

1. Company details

Name of entity:	Alloggio Group Limited
ABN:	64 645 582 225
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

	31 Dec 2022	31 Dec 2021	Change	Change
	\$	\$	\$	%
Revenues from ordinary activities	18,892,290	10,120,445	8,771,845	87%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,896,304	2,098,926	(202,622)	(10%)
(Loss)/Profit for the half-year attributable to the owners of Alloggio Group Limited	(12,977)	453,973	(466,950)	(103%)
			31 Dec 2022	31 Dec 2021
			Cents	Cents
Basic earnings per share			(0.006)	0.369
Diluted earnings per share			(0.006)	0.369

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$12,977 (31 December 2021: profit of \$453,973).

Reference is made to the *Review of Operations* in the Directors' Report contained in the attached Interim Financial Report for Alloggio Group Limited for the half-year ended 31 December 2022.

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>(7.23)</u>	<u>(0.68)</u>

4. Control gained over entities

On 1 December 2022, the company acquired 100% of the shares in A Perfect Stay Pty Ltd and its wholly-owned subsidiary Boutique Stays Pty Ltd for \$11,428,555 (refer to note 21).

5. Attachments

Details of attachments (if any):

The Half-Year Report of Alloggio Group Limited for the half-year ended 31 December 2022 is attached.

Alloggio Group Limited

ABN 64 645 582 225

Half-Year Report - 31 December 2022

Directors	John Murphy – Non-Executive Chairman Will Creedon - Managing Director and Chief Executive Officer Karen Howard - Non-Executive Director Christopher Sneddon - Non-Executive Director Matthew Keen - Non-Executive Director
Company secretary	Michael Potts
Principal place of business and registered office	840 Hunter Street Newcastle NSW 2300 Phone: (02) 4047 9987
Share register	Automic Pty Limited Level 5 126 Phillip Street Sydney NSW 2000 Phone: 1300 288 664
Auditor	PKF (NS) Audit & Assurance Limited Partnership 755 Hunter Street Newcastle West NSW 2302
Solicitors	Travis Partners 1 Honeysuckle Drive Newcastle NSW 2300
Bankers	Commonwealth Bank of Australia 136 Parry Street Newcastle West 2302
Stock exchange listing	Alloggio Group Limited shares are listed on the Australian Securities Exchange (ASX code: ALO)
Website	www.alloggio.com.au
Corporate Governance Statement	www.alloggio.com.au/about/policies

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Alloggio Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Alloggio Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Murphy
 Will Creedon
 Karen Howard
 Christopher Sneddon
 Matthew Keen

Principal activities

The principal activities of the consolidated entity during the half-year consisted of the management of short-term accommodation through hotels, motels and rent rolls.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$12,977 (31 December 2021: profit of \$453,973).

Reconciliation of profit before income tax to EBITDAR and EBITDA (unaudited):

	31 Dec 2022	31 Dec 2021
	\$	\$
(Loss)/Profit before income tax	(12,977)	683,653
Depreciation and amortisation	3,528,057	2,456,097
Finance costs	1,207,354	1,031,033
EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortisation and Rent)	<u>4,722,434</u>	<u>4,170,783</u>
Rental expense reinstatement	<u>(2,826,130)</u>	<u>(2,071,857)</u>
EBITDA	<u><u>1,896,304</u></u>	<u><u>2,098,926</u></u>

Reconciliation of EBITDA to Adjusted EBITDA (unaudited):

	31 Dec 2022	31 Dec 2021
	\$	\$
EBITDA	1,896,304	2,098,926
Rent concession income	-	(216,256)
Transaction costs in connection with the IPO	-	74,117
Transaction costs in connection with business combinations	<u>51,122</u>	<u>-</u>
Adjusted EBITDA	<u><u>1,947,426</u></u>	<u><u>1,956,787</u></u>

EBITDA, EBITDAR and Adjusted EBITDA are non-IFRS earnings measures that do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the consolidated entity's performance.

Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings because of isolated or non-recurring events.

Revenue for the half-year ended 31 December 2022 of \$18.9M is an increase of 87% from the same period last year, \$10.1M. This revenue growth reflects the strategic acquisitions on boarded since the half-year ended 31 December 2021. This revenue growth also reflects the run rate for the short term holiday rental business without the impacts of non-recurring revenues derived in the prior year period as a result of contracts with Government departments associated with the pandemic (\$3.9M).

Alloggio has entered a stage of building the foundations for future growth after the transitioning period of taking Alloggio from a private company to a listed company.

The company was listed on the Australian Securities Exchange (ASX) on 29 November 2021. Since the IPO the consolidated entity has continued to invest in making strategic EBITDA accretive acquisitions to strengthen and grow the business with total acquisition costs of approximately \$25M. The increase in the expenses for the half-year ended 31 December 2022 of \$8.9M is the result of the significant growth from acquisitions and the associated scaling of the business. The main areas of this increase in expenses are: employee benefits \$3.1M, cleaning and linen \$1.8M, depreciation and amortisation \$1.1M in line with more right-of-use assets.

Significant changes in the state of affairs

On 1 December 2022, consolidated entity acquired 100% of the ordinary shares of A Perfect Stay Pty Limited and its wholly owned subsidiary Boutique Stays Pty Limited (together 'A Perfect Stay') for a total cash consideration of \$11,428,555 (refer to note 21).

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Material business risks

With the economy being impacted by rising interest rates and inflation, there is the likelihood that there will be additional pressures on disposable incomes that may lead to a softening of demand for short term holiday rentals in the domestic market. The consolidated entity closely monitors forward bookings and has observed that the timing of forward bookings has shortened and the quantity has softened between the time of making the booking to the arrival date.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



John Murphy
Director



William B Creedon
Managing Director and Chief Executive Officer

23 February 2023
Newcastle

Alloggio Group Limited

Auditor's Independence Declaration under section 307C of the *Corporation Act 2001*

I am pleased to provide the following declaration of independence to the directors of Alloggio Group Limited.

As lead audit partner for the review of the financial statements of Alloggio Group Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



PKF



MARTIN MATTHEWS
PARTNER

23 FEBRUARY 2023
NEWCASTLE, NSW

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General information

The financial statements cover Alloggio Group Limited as a consolidated entity consisting of Alloggio Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Alloggio Group Limited's functional and presentation currency.

Alloggio Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

840 Hunter Street
Newcastle
NSW 2300

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2023.

Alloggio Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue	3	18,892,290	10,120,445
Other income	4	6,147	550,303
Expenses			
Advertising and marketing		(552,215)	(131,734)
Booking fees		(502,150)	(92,753)
Consulting and professional fees		(287,492)	(292,778)
Depreciation and amortisation expense		(3,528,057)	(2,456,097)
Employee benefits expense		(5,428,369)	(2,337,311)
Food, beverage and supplies		(38,728)	(804,312)
Guest charges and supplies		(90,003)	(30,900)
Holiday guest or owner charges		(907,284)	(438,758)
Cleaning and linen supplies		(2,079,719)	(304,026)
Information technology		(439,894)	(205,235)
Labour related costs		(780,750)	(428,649)
Merchant and bartercard fees		(367,675)	(121,309)
Property related costs		(893,059)	(632,055)
Rent - short term leases		(350,864)	(13,125)
Repairs and maintenance		(138,558)	(164,112)
Transaction costs in connection with the IPO		-	(74,117)
Other expenses		(1,319,243)	(428,791)
Finance costs		(1,207,354)	(1,031,033)
Total expenses		<u>(18,911,414)</u>	<u>(9,987,095)</u>
Profit/(loss) before income tax expense		(12,977)	683,653
Income tax expense		-	(229,680)
Profit/(loss) after income tax expense for the half-year attributable to the owners of Alloggio Group Limited		(12,977)	453,973
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Alloggio Group Limited		<u>(12,977)</u>	<u>453,973</u>
		Cents	Cents
Basic earnings per share	25	(0.006)	0.369
Diluted earnings per share	25	(0.006)	0.369

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

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	2,814,656	3,956,542
Restricted cash held in trust	8	34,689,842	17,361,970
Trade and other receivables	6	3,975,992	1,855,890
Contract assets	7	551,945	19,843
Inventories		61,640	14,345
Other assets	9	947,124	554,908
Total current assets		<u>43,041,199</u>	<u>23,763,498</u>
Non-current assets			
Investment property		902,303	869,803
Property, plant and equipment	10	1,857,243	1,018,738
Right-of-use assets	11	39,401,434	40,427,874
Intangibles	12	38,849,815	25,113,427
Deferred tax		1,339,925	1,224,901
Other assets	9	368,245	249,637
Total non-current assets		<u>82,718,965</u>	<u>68,904,380</u>
Total assets		<u>125,760,164</u>	<u>92,667,878</u>
Liabilities			
Current liabilities			
Trade and other payables	13	2,516,410	1,567,115
Contract liabilities	14	612,607	-
Borrowings	15	599,765	72,957
Lease liabilities	16	4,526,396	3,794,237
Income tax		1,446,462	1,338,056
Employee benefits		781,472	573,491
Provisions	17	2,000,000	-
Client trust account liabilities	8	34,689,842	17,361,970
Other current liabilities	18	2,328,555	310,250
Total current liabilities		<u>49,501,509</u>	<u>25,018,076</u>
Non-current liabilities			
Borrowings	15	13,291,446	6,135,879
Lease liabilities	16	37,887,730	39,135,049
Deferred tax		2,505,533	-
Employee benefits		204,405	87,567
Provisions	17	1,036,150	1,036,150
Total non-current liabilities		<u>54,925,264</u>	<u>46,394,645</u>
Total liabilities		<u>104,426,773</u>	<u>71,412,721</u>
Net assets		<u>21,333,391</u>	<u>21,255,157</u>
Equity			
Issued capital		25,063,811	25,063,811
Reserves		(4,088,108)	(4,179,319)
Retained profits		357,688	370,665
Total equity		<u>21,333,391</u>	<u>21,255,157</u>

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

Alloggio Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022



	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	7,673,086	(4,500,080)	(1,596,551)	1,576,455
Profit after income tax expense for the half-year	-	-	453,973	453,973
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	453,973	453,973
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	17,358,517	-	-	17,358,517
Share-based payments	-	166,337	-	166,337
Balance at 31 December 2021	<u>25,031,603</u>	<u>(4,333,743)</u>	<u>(1,142,578)</u>	<u>19,555,282</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	25,063,811	(4,179,319)	370,665	21,255,157
Loss after income tax expense for the half-year	-	-	(12,977)	(12,977)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(12,977)	(12,977)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	91,211	-	91,211
Balance at 31 December 2022	<u>25,063,811</u>	<u>(4,088,108)</u>	<u>357,688</u>	<u>21,333,391</u>

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

Alloggio Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022



	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,972,199	9,715,300
Payments to suppliers and employees (inclusive of GST)		<u>(15,601,026)</u>	<u>(7,984,073)</u>
		2,371,173	1,731,227
Government grants and subsidies		-	318,406
Interest and other finance costs paid		<u>(1,207,354)</u>	<u>(1,031,033)</u>
Income taxes paid		-	<u>(50,637)</u>
Net cash from operating activities		<u>1,163,819</u>	<u>967,963</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	21	(6,369,420)	-
Payment of deposit on rent roll acquisition		(62,700)	-
Payments for property, plant and equipment		(634,999)	(669,381)
Payments for intangibles		<u>(1,026,306)</u>	<u>(8,013,025)</u>
Payments for security deposits		(16,090)	(171,371)
Proceeds from disposal of property, plant and equipment		<u>11,045</u>	<u>-</u>
Net cash used in investing activities		<u>(8,098,470)</u>	<u>(8,853,777)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	16,500,000
Repayment of lease liabilities		<u>(1,889,610)</u>	<u>(1,147,793)</u>
Proceeds from convertible notes		-	2,235,003
Share issue transaction costs		-	(1,635,521)
Net proceeds from borrowings		<u>7,682,375</u>	<u>1,154,182</u>
Net cash from financing activities		<u>5,792,765</u>	<u>17,105,871</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1,141,886)</u>	<u>9,220,057</u>
Cash and cash equivalents at the beginning of the financial half-year		<u>3,956,542</u>	<u>161,525</u>
Cash and cash equivalents at the end of the financial half-year	5	<u><u>2,814,656</u></u>	<u><u>9,381,582</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Excess of Current Liabilities over Current Assets

At the reporting date the statement of financial position discloses an excess of current liabilities over current assets of \$6,460,310 (30 June 2022: \$1,254,578).

The following has contributed to the excess of current liabilities over current assets:

- Included in current liabilities are the following amounts relating to the acquisition of A Perfect Stay: contingent consideration of \$2,000,000, deferred consideration of \$1,800,000, and \$428,555 cash payable to the vendors.
- Included in current liabilities are contract liabilities totalling \$612,607 - representing income received in advance.

The consolidated entity has unused banking facilities of \$4,307,250 at 31 December 2022.

In addition, the consolidated entity has prepared cash flow forecasts which reflect the consolidated entity's ability to generate sufficient operating cash flows to ensure the settlement of liabilities when they fall due and payable. The Board has reviewed the cash flow forecasts and the assumptions inherent in the forecast.

After considering all of the above, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

Comparatives

Some comparative information has been reclassified for presentation purposes.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these new or amended standards and interpretations did not have a material impact on the financial position and financial performance of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity operates only in Australia and manages its operations as a single business operation. There are no parts of the consolidated entity that qualify as operating segments under AASB 8 *Operating Segments*. As the consolidated entity operates in only one segment, short-term accommodation, the consolidated results are also its segment results.

The Board of Directors are the Chief Operating Decision Makers (CODM).

Note 3. Revenue

	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Asset management	61,288	-
Rent rolls - Management fees	5,331,627	1,901,194
Rent rolls - Booking fees	827,297	436,579
Rent rolls - Services and logistics	2,804,570	209,166
Rent rolls - Other	2,343,815	984,908
Hotels and motels - Rooms	7,176,739	6,430,826
Hotels and motels - Food and beverage	36,484	52,143
Hotels and motels - Other	119,028	86,413
Sundry	1,620	5,640
	<u>18,702,468</u>	<u>10,106,869</u>
<i>Other revenue</i>		
Rent	189,822	13,576
Revenue	<u>18,892,290</u>	<u>10,120,445</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Geographical regions</i>		
Australia	<u>18,702,468</u>	<u>10,106,869</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	6,132,814	1,774,849
Services transferred over time	<u>12,569,654</u>	<u>8,332,020</u>
	<u>18,702,468</u>	<u>10,106,869</u>

Note 4. Other income

	31 Dec 2022	31 Dec 2021
	\$	\$
Net gain on disposal of property, plant and equipment	6,147	-
Government grants - COVID-19	-	266,406
Subsidies and grants	-	52,000
Insurance recoveries	-	15,641
Rent concession income	-	216,256
Other income	<u>6,147</u>	<u>550,303</u>

Note 5. Cash and cash equivalents

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Cash on hand	2,610	2,610
Cash at bank	2,735,377	3,917,727
Cash on deposit	76,669	36,205
	<u>2,814,656</u>	<u>3,956,542</u>

Note 6. Trade and other receivables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Trade receivables	3,698,992	1,714,953
Other receivables	277,000	140,937
	<u>3,975,992</u>	<u>1,855,890</u>

Trade receivables comprise mainly of management fees due to the consolidated entity that will be settled on the first day of the subsequent month, from monies held in customer trust accounts.

Note 7. Contract assets

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Contract assets	<u>551,945</u>	<u>19,843</u>

Contract assets represent the consolidated entity's right to management fees not yet billed at the reporting date.

Note 8. Restricted cash held in trust

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Cash held in trust	<u>34,689,842</u>	<u>17,361,970</u>
	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Client trust account liabilities	<u>34,689,842</u>	<u>17,361,970</u>

Cash held in trust relates to the holiday home booking funds paid by guests in advance of their stay and is represented by an associated and equal liability relating to these prepaid guest funds. Cash held in trust is restricted and can only be used in accordance with the holiday home management agreement.

Note 9. Other assets

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Prepayments	881,836	274,658
Deposits - rent roll acquisitions	62,700	280,250
Other current assets	2,588	-
	<u>947,124</u>	<u>554,908</u>
<i>Non-current assets</i>		
Security deposits	314,477	195,869
Other non-current assets	53,768	53,768
	<u>368,245</u>	<u>249,637</u>
	<u><u>1,315,369</u></u>	<u><u>804,545</u></u>

Note 10. Property, plant and equipment

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	289,591	262,466
Less: Accumulated depreciation	(32,581)	(25,577)
	<u>257,010</u>	<u>236,889</u>
Plant and equipment - at cost	843,998	648,810
Less: Accumulated depreciation	(350,985)	(306,577)
	<u>493,013</u>	<u>342,233</u>
Motor vehicles - at cost	553,933	460,312
Less: Accumulated depreciation	(67,249)	(20,696)
	<u>486,684</u>	<u>439,616</u>
Linen - at cost	640,324	-
Less: Accumulated depreciation	(19,788)	-
	<u>620,536</u>	<u>-</u>
	<u><u>1,857,243</u></u>	<u><u>1,018,738</u></u>

Note 10. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Linen \$	Total \$
Balance at 1 July 2022	236,889	342,233	439,616	-	1,018,738
Additions	27,125	152,744	59,519	363,111	602,499
Additions through business combinations (note 21)	-	55,156	39,000	277,213	371,369
Disposals	-	-	(8,332)	-	(8,332)
Write off of assets	-	(12,712)	-	-	(12,712)
Depreciation expense	(7,004)	(44,408)	(43,119)	(19,788)	(114,319)
Balance at 31 December 2022	<u>257,010</u>	<u>493,013</u>	<u>486,684</u>	<u>620,536</u>	<u>1,857,243</u>

Note 11. Right-of-use assets

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	51,443,705	50,149,273
Less: Accumulated depreciation	(12,188,403)	(9,791,708)
Less: Impairment	-	(85,150)
	<u>39,255,302</u>	<u>40,272,415</u>
Motor vehicles - right-of-use	230,146	230,146
Less: Accumulated depreciation	(84,014)	(74,687)
	<u>146,132</u>	<u>155,459</u>
	<u>39,401,434</u>	<u>40,427,874</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and buildings \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	40,272,415	155,459	40,427,874
Additions	667,552	-	667,552
Additions through business combinations (note 21)	640,061	-	640,061
Remeasurement	73,812	-	73,812
Depreciation expense	(2,398,538)	(9,327)	(2,407,865)
Balance at 31 December 2022	<u>39,255,302</u>	<u>146,132</u>	<u>39,401,434</u>

Note 12. Intangibles

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Goodwill - at cost	3,723,821	-
Rent roll - at cost	38,245,594	27,529,154
Less: Accumulated amortisation	<u>(3,711,178)</u>	<u>(2,715,567)</u>
	34,534,416	24,813,587
Domain names - at cost	200,000	200,000
Website - at cost	414,078	117,078
Less: Accumulated amortisation	<u>(27,415)</u>	<u>(17,238)</u>
	386,663	99,840
Software - at cost	5,000	-
Less: Accumulated amortisation	<u>(85)</u>	<u>-</u>
	4,915	-
	<u>38,849,815</u>	<u>25,113,427</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$	Rent roll \$	Domain names \$	Website \$	Software \$	Total \$
Balance at 1 July 2022	-	24,813,587	200,000	99,840	-	25,113,427
Additions	-	694,306	-	297,000	5,000	996,306
Additions through business combinations (note 21)	3,723,821	10,022,134	-	-	-	13,745,955
Amortisation expense	<u>-</u>	<u>(995,611)</u>	<u>-</u>	<u>(10,177)</u>	<u>(85)</u>	<u>(1,005,873)</u>
Balance at 31 December 2022	<u>3,723,821</u>	<u>34,534,416</u>	<u>200,000</u>	<u>386,663</u>	<u>4,915</u>	<u>38,849,815</u>

Rent rolls

The consolidated entity enters into contracts with its customers to manage short-term rental properties on their behalf. The consolidated entity receives a booking fee upon successful letting of a property and a fee to manage the property. Acquired rent rolls are accounted for as an intangible asset with a finite life in accordance with AASB 138 *Intangible Assets*. There are measured at cost less amortisation and any impairment. Rent rolls are amortised over 15 years.

Note 13. Trade and other payables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Trade payables	753,624	702,023
Accruals	240,086	153,643
BAS payable	835,692	484,960
Other payables	<u>687,008</u>	<u>226,489</u>
	<u>2,516,410</u>	<u>1,567,115</u>

Note 14. Contract liabilities

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Contract liabilities	612,607	-

Contract liabilities represent bookings paid in advance.

Note 15. Borrowings

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Secured:		
Loan - Chattel mortgages and equipment loans	24,673	48,639
Unsecured:		
Insurance premium funding	575,092	24,318
	<u>599,765</u>	<u>72,957</u>
<i>Non-current liabilities</i>		
Secured:		
Bank loans - market rate and working capital (a)	13,291,446	6,135,879
	<u>13,891,211</u>	<u>6,208,836</u>

(a) Bank loans

During the half year the consolidated entity utilised \$7,200,000 of its market rate loan facility to finance the acquisition of A Perfect Stay Pty Ltd (refer to note 21).

Note 16. Lease liabilities

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Lease liability - land and buildings	4,438,280	3,690,500
Lease liability - motor vehicles	88,116	103,737
	<u>4,526,396</u>	<u>3,794,237</u>
<i>Non-current liabilities</i>		
Lease liability - land and buildings	37,841,204	39,058,510
Lease liability - motor vehicles	46,526	76,539
	<u>37,887,730</u>	<u>39,135,049</u>
	<u>42,414,126</u>	<u>42,929,286</u>

Note 16. Lease liabilities (continued)

Remaining contractual maturities

The maturity analysis of lease liabilities related to land and buildings based on contractual undiscounted cash flows is shown in the table below:

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Lease liabilities - land and buildings	<u>6,305,997</u>	<u>6,102,196</u>	<u>15,629,554</u>	<u>26,061,653</u>	<u>54,099,400</u>

Note 17. Provisions

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Contingent consideration	<u>2,000,000</u>	<u>-</u>
<i>Non-current liabilities</i>		
Lease make good	<u>1,036,150</u>	<u>1,036,150</u>
	<u><u>3,036,150</u></u>	<u><u>1,036,150</u></u>

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. The \$2m is required to be paid prior to 31 December 2023.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions

Movements in provisions during the current financial half-year are set out below:

	Contingent consideration \$	Lease make good \$
31 Dec 2022		
Carrying amount at the start of the half-year	-	1,036,150
Additions through business combinations (note 21)	<u>2,000,000</u>	<u>-</u>
Carrying amount at the end of the half-year	<u><u>2,000,000</u></u>	<u><u>1,036,150</u></u>

Note 18. Other current liabilities

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current liabilities</i>		
Deferred consideration	1,900,000	310,250
Payable to vendors	<u>428,555</u>	<u>-</u>
	<u><u>2,328,555</u></u>	<u><u>310,250</u></u>

The deferred consideration and the payable to vendors at 31 December 2022 represent amounts payable in connection with the acquisition A Perfect Stay (\$2.3m) and Fresh Linen (\$0.1m) (refer to note 21).

Note 19. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 20. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's financial assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

31 Dec 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Contingent consideration	-	-	2,000,000	2,000,000
Total liabilities	-	-	2,000,000	2,000,000

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 3

The fair value of the contingent cash consideration has been estimated based on the probability of achieving future Gross Booking Value (GBV) targets. The probability of meeting the targets has been estimated at 100%.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

	Contingent consideration \$
Balance at 1 July 2022	-
Additions	<u>2,000,000</u>
Balance at 31 December 2022	<u><u>2,000,000</u></u>
Total gains for the current half-year included in profit or loss that relate to level 3 assets held at the end of the current half-year	<u><u>-</u></u>

Note 21. Business combinations

Acquisition of A Perfect Stay Pty Ltd and Boutique Stays Pty Ltd

On 1 December 2022, Alloggio Management Unit Trust acquired 100% of the ordinary shares of A Perfect Stay Pty Limited and its wholly owned subsidiary Boutique Stays Pty Limited (together 'A Perfect Stay') for a total cash consideration of \$11,428,555, which includes a \$2,000,000 earnout. A Perfect Stay specialises in short-term rental accommodation with approximately 270 holiday properties in the key tourism destination areas of the Gold Coast, NSW North Coast (including greater Byron Bay region) and Melbourne CBD. A Perfect Stay is highly complementary to Alloggio's holiday property management division.

The purchase price of \$11,428,555 was funded by the consolidated entity's existing cash reserves and available debt facilities and structured as follows:

- \$7,200,000 paid on the simultaneous exchange and completion of the sale agreement;
- \$428,555 working capital payment;
- \$1,800,000 retention payment, payable 16 weeks post completion, subject to adjustment for net lost properties under management; and
- \$2,000,000 earnout payment, payable in two tranches at 6 months and 12 months post completion, subject to reduction if certain key milestones are not met including A Perfect Stay achieving Gross Booking Value of at least \$25.1 million by 1 December 2023.

The acquired business contributed revenues of \$871,058 and profit after tax of \$246,644 to the consolidated entity for the period from 1 December 2022 to 31 December 2022. If the acquisition occurred on 1 July 2022, the full half year contributions would have been revenues of \$4,942,027 and profit after tax of \$1,059,922.

In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

The following were the trust account balances held by A Perfect Stay at the date of acquisition:

	31 Dec 2022
	\$
Current assets: Restricted cash held in trust	<u>6,911,669</u>
Current liabilities: Client trust account liabilities	<u>6,911,669</u>

Acquisition of Fresh Linen

On 31 October 2022, the consolidated entity acquired the business assets and operations of Fresh Linen for a cash consideration of \$615,000. Fresh Linen operates a commercial laundry service.

Note 21. Business combinations (continued)

Details of the acquisitions are as follows:

	A Perfect Stay Fair value \$	Fresh Linen Fair value \$	Total \$
Cash and cash equivalents	1,345,580	-	1,345,580
Trade and other receivables	72,405	-	72,405
Income tax refund due	6,618	-	6,618
Inventories	32,727	-	32,727
Prepayments	68,229	-	68,229
Plant and equipment	-	55,156	55,156
Motor vehicles	-	39,000	39,000
Right-of-use assets	427,713	212,348	640,061
Rent rolls	10,022,134	-	10,022,134
Linen	-	277,213	277,213
Security deposits	102,518	-	102,518
Trade and other payables	(473,306)	-	(473,306)
Contract liabilities	(575,255)	-	(575,255)
Deferred tax liability	(2,505,533)	-	(2,505,533)
Employee benefits	(147,752)	-	(147,752)
Lease liability	(427,713)	(212,348)	(640,061)
Net assets acquired	7,948,365	371,369	8,319,734
Goodwill	3,480,190	243,631	3,723,821
Acquisition-date fair value of the total consideration transferred	<u>11,428,555</u>	<u>615,000</u>	<u>12,043,555</u>
Representing:			
Cash paid to vendor	7,200,000	515,000	7,715,000
Cash payable to vendor	428,555	-	428,555
Contingent consideration	2,000,000	-	2,000,000
Deferred consideration	1,800,000	100,000	1,900,000
	<u>11,428,555</u>	<u>615,000</u>	<u>12,043,555</u>
Acquisition costs expensed to profit or loss (Other expenses)	<u>43,326</u>	<u>7,796</u>	<u>51,122</u>
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	11,428,555	615,000	12,043,555
Less: cash and cash equivalents	(1,345,580)	-	(1,345,580)
Less: cash payable to vendor	(428,555)	-	(428,555)
Less: deferred consideration	(1,800,000)	(100,000)	(1,900,000)
Less: contingent consideration	(2,000,000)	-	(2,000,000)
Net cash used	<u>5,854,420</u>	<u>515,000</u>	<u>6,369,420</u>

Note 22. Interests in controlled entities

Alloggio Group Limited is the legal parent entity of the group and Esplanade Holdings Pty Ltd is the accounting parent entity.

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

Note 22. Interests in controlled entities (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2022 %	30 Jun 2022 %
Esplanade Holdings Pty Ltd	Australia	100%	100%
Esplanade Unit Trust Pty Ltd	Australia	100%	100%
Alloggio Pty Ltd	Australia	100%	100%
Esplanade Projects Unit Trust	Australia	100%	100%
Alloggio Hotels Unit Trust	Australia	100%	100%
Alloggio Management Unit Trust	Australia	100%	100%
Trova Unit Trust	Australia	100%	100%
Agile Maintenance Pty Ltd	Australia	100%	100%
Great Ocean Road Accommodation Centre Pty Ltd	Australia	100%	100%
A Perfect Stay Pty Ltd	Australia	100%	-
Boutique Stays Pty Ltd	Australia	100%	-

Note 23. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 24. Cash flow information

Non-cash investing and financing activities

	31 Dec 2022 \$	31 Dec 2021 \$
Additions to right-of-use assets - lease funded	667,552	12,749,390
Additions to right-of-use assets - lease make good	-	804,393
Options granted to Lead Manager	-	149,845
Deferred consideration - acquisition of Great Ocean Road Accommodation Centre Pty Ltd	-	1,500,000
Conversion of convertible notes into ordinary shares	-	2,235,003
Deferred consideration - acquisition of A Perfect Stay	1,800,000	-
Deferred consideration - acquisition of Fresh Linen	100,000	-
Contingent consideration - acquisition of A Perfect Stay	2,000,000	-

Note 25. Earnings per share

	31 Dec 2022 \$	31 Dec 2021 \$
Profit/(loss) after income tax attributable to the owners of Alloggio Group Limited	<u>(12,977)</u>	<u>453,973</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>200,730,021</u>	<u>122,915,879</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>200,730,021</u>	<u>122,915,879</u>
	Cents	Cents
Basic earnings per share	(0.006)	0.369
Diluted earnings per share	(0.006)	0.369

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



John Murphy
Director



William B Creedon
Managing Director and Chief Executive Officer

23 February 2023
Newcastle

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALLOGGIO GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Alloggio Group Limited (the company) and controlled entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alloggio Group Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors' of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

PKF (NS) Audit & Assurance Limited Partnership
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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alloggio Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF



MARTIN MATTHEWS
PARTNER

23 FEBRUARY 2023
NEWCASTLE, NSW