax liabilities             | A5                      | 3,122            | (231)        | 2,891          |
|                                | Borrowings                           | C8                      | 36,000           | –            | 36,000         |
|                                | Lease liabilities                    | B2                      | 9,098            | –            | 9,098          |
|                                | Contingent consideration             | F7                      | 1,841            | –            | 1,841          |
|                                | <b>Total non-current liabilities</b> |                         | <b>50,061</b>    | <b>(231)</b> | <b>49,830</b>  |
| <b>Current liabilities</b>     |                                      |                         |                  |              |                |
|                                | Trade and other payables             | C9                      | 46,169           | –            | 46,169         |
|                                | Contract liabilities                 | A2                      | 202              | –            | 202            |
|                                | Taxation payable                     | A5                      | 950              | –            | 950            |
|                                | Provisions                           | F2                      | 189              | –            | 189            |
|                                | Lease liabilities                    | B2                      | 2,501            | –            | 2,501          |
|                                | Contingent consideration             | F7                      | 1,463            | –            | 1,463          |
|                                | <b>Total current liabilities</b>     |                         | <b>51,474</b>    | <b>–</b>     | <b>51,474</b>  |
|                                | <b>Total liabilities</b>             |                         | <b>101,535</b>   | <b>(231)</b> | <b>101,304</b> |
|                                | <b>Net assets</b>                    |                         | <b>33,734</b>    | <b>(592)</b> | <b>33,142</b>  |
| <b>Capital and reserves</b>    |                                      |                         |                  |              |                |
|                                | Share capital                        | C2                      | 30,868           | –            | 30,868         |
|                                | Group share scheme reserve           | F1                      | 330              | –            | 330            |
|                                | Retained earnings                    | C1                      | 2,536            | (592)        | 1,944          |
|                                | <b>Total equity</b>                  |                         | <b>33,734</b>    | <b>(592)</b> | <b>33,142</b>  |

**Restated Statement of Comprehensive Income for the year ended 31 March 2021**

|  | NOTE           | GROUP   |  |   |
|--|----------------|---|--|---|
|  |                | Year ended<br>31 March 2021<br>As originally<br>presented<br>\$'000 | Year ended<br>31 March 2021<br>SaaS<br>adjustments<br>\$'000 | Year ended<br>31 March 2021<br>Restated<br>\$'000 |
| Revenue from contracts with customers          | A2             | 205,482   | –  | 205,482   |
| Investment revenue                             |                | –   | –  | –   |
| Fair value gain on contingent consideration    | F7             | 1,285   | –  | 1,285   |
| Direct costs                                   |                | (2,569)   | –  | (2,569)   |
| Employee benefits expense                      | A1, F1         | (92,170)  | –  | (92,170)  |
| Contractor costs                               | F1             | (78,632)  | –  | (78,632)  |
| Depreciation and amortisation expense          | A4, B1, B2, B3 | (5,286)   | 237  | (5,049)   |
| Impairment                                     | B3             | (7,000)   | –  | (7,000)   |
| Other operating expenses                       |                | (8,953)   | (70)   | (9,023)   |
| Finance costs                                  | A4             | (1,228)   | –  | (1,228)   |
| <b>Profit before tax</b>                       |                | <b>10,929</b>   | <b>167</b>   | <b>11,096</b>                                     |
| Income tax expense                             | A5             | (4,732)   | (47)   | (4,779)   |
| <b>Profit for the year</b>                     |                | <b>6,197</b>  | <b>120</b>   | <b>6,317</b>                                      |
| Other comprehensive income for the year        |                | –   | –  | –   |
| <b>Total comprehensive income for the year</b> |                | <b>6,197</b>  | <b>120</b>   | <b>6,317</b>                                      |

## Restated Statement of Financial Position as at 31 March 2021

|                                      | NOTE | GROUP                   |                  |               |
|--------------------------------------|------|-------------------------|------------------|---------------|
|                                      |      | 31 March 2021           | 1 April 2021     | 1 April 2021  |
|                                      |      | As originally presented | SaaS adjustments | Restated      |
|                                      |      | \$'000                  | \$'000           | \$'000        |
| <b>Assets</b>                        |      |                         |                  |               |
| <b>Non-current assets</b>            |      |                         |                  |               |
| Property, plant and equipment        | B1   | 3,492                   | (43)             | 3,449         |
| Right of use assets                  | B2   | 8,570                   | –                | 8,570         |
| Intangible assets – goodwill         | B4   | 38,068                  | –                | 38,068        |
| Intangible assets – other            | B3   | 14,481                  | (628)            | 13,853        |
| <b>Total non-current assets</b>      |      | <b>64,611</b>           | <b>(671)</b>     | <b>63,940</b> |
| <b>Current assets</b>                |      |                         |                  |               |
| Cash and cash equivalents            | C6   | 1,795                   | –                | 1,795         |
| Trade and other receivables          | C7   | 23,271                  | 15               | 23,286        |
| Contract assets                      | A2   | 180                     | –                | 180           |
| <b>Total current assets</b>          |      | <b>25,246</b>           | <b>15</b>        | <b>25,261</b> |
| <b>Total assets</b>                  |      | <b>89,857</b>           | <b>(656)</b>     | <b>89,201</b> |
| <b>Equity and liabilities</b>        |      |                         |                  |               |
| <b>Non-current liabilities</b>       |      |                         |                  |               |
| Deferred tax liabilities             | A5   | 2,419                   | (184)            | 2,235         |
| Borrowings                           | C8   | 15,000                  | –                | 15,000        |
| Lease liabilities                    | B2   | 6,991                   | –                | 6,991         |
| <b>Total non-current liabilities</b> |      | <b>24,410</b>           | <b>(184)</b>     | <b>24,226</b> |
| <b>Current liabilities</b>           |      |                         |                  |               |
| Trade and other payables             | C9   | 20,180                  | –                | 20,180        |
| Contract liabilities                 | A2   | 230                     | –                | 230           |
| Taxation payable                     | A5   | 1,829                   | –                | 1,829         |
| Provisions                           | F2   | 400                     | –                | 400           |
| Lease liabilities                    | B2   | 2,264                   | –                | 2,264         |
| Contingent consideration             | F7   | 535                     | –                | 535           |
| <b>Total current liabilities</b>     |      | <b>25,438</b>           | <b>–</b>         | <b>25,438</b> |
| <b>Total liabilities</b>             |      | <b>49,848</b>           | <b>(184)</b>     | <b>49,664</b> |
| <b>Net assets</b>                    |      | <b>40,009</b>           | <b>(472)</b>     | <b>39,537</b> |
| <b>Capital and reserves</b>          |      |                         |                  |               |
| Share capital                        | C2   | 30,868                  | –                | 30,868        |
| Group share scheme reserve           |      | 204                     | –                | 204           |
| Retained earnings                    | C1   | 8,937                   | (472)            | 8,465         |
| <b>Total equity</b>                  |      | <b>40,009</b>           | <b>(472)</b>     | <b>39,537</b> |



## Companies Act 1993 disclosures

The Directors of Accordant Group Limited submit herewith the annual financial report of the company for the financial year ended 31 March 2022. In order to comply with the Companies Act 1993, the Directors report as follows:

The names and particulars of the Directors of the company during or since the end of the financial year are:

| Directors Name   | Particulars   | Audit & Risk Committee | Remuneration Committee | Nomination Committee | Health & Safety Committee | Organisation Committee |
|------------------|---|------------------------|------------------------|----------------------|---------------------------|------------------------|
| Ross Keenan      | Retired from the board 1 January 2022   |                        |                        |                      |                           |                        |
| Simon Hull       | Non-independent Director<br>Founding shareholder  |                        | ✓                      | ✓                    | Chairperson               | ✓                      |
| Wynnis Armour    | Independent Director<br>Joined the board in 2015<br>Founding shareholder of Madison Recruitment Limited |                        | Chairperson            | ✓                    | ✓                         | Chairperson            |
| Nicholas Simcock | Independent Director<br>Joined the board in 2018  | ✓                      | ✓                      | ✓                    | ✓                         | ✓                      |
| Laurissa Cooney  | Independent Director<br>Joined the board on 1 August 2020   | Chairperson            | ✓                      | ✓                    | ✓                         | ✓                      |
| Simon Bennett    | Chairperson and Non-independent Director<br>Joined the board 21 June 2021                               | ✓                      | ✓                      | ✓                    | ✓                         | ✓                      |
| Richard Stone    | Non-independent Director<br>Joined the board 25 January 2022  |                        | ✓                      | ✓                    | ✓                         | ✓                      |

### Entries recorded in the Interests Register

Entries in the Interest Register made during the year and disclosed pursuant to sections 211(1)(e) and 140(1) of the Companies Act 1993 are as follows:

#### (a) Directors Interests in transactions

The Directors had no interests in transactions in the current year, other than outlined in note F3.

#### (b) Share dealings by Directors

The following table sets out each Directors personal interest in shares of the company as at the date of this report.

| Director         | Ordinary shares |
|------------------|-----------------|
| Simon Hull       | 18,194,598      |
| Wynnis Armour    | 354,703         |
| Nicholas Simcock | 10,000          |
| Simon Bennett    | 280,007         |

### Disclosure of interests by Directors

Where applicable, the disclosures also include directorships of subsidiaries of the relevant companies.

#### ROSS B. KEENAN (retired 1/1/2021)

##### Director's interests as at 1 January 2022

|   |             |
|---|-------------|
| Accordant Group Limited                                   | Chairperson |
| Touchdown Limited   | Director    |
| Indemnity from the Company under the D&O Insurance policy |             |

#### SIMON HULL

|   |          |
|---|----------|
| Accordant Group Limited                                   | Director |
| Hull Properties Limited                                   | Director |
| Nano Imports Limited                                      | Director |
| Multihull Ventures Limited                                | Director |
| Marlborough Developments Limited (2007)                   | Director |
| Zhik Pty Limited  | Director |
| Indemnity from the Company under the D&O Insurance policy |          |

#### WYNNIS ARMOUR

|   |          |
|---|----------|
| Accordant Group Limited                                   | Director |
| Armour Consulting Limited                                 | Director |
| ArcAngels Nominee Limited                                 | Director |
| Maby Limited  | Director |
| Macville Limited  | Director |
| Common Grounds Café Limited                               | Director |
| University of Canterbury Foundation                       | Trustee  |
| Wallace Trust   | Trustee  |
| Indemnity from the Company under the D&O Insurance policy |          |

#### NICHOLAS SIMCOCK

|   |          |
|---|----------|
| Accordant Group Limited                                   | Director |
| Simcorp Limited   | Director |
| Just Property Management Limited                          | Director |
| Wellington Creative Capital Arts Trust                    | Trustee  |
| Indemnity from the Company under the D&O Insurance policy |          |

#### LAURISSA COONEY

|   |                    |
|---|--------------------|
| Accordant Group Limited                                   | Director           |
| Tourism Bay of Plenty                                     | Chairperson        |
| Air New Zealand Limited                                   | Director           |
| Goodman (NZ) Limited                                      | Director           |
| Goodman Property Aggregated Limited                       | Director           |
| GMT Bond Issuer Limited                                   | Director           |
| GMT Wholesale Bond Issuer Limited                         | Director           |
| Le Rissa Limited  | Director           |
| Ngāi Tai ki Tāmaki Commercial Investment Trust            | Trustee            |
| The Aotearoa Circle                                       | Guardian           |
| Institute of Directors Chapter Zero                       | Steering Committee |
| Indemnity from the Company under the D&O Insurance policy |                    |

#### SIMON BENNETT (appointed 21/06/2021)

|   |             |
|---|-------------|
| Accordant Group Limited                                   | Chairperson |
| The Icehouse  | Director    |
| Ice Foundation  | Trustee     |
| Indemnity from the Company under the D&O Insurance policy |             |

#### RICHARD STONE (appointed 22/01/2022)

|   |             |
|---|-------------|
| Accordant Group Limited                                   | Director    |
| Life Flight New Zealand Limited                           | Chairperson |
| Commerce Building Limited                                 | Chairperson |
| Bolton Holdings   | Director    |
| Cape Horn Land Company Limited                            | Director    |
| Embassy Theatre 2020                                      | Trustee     |
| Indemnity from the Company under the D&O Insurance policy |             |

### Changes in state of affairs

During the year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

### Director Remuneration

The following table discloses the remuneration of the Directors of the company:

| Director                             | Annual<br>\$'000 | Fees paid<br>in year<br>\$'000 | Salary and<br>Bonus<br>\$'000 | Consultancy<br>Fee<br>\$'000 | Share-based<br>payments<br>\$'000 | Total<br>\$'000 |
|--------------------------------------|------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------------|-----------------|
| Ross B Keenan (retired 01/01/2022)   | –                | 86                             | –                             | –                            | –                                 | 86              |
| Simon Bennett (appointed 21/6/2021)  | 115              | 39                             | –                             | 30                           | –                                 | 69              |
| Simon Hull                           | 60               | 60                             | –                             | –                            | –                                 | 60              |
| Wynniss Armour                       | 60               | 60                             | –                             | –                            | –                                 | 60              |
| Nicholas Simcock                     | 60               | 60                             | –                             | –                            | –                                 | 60              |
| Laurissa Cooney                      | 60               | 60                             | –                             | –                            | –                                 | 60              |
| Richard Stone (appointed 25/01/2022) | 60               | 10                             | –                             | 50                           | –                                 | 60              |
|                                      | 415              | 375                            | –                             | 80                           | –                                 | 455             |

Mr Simon Bennett's remuneration arrangements as CEO are excluded from the above.

Directors are not mandated to own shares in the Group.

Directors are eligible to participate in the Group's equity-settled share-based incentive scheme.

The Director fee pool is \$450,000.

### CEO Remuneration

The following discloses the remuneration arrangements in place for CEO of the Company:

#### MR JASON CHERRINGTON – COMMENCED AS CEO, 21 JUNE 2021

##### Fixed Remuneration

Over the course of the 2022 financial year, the CEO, Mr Jason Cherrington, (in lieu of Simon Bennett) earned fixed remuneration of \$389,423.

##### Annual Performance Incentive

The CEO's Short Term Incentive Scheme (STI) is set at 25% of fixed remuneration if all performance targets are achieved. The measures used in determining the quantum of the STI are set annually. Targets relate to Company financial performance (60%), individual leadership targets (20%) and Strategic initiatives (20%).

The STI for the 2022 financial year has yet to be determined.

##### Long-Term Incentive

The CEO is eligible for a Long-Term Incentive of up to 250,000 shares, annually on the anniversary of commencement under the Group's employee share scheme.

##### Superannuation

The CEO is eligible to contribute and receive a matching Company contribution up to 3.0% of gross taxable earnings (including STI).

For the 2022 financial year the Company contribution was \$11,683.

#### MR SIMON BENNETT – CEASED AS CEO, 21 JUNE 2021

##### Fixed Remuneration

Over the course of the 2022 financial year, the then CEO, Mr Simon Bennett, earned fixed remuneration of \$380,523 (2021: \$544,919).

##### Annual Performance Incentive

The CEO's Short Term Incentive Scheme (STI) was set at 25% of fixed remuneration if all performance targets were achieved. The measures used in determining the quantum of the STI was set annually. Targets related to both Company financial performance (60%) and individual leadership targets (40%).

For the 2022 financial year, the CEO earned a total STI of \$90,898 paid November 2021 (2021: \$136,346, paid June 2021).

##### Superannuation

The CEO was eligible to contribute and receive a matching Company contribution up to 3.0% of gross taxable earnings (including STIs).

For the 2022 financial year the Company contribution was \$18,233 (2021: \$20,384).

#### Long-Term Incentive

The Group operates a group employee share incentive scheme, refer note F1.

The CEO was granted further options to acquire Restricted Shares funded by interest free loans with future vesting dates.

- 1 October 2021, 250,000 Restricted K Shares at a price of \$1.90 per share with a vesting date of 1 January 2024.
- 1 October 2021, 250,000 Restricted L Shares at a price of \$1.90 per share with a vesting date of 1 January 2025.

The participant has 12 months from vesting date to exercise the option.

Continuing options:

- 1 November 2018, 40,000 Restricted G Shares at a price of \$1.90 per share with a vesting date of 1 July 2021.
- 1 November 2018, 60,000 Restricted H Shares at a price of \$1.90 per share with a vesting date of 1 July 2024.
- 18 September 2020, 150,000 Restricted I Shares at a price of \$1.50 per share with a vesting date of 1 July 2023.
- 18 September 2020, 250,000 Restricted J Shares at a price of \$1.50 per share with a vesting date of 1 July 2025.

### Employee Remuneration

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the company, excluding Directors of the company, who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year:

| Remuneration        | Number of Employees |      |
|---------------------|---------------------|------|
|                     | 2022                | 2021 |
| \$100,000 – 109,999 | 14                  | 12   |
| \$110,000 – 119,999 | 9                   | 10   |
| \$120,000 – 129,999 | 10                  | 10   |
| \$130,000 – 139,999 | 5                   | 3    |
| \$140,000 – 149,999 | 8                   | 6    |
| \$150,000 – 159,999 | 5                   | 4    |
| \$160,000 – 169,999 | 1                   | 6    |
| \$170,000 – 179,999 | 4                   | 1    |
| \$180,000 – 189,999 | 3                   | 1    |
| \$190,000 – 199,999 | 3                   | –    |
| \$200,000 – 209,999 | 1                   | 2    |
| \$210,000 – 219,999 | –                   | 3    |
| \$220,000 – 229,999 | 4                   | 1    |
| \$230,000 – 239,999 | 2                   | –    |
| \$240,000 – 249,999 | –                   | 2    |
| \$250,000 – 259,999 | –                   | 3    |
| \$260,000 – 269,999 | –                   | 3    |
| \$270,000 – 279,999 | 2                   | –    |
| \$280,000 – 289,999 | 1                   | –    |
| \$290,000 – 299,999 | 1                   | –    |
| \$300,000 – 309,999 | –                   | 1    |
| \$320,000 – 329,999 | 1                   | –    |
| \$340,000 – 349,999 | 2                   | –    |
| \$350,000 – 359,999 | 2                   | –    |
| \$360,000 – 369,999 | 2                   | –    |
| \$380,000 – 389,999 | –                   | 1    |
| \$400,000 – 409,999 | 1                   | –    |
| \$470,000 – 479,999 | 1                   | –    |
| \$500,000 – 509,999 | 2                   | –    |
| \$510,000 – 519,999 | 1                   | –    |
| \$690,000 – 699,999 | –                   | 1    |
| \$770,000 – 779,999 | 1                   | –    |
|                     | 86                  | 70   |

**Distribution of holders of quoted shares**

| Size of holding | Number of fully paid ordinary shareholders | Percentage | Number of fully paid shares | Percentage |
|-----------------|--|------------|-----------------------------|------------|
| 1 – 1000        | 124  | 16.56%     | 62,624                      | 0.18%      |
| 1001 – 5000     | 277  | 36.98%     | 807,284                     | 2.35%      |
| 5001 – 10000    | 136  | 18.16%     | 1,077,766                   | 3.14%      |
| 10001 – 50000   | 175  | 23.36%     | 3,751,548                   | 10.93%     |
| 50001 – 100000  | 17   | 2.27%      | 1,160,255                   | 3.38%      |
| 100001 and Over | 20   | 2.67%      | 27,466,065                  | 80.02%     |
|                 | 749  | 100.00%    | 34,325,542                  | 100.00%    |

**Substantial security holders**

Pursuant to the Financial Markets Conduct Act 2013, the following persons have given notice that they were substantial security holders in the company and held a “relevant interest” in the number of fully paid ordinary shares shown below:

| Substantial product holder                   | Fully paid shares in which relevant interest is held |            |                |
|--|--|------------|----------------|
|  | Number   | Percentage | Date of notice |
| Simon Alexander Hull & David John Graeme Cox | 18,194,598   | 53.01%     | 5/02/2018      |
| Masfen Securities Limited                    | 2,410,240  | 7.03%      | 1/06/2021      |

**Twenty largest holders of quoted equity securities**

| Investor   | Total Units | Percentage |
|--|-------------|------------|
| Simon Alexander Hull & David John Graeme Cox           | 18,194,598  | 53.01%     |
| Masfen Securities Limited                              | 2,360,420   | 6.88%      |
| Russell John Field & Anthony James Palmer              | 1,125,000   | 3.28%      |
| Ma Janssen Limited                                     | 1,117,018   | 3.25%      |
| New Zealand Central Securities Depository Limited      | 607,365     | 1.77%      |
| Accordant Group Limited                                | 517,289     | 1.51%      |
| Susanne Rhoda Webster                                  | 426,750     | 1.24%      |
| New Zealand Depository Nominee                         | 377,209     | 1.10%      |
| Peter Abe Hull & Antoinette Ngaire Edmonds             | 372,696     | 1.09%      |
| Wynniss Ann Armour & Jocelyn Patricia Dutton           | 354,703     | 1.03%      |
| Ross Barry Keenan                                      | 300,000     | 0.87%      |
| Philip John Talacek & Brenda Ann Talacek               | 300,000     | 0.87%      |
| Simon James Bennett                                    | 280,007     | 0.82%      |
| Hickman Family Trustees Limited                        | 245,170     | 0.71%      |
| Kevin James Hickman & Joanna Hickman                   | 200,000     | 0.58%      |
| Rex Charles Mincher                                    | 180,000     | 0.52%      |
| Elizabeth Mary Keenan                                  | 150,000     | 0.44%      |
| Lay Dodd Trustee Services Limited & Patricia Anne Neal | 129,380     | 0.38%      |
| Custodial Services Limited                             | 128,220     | 0.37%      |
| Forsyth Barr Custodians Limited                        | 102,000     | 0.30%      |
| James Michael Robert Syme                              | 100,000     | 0.29%      |

## Directory

### Registered Office

Level 6, 51 Shortland Street,  
Auckland 1010  
Ph: 09 526 8770

Mailing address  
PO Box 105 675  
Auckland 1143

### Directors

Simon Bennett (Chairperson and Non-independent Director) – appointed 21 June 2021  
Ross Keenan (Chairperson and Independent Director) – retired 1 January 2022  
Simon Hull (Non-independent Director)  
Wynnis Armour (Independent Director)  
Nicholas Simcock (Independent Director)  
Laurissa Cooney (Independent Director)  
Richard Stone (Non-independent Director) – appointed 25 January 2022

### Auditor

Deloitte Limited  
Deloitte Centre  
80 Queen Street  
PO Box 33  
Auckland  
Phone: +64 9 309 4944  
Fax: +64 9 309 4947

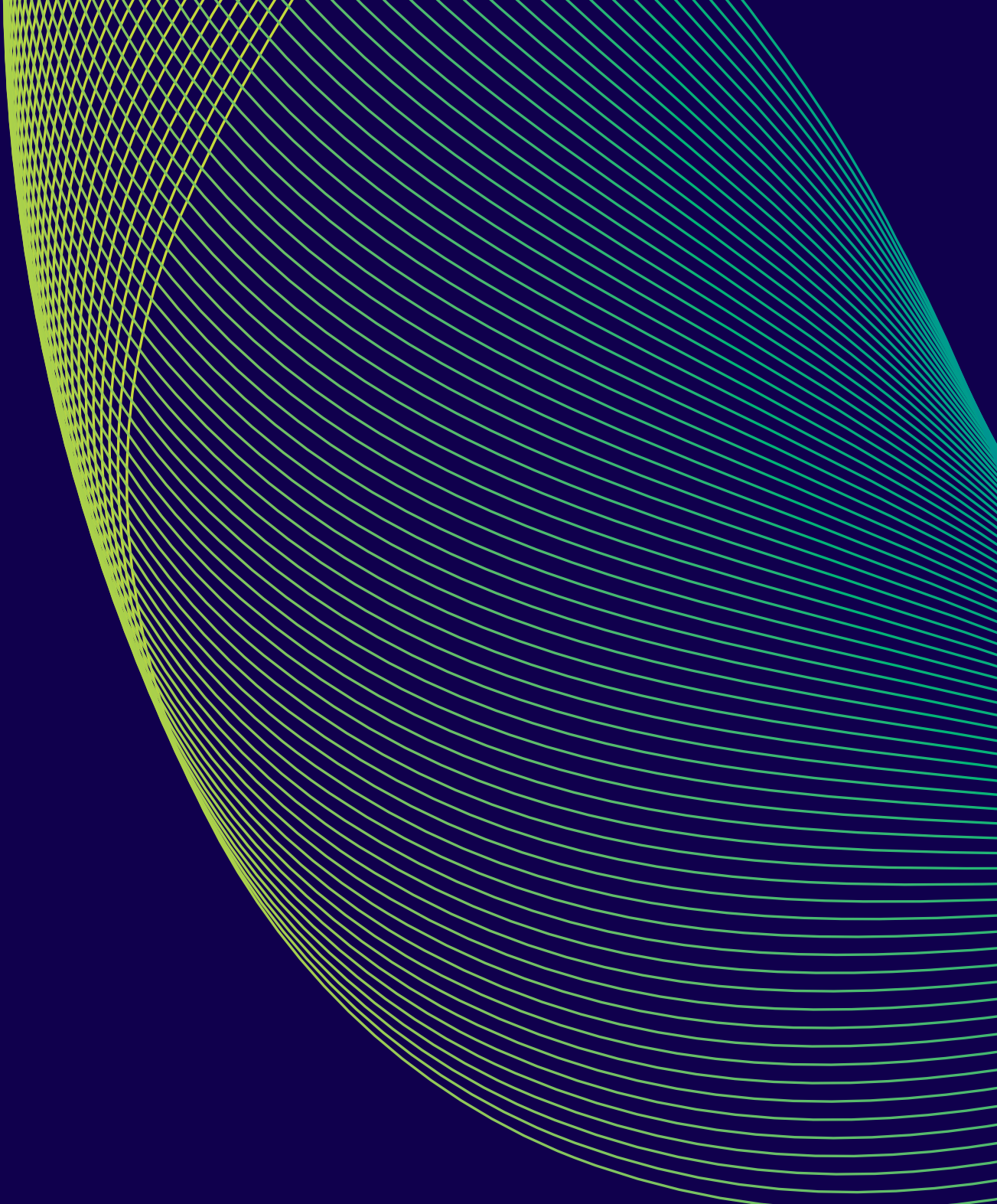
### Solicitors

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PwC Tower  
15 Customs Street West  
PO Box 105 249  
Auckland 1143  
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DX CP24061  
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### Share Registry

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or: 0800 377 388





**Registered Office of  
Accordant Group Limited**

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**[accordant.nz](http://accordant.nz)**