KPMG

2025 Business and Financial Reporting Update

June 2025

Acknowledge & Welcome to Country

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.

Your presenters today

Harry Ottley:
Economist
Commonwealth Bank

Ben Seumahu
Director - KPMG
Enterprise Reporting
Advisory Services

Trinity McNicol
Associate Director KPMG
Advisory, Data and AI

Today's agenda

01

Our reporting context?

02

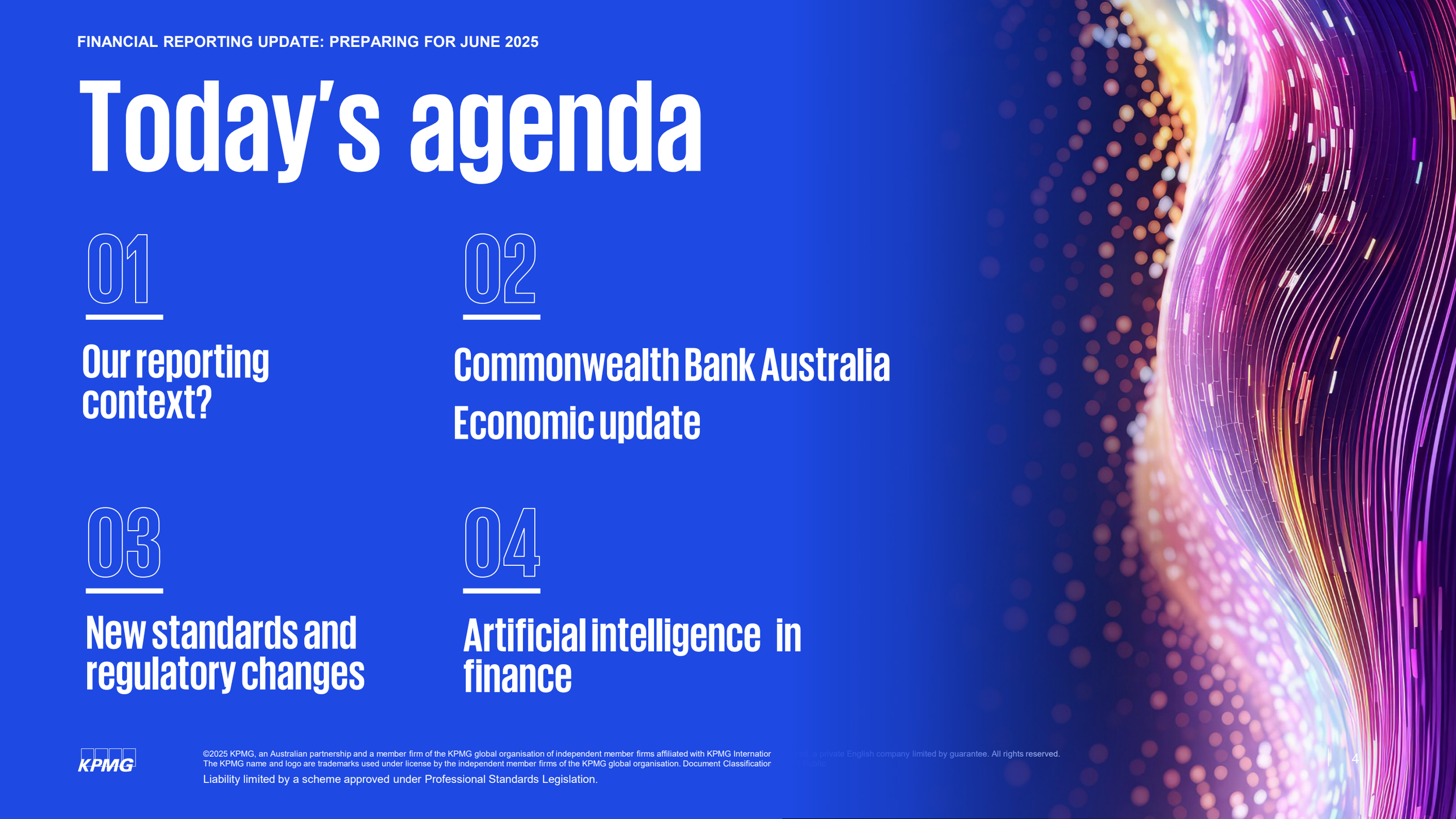
Commonwealth Bank Australia Economic update

03

New standards and regulatory changes

04

Artificial intelligence in finance



01

Our reporting context?

Key challenges for Board in 2025?

- Geopolitical and economic risks
- CEO succession and talent development
- AI strategy and governance
- Corporate culture and stakeholder trust
- Data governance and cyber security
- Risk oversight responsibilities
- ESG issues
- Board composition and succession planning

02

Economic Update: Commonwealth Bank

Harry Ottley

KPMG

Australian Economic Update

Global Economic & Markets Research

Harry Ottley – Economist

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June 2025

Commonwealth Bank of Australia

Federal election - ‘steady as she goes’

... Global factors are dominating the outlook

- No changes to our economic forecasts based on the election result.
- The domestic economic landscape is more positive than the previous election.
  - Inflation is under control
  - Growth should be improving
  - Unemployment is low
- But clearly global factors have created significant uncertainty for the government.

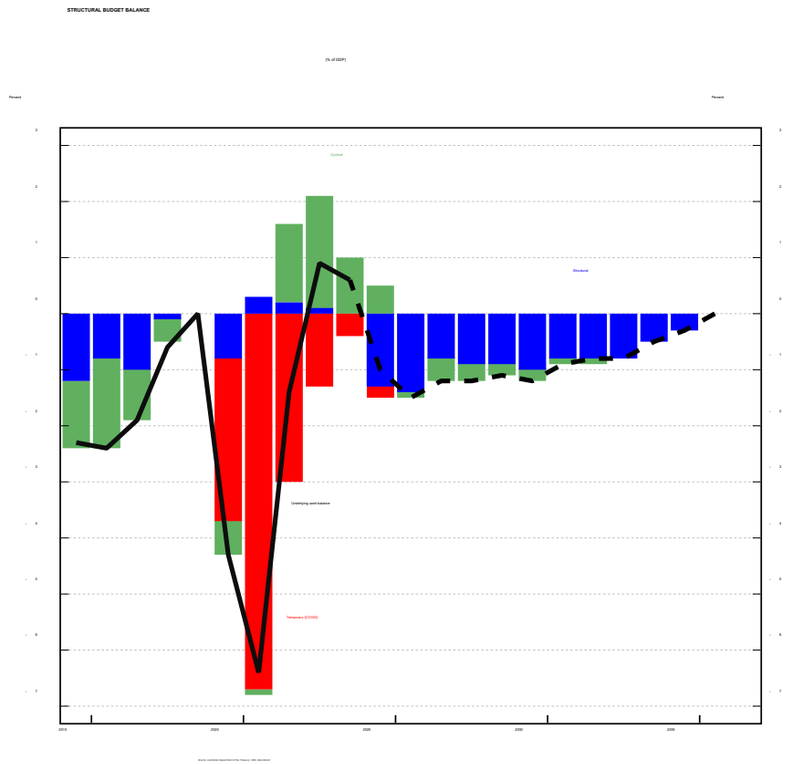
The key challenges from our point of view:

1. **Navigating the global trade war** and US-China strategic competition.
2. **Tackling housing affordability** and boosting supply.
3. **Managing the next phase of net zero**, particularly pressures in gas and electricity markets.

Looking ahead: We see major reforms as *unlikely,* but not impossible

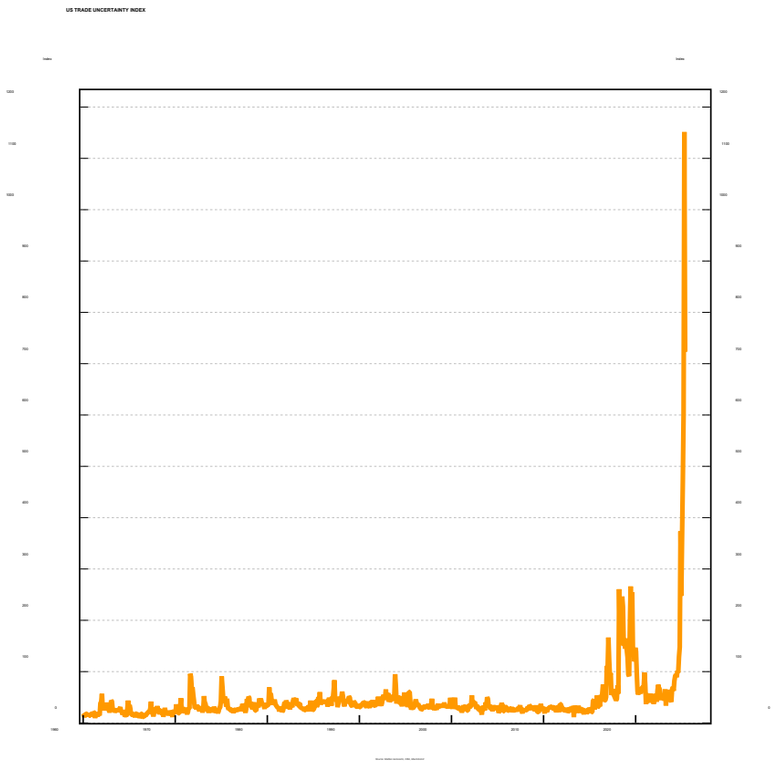
… The government's economic mandate is for continued 'bite-sized' changes

- Given the government's decisive victory, there are **calls for bold reform** to boost productivity.
- Our base case is that the Government will see their mandate to **continue 'bite-sized' changes**.
- However, the desire for a **'second term legacy**' may provide the impetus for greater action.
- A key area of focus for our point of view should be **planning and approvals**.
- The **structural budget** deficit will remain in focus with spending pressures only intensifying in coming years.



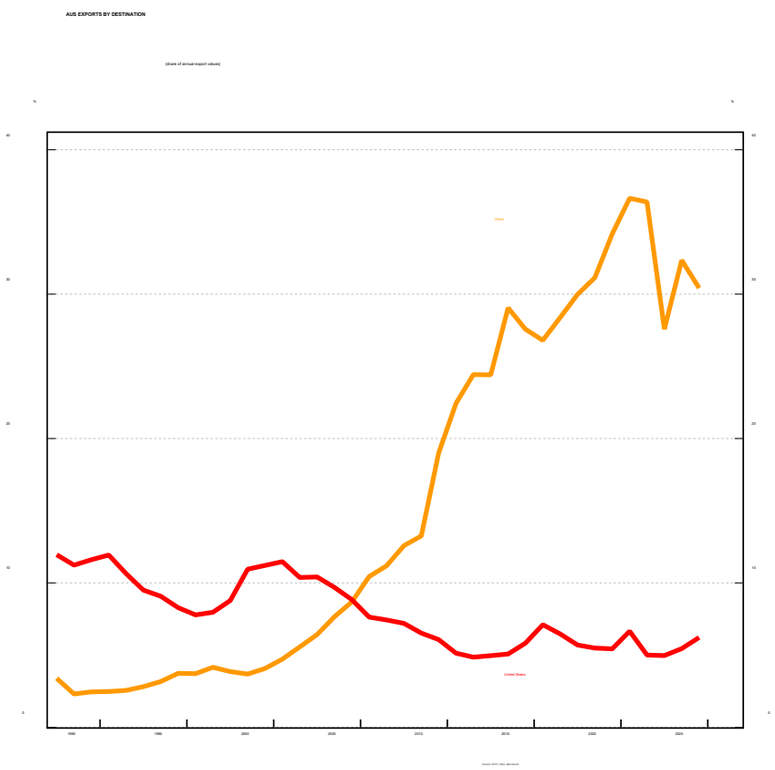
Commonwealth Bank of Australia

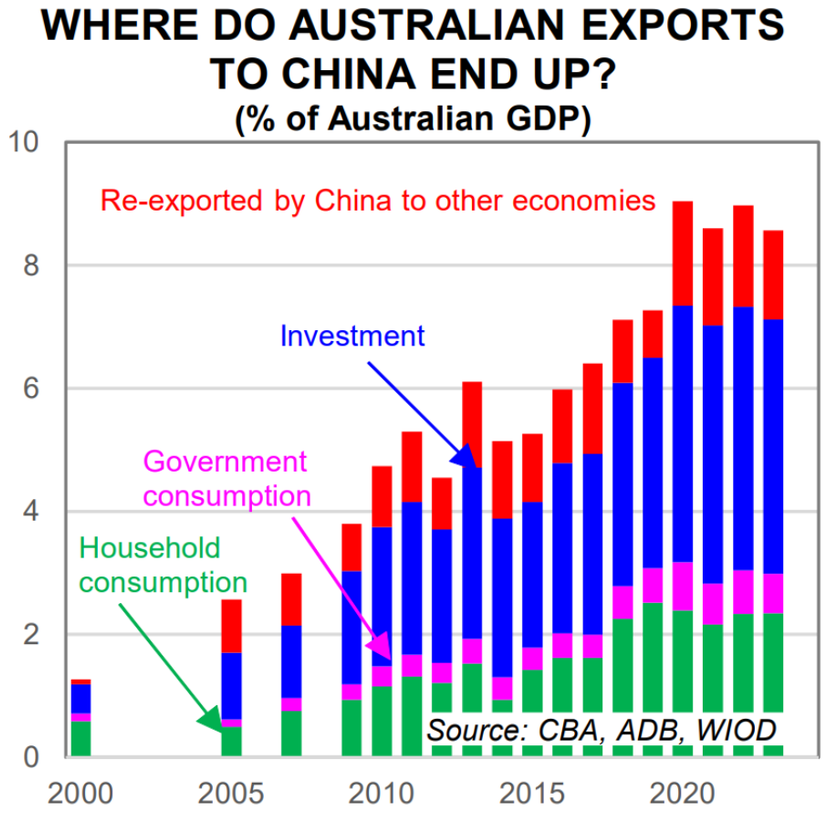
US trade policy has sparked significant uncertainty and market volatility



Commonwealth Bank of Australia

Australia's direct exposure to the US is minimal, China is the focus

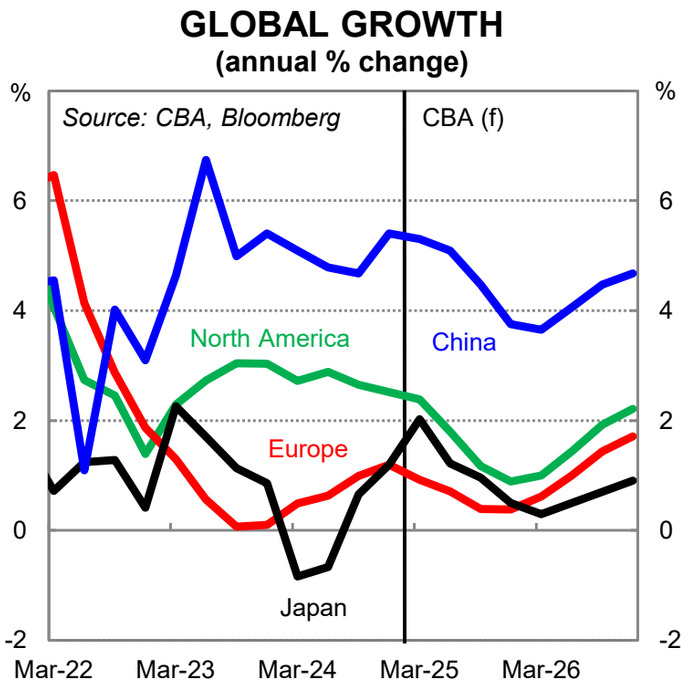


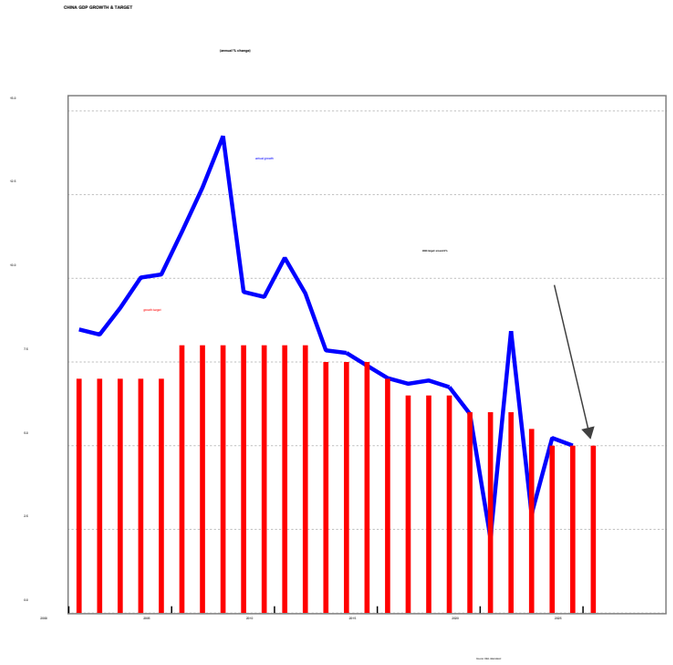


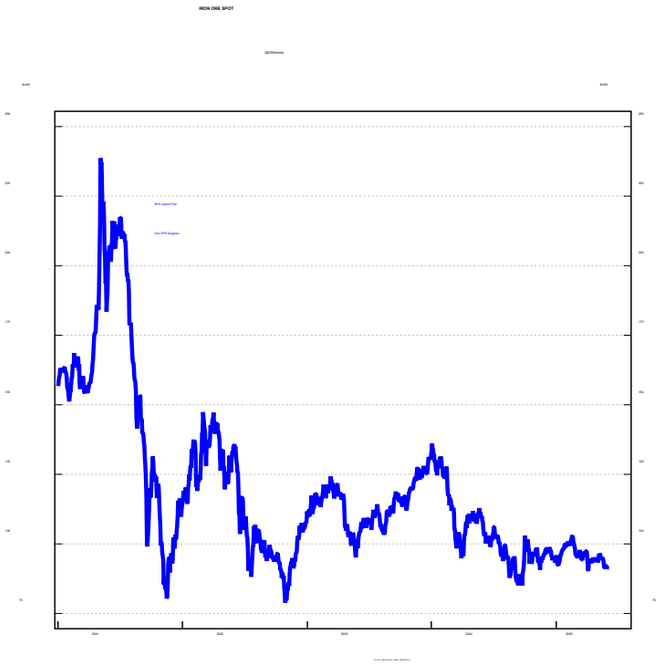
Commonwealth Bank of Australia

We expect global economic growth to slow but not stall

… China is determined to meet growth target; iron ore price is holding up so far.





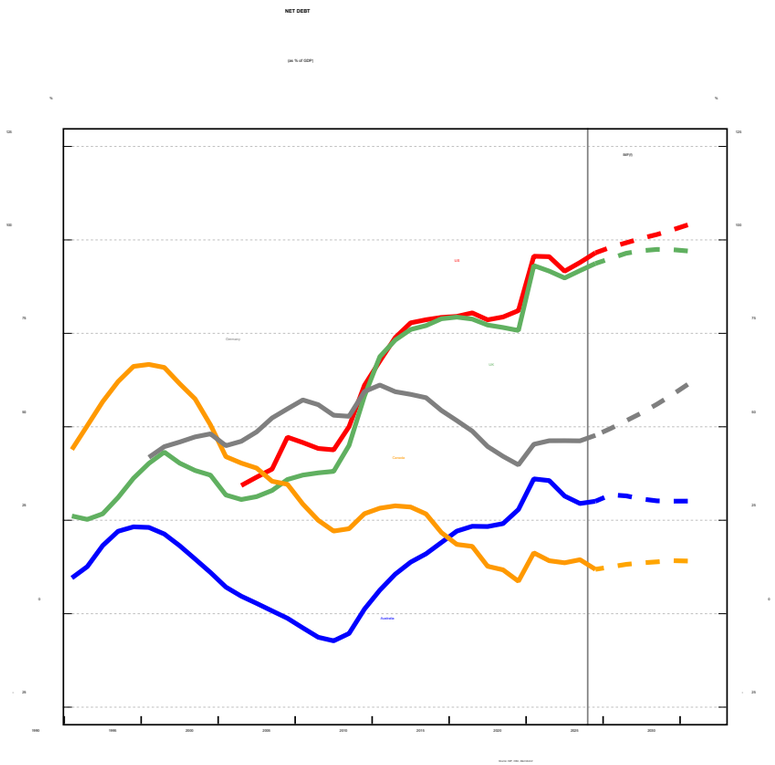


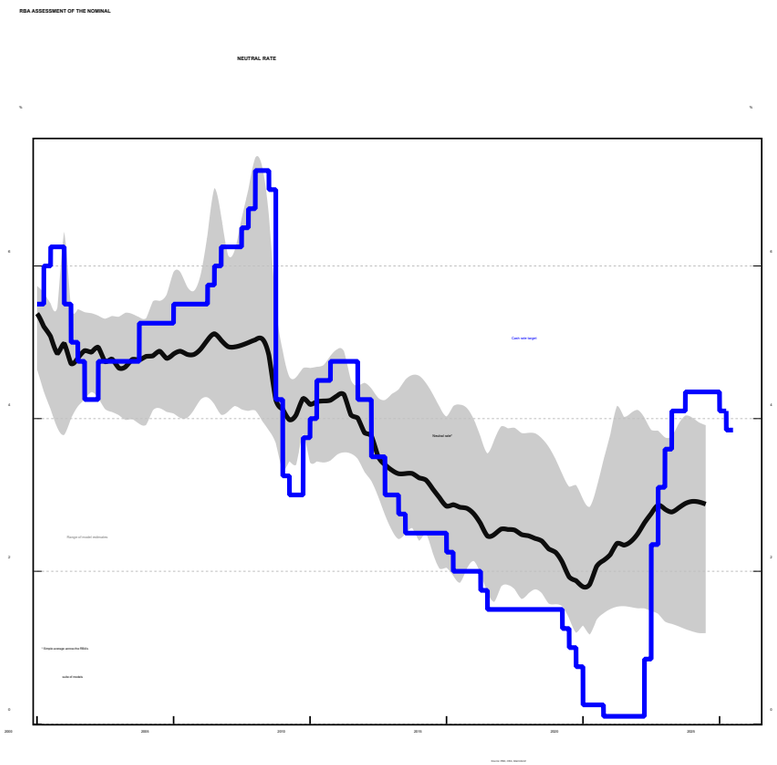
"the Chinese authorities have communicated a growth target of 'around 5 per cent' for 2025 and a **high appetite to use its policy levers to achieve that target**" – RBA SMP May 2025

Commonwealth Bank of Australia

We have plenty of policy firepower to respond if required

Net debt is low by international standards, plenty of room to lower interest rates.

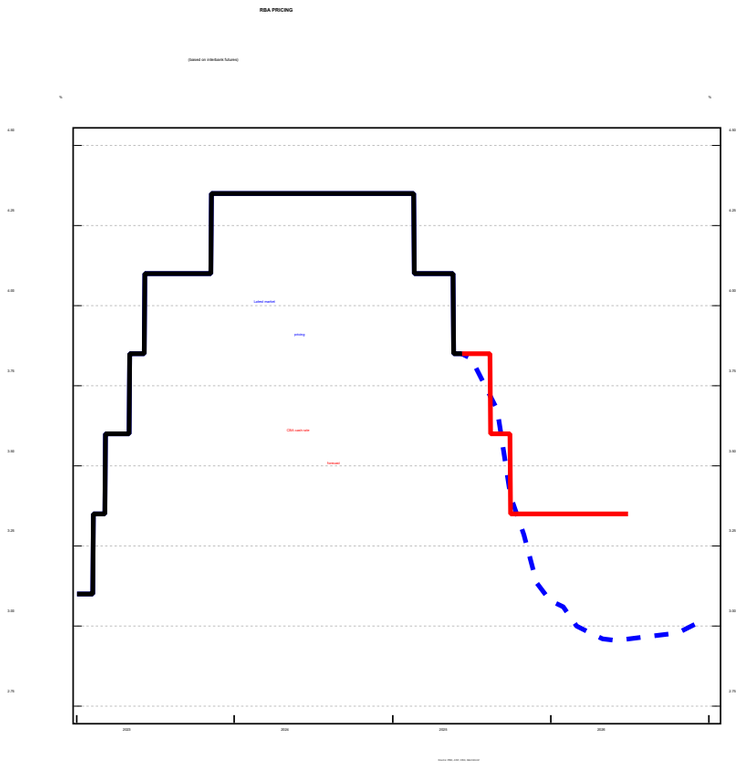




Commonwealth Bank of Australia

We expect the RBA to cut interest rates two more times this year

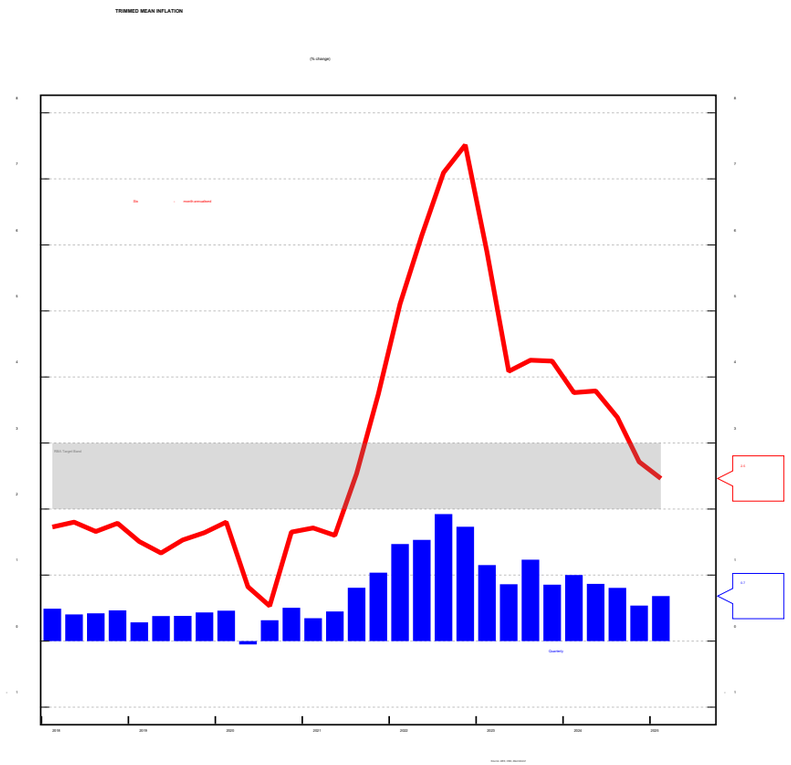
… Financial markets are more *dovish and* expects about three more cuts this year.

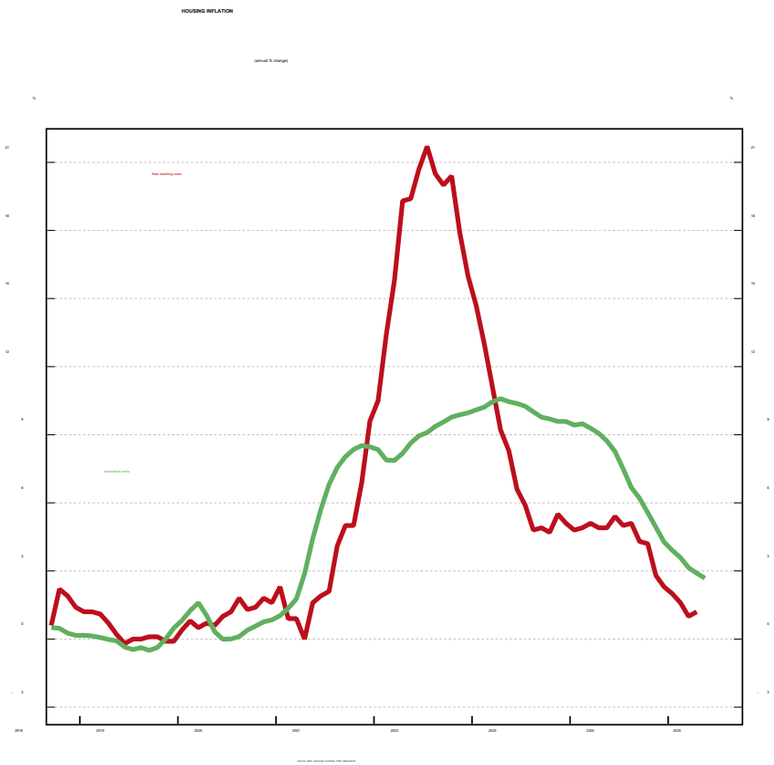


Commonwealth Bank of Australia

Inflation continues to ease

… Underlying inflation over the last six months is bang on target

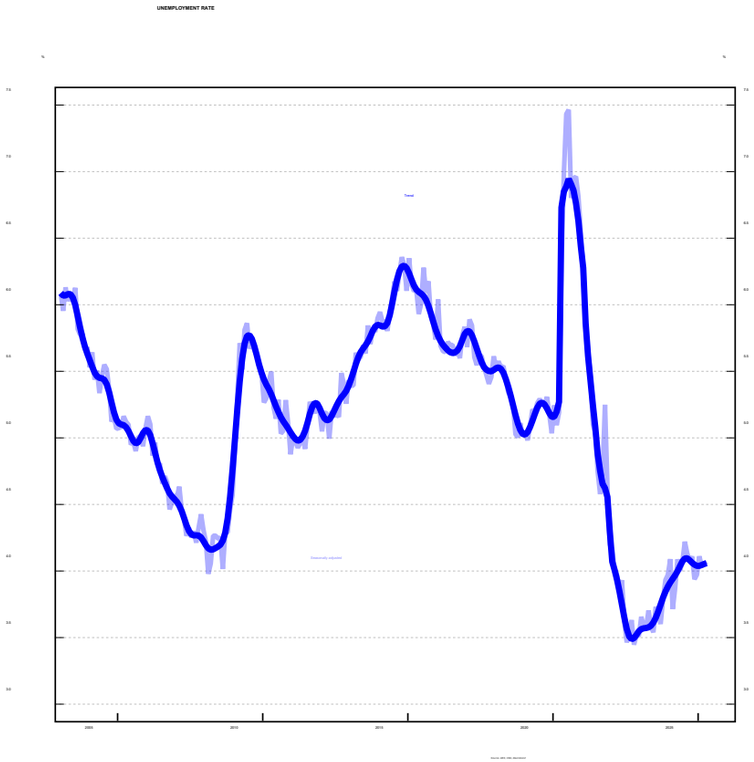


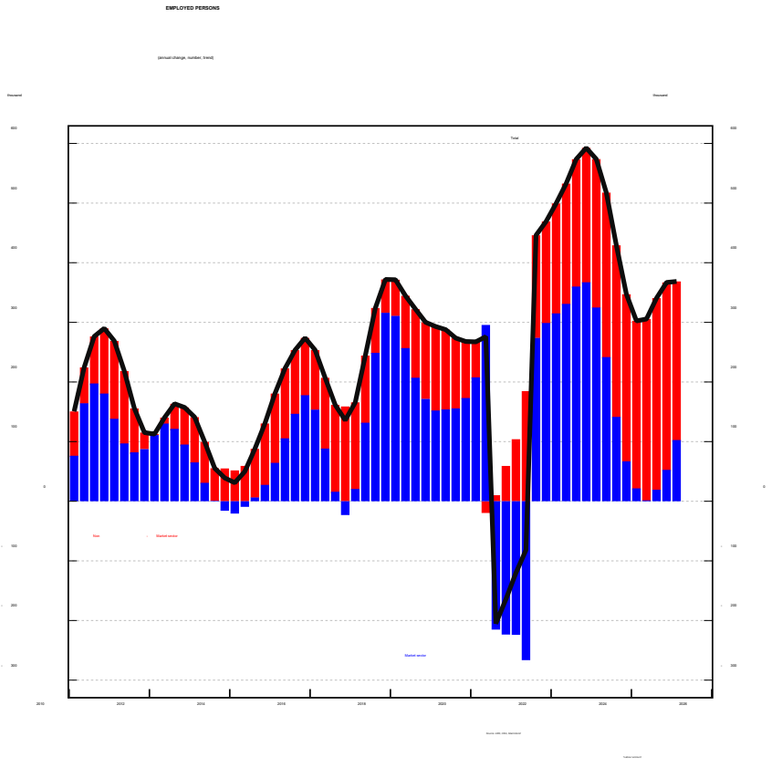


Commonwealth Bank of Australia

The labour market has been more resilient than expected

… In large part due to employment growth in the non-market sector

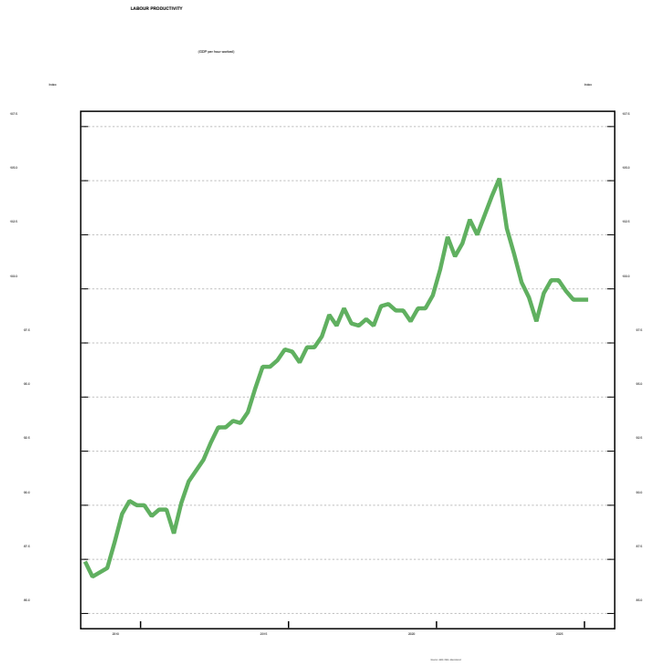


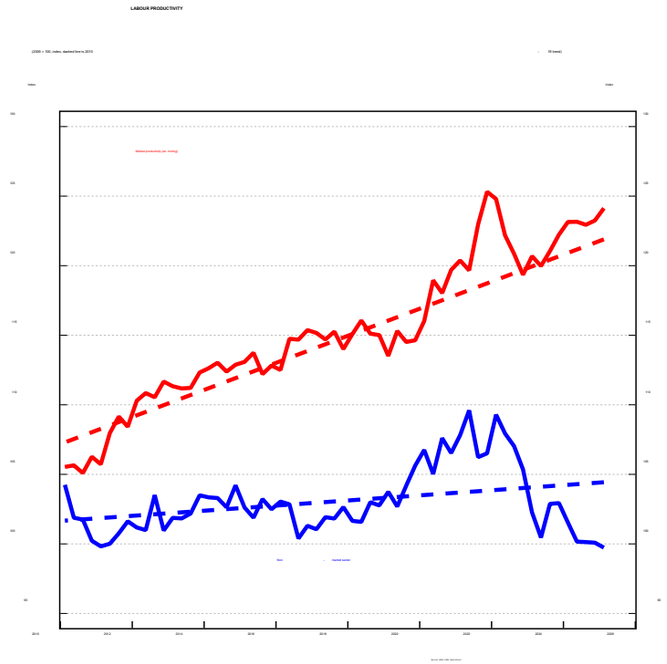


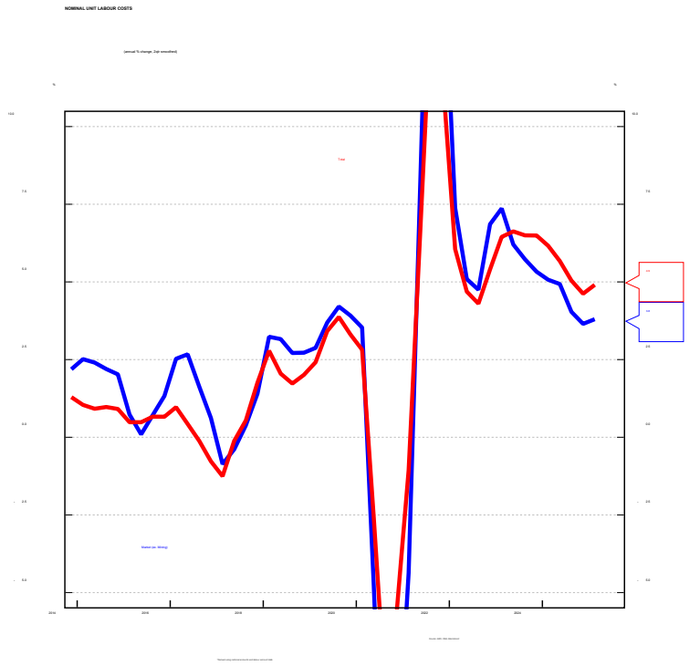
Commonwealth Bank of Australia

Non-market sector growth putting pressure of economy-wide productivity

… The market sector (ex. mining) is still seeing solid productivity growth.



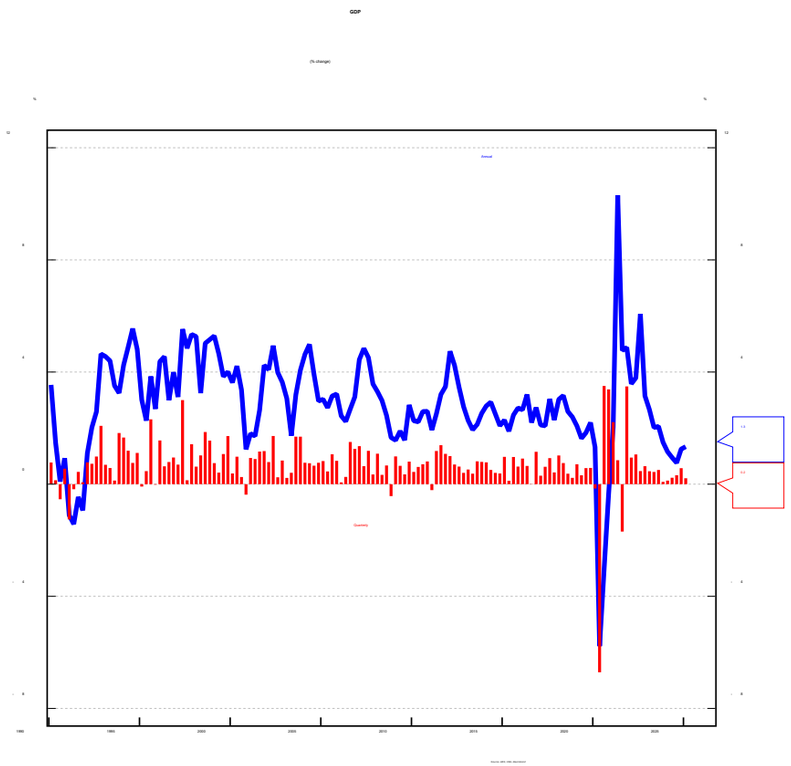


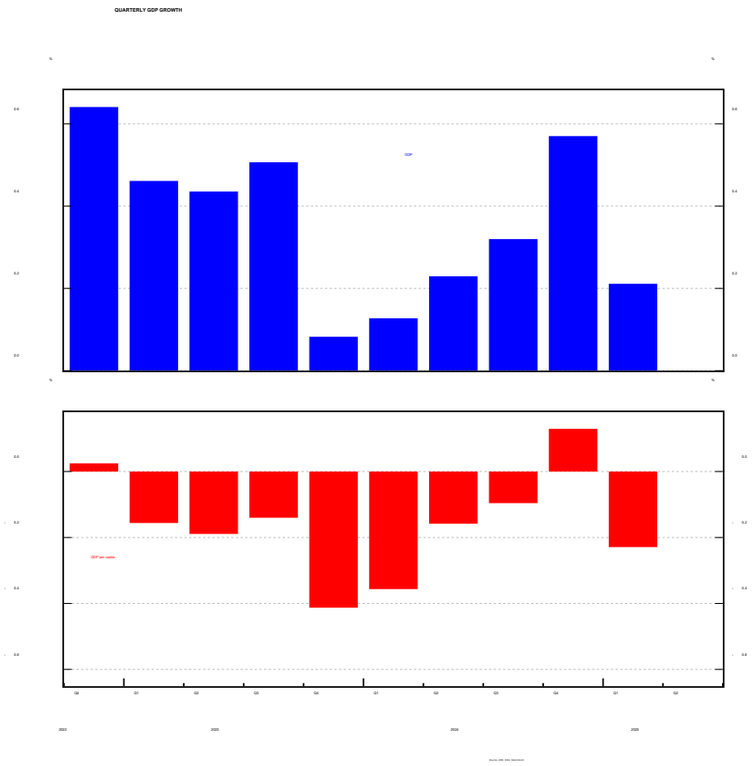


Commonwealth Bank of Australia

Growth recovery stalled in Q1 2025, in part due to extreme weather

… But ‘soft landing’ likely achieved

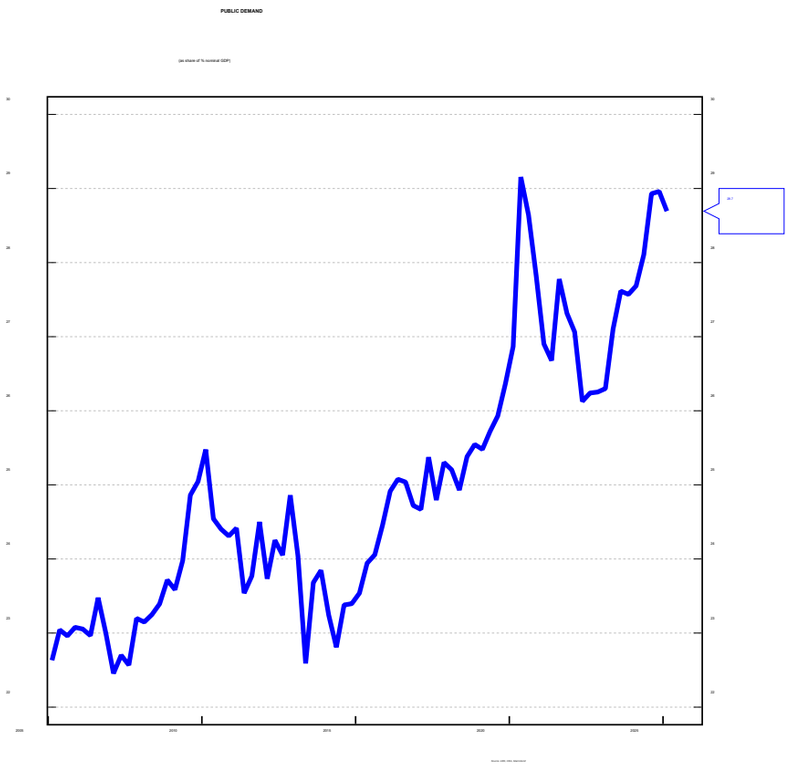




Commonwealth Bank of Australia

Government spending has been driving growth

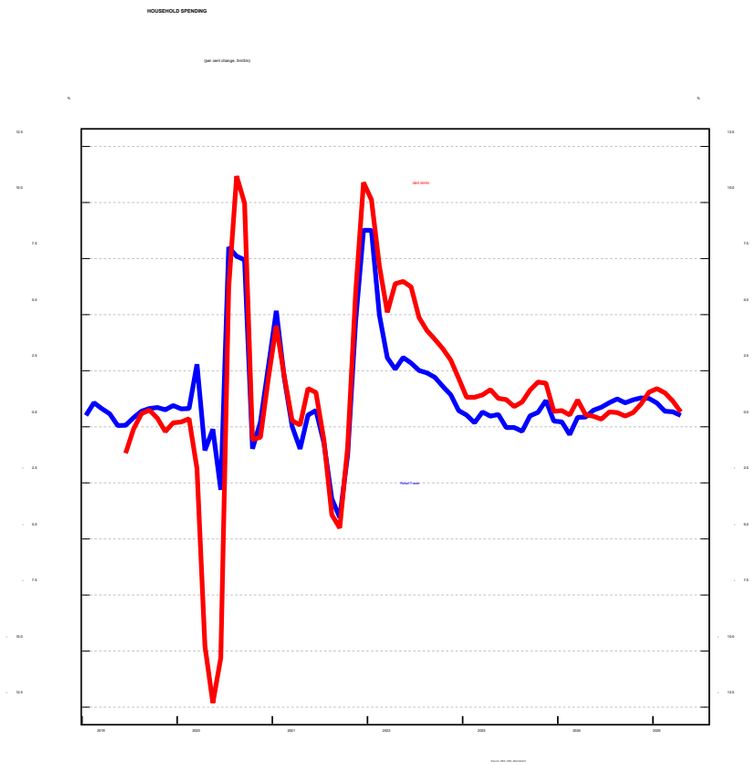
… How the ‘handover’ to the private sector plays out will be key over the forecast horizon.

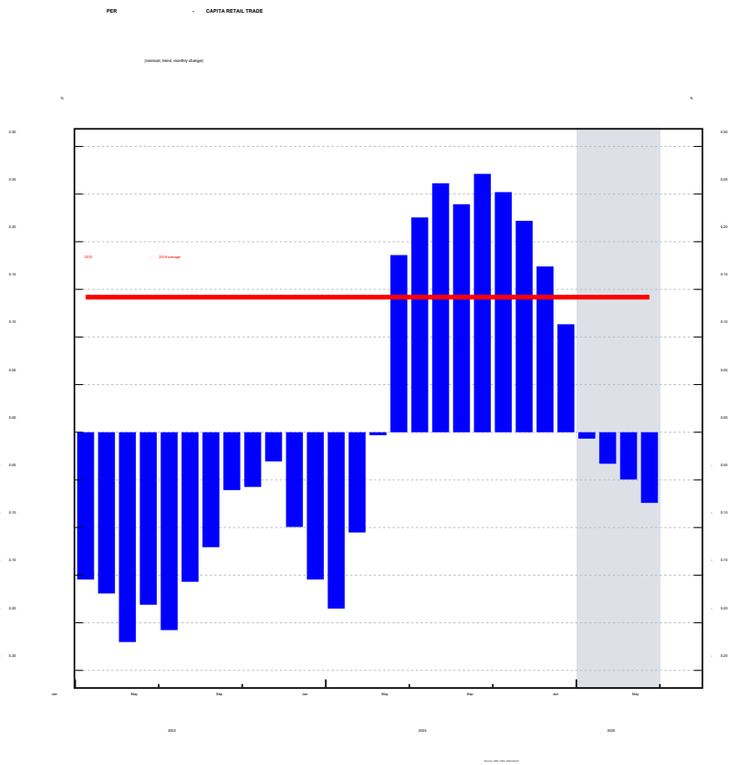


Commonwealth Bank of Australia

Household spending has been softer than expected in 2025

… Various measures of weakened after a stronger end to 2024.

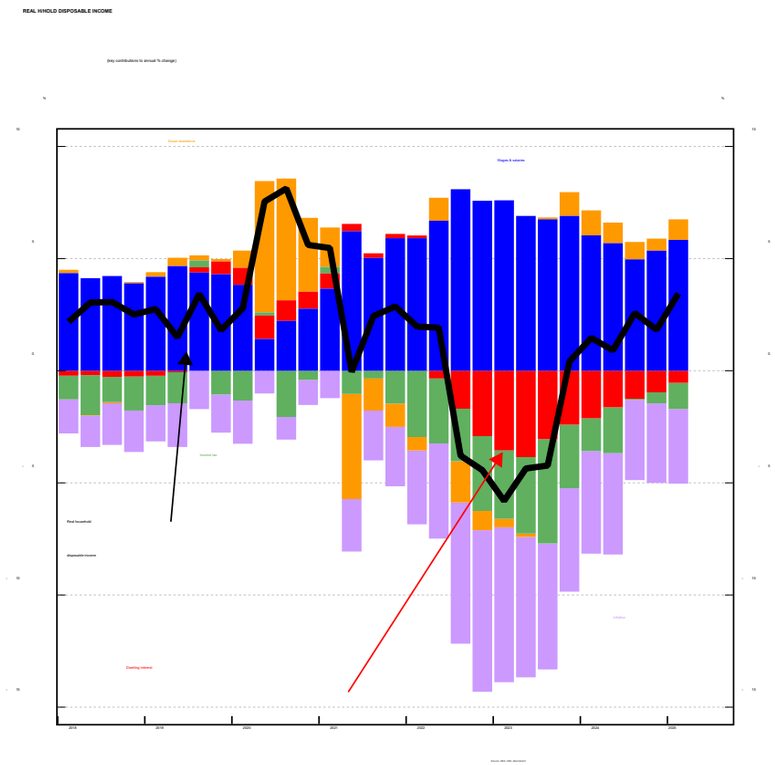


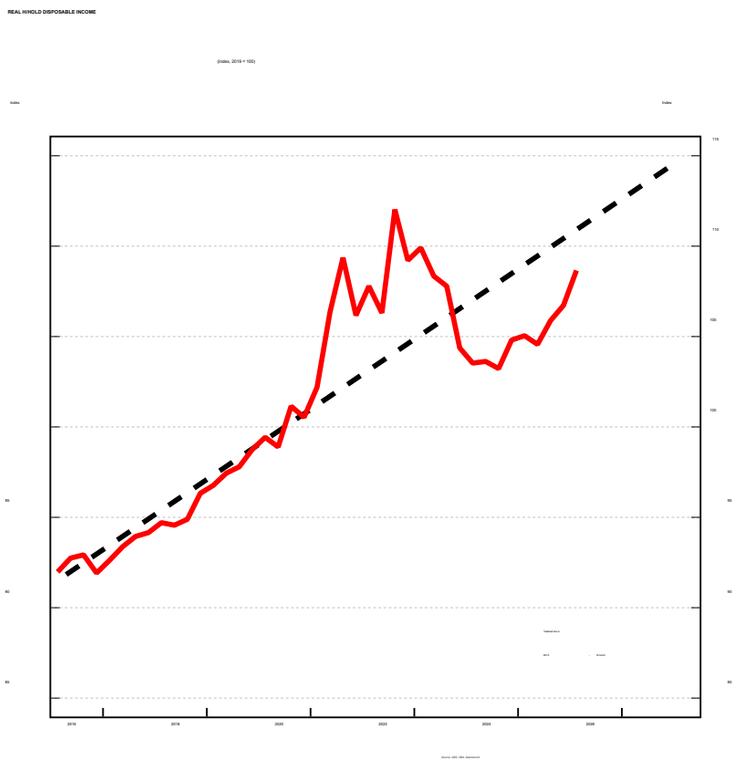


Commonwealth Bank of Australia

Despite real household disposable incomes finally improving

… There may well be some ‘scarring’ of households following years of cost-of-living pressure.

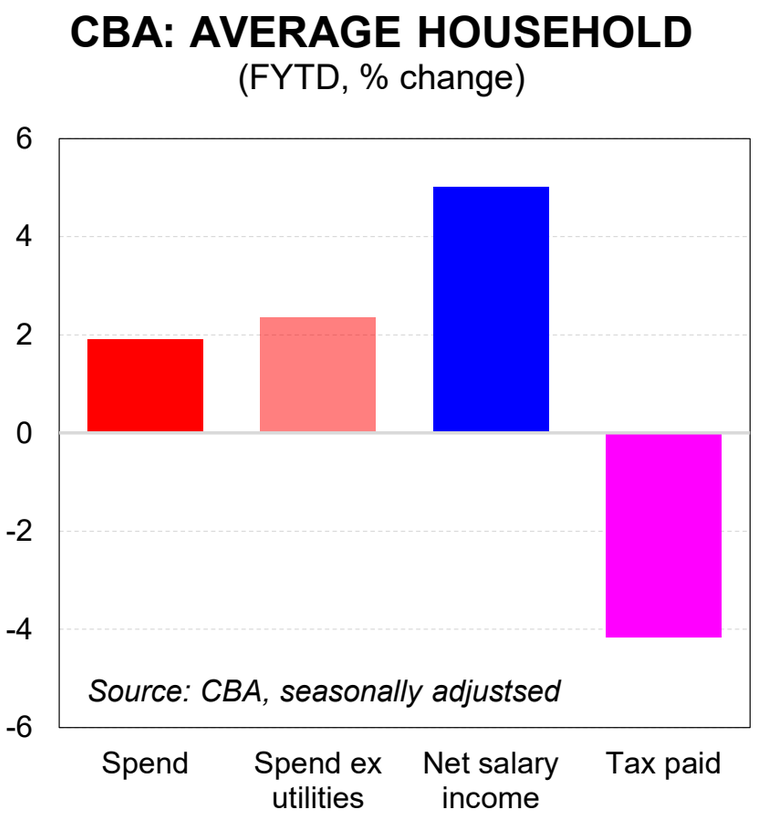


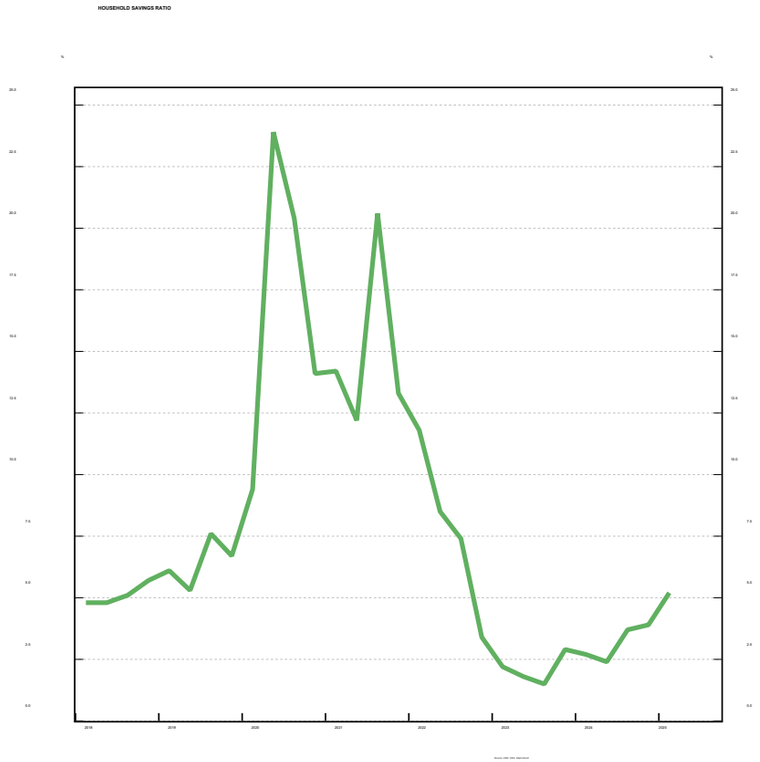


Commonwealth Bank of Australia

Consumers are saving their increased incomes

… Spending around 40% of the tax cut according to CBA data; savings rate rising.

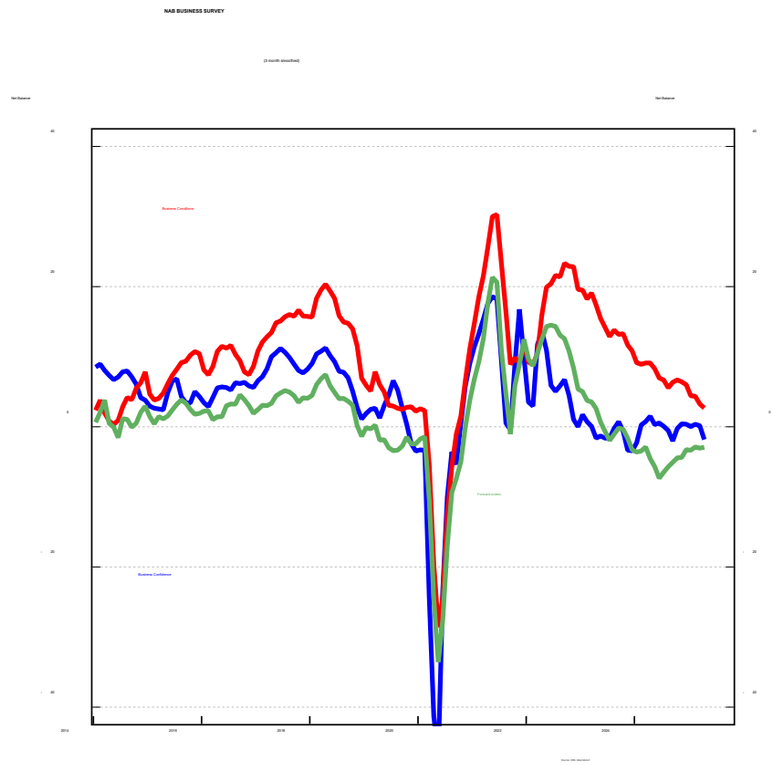


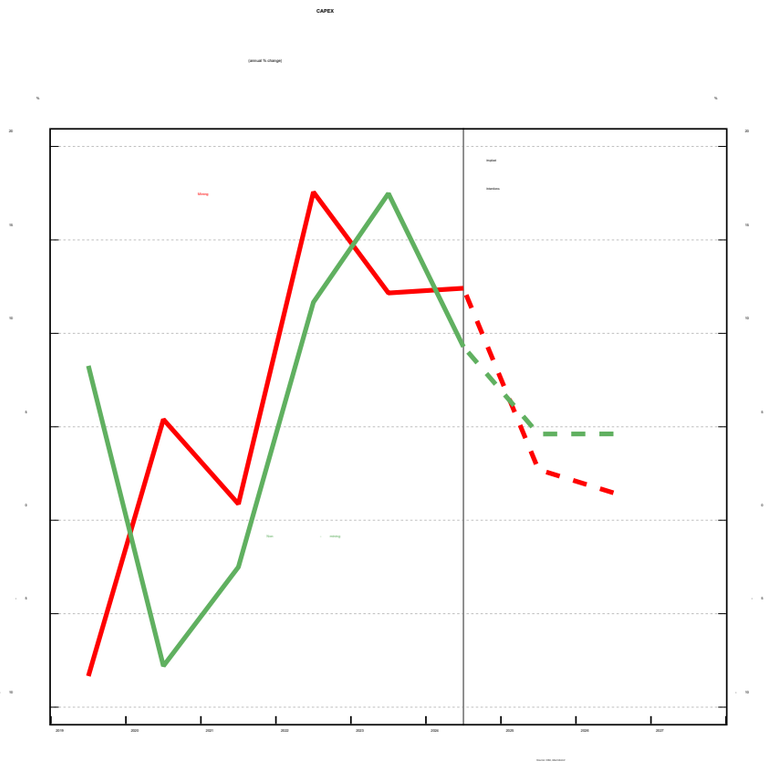


Commonwealth Bank of Australia

Business conditions and confidence remain soft

… Capex intentions are weakening.





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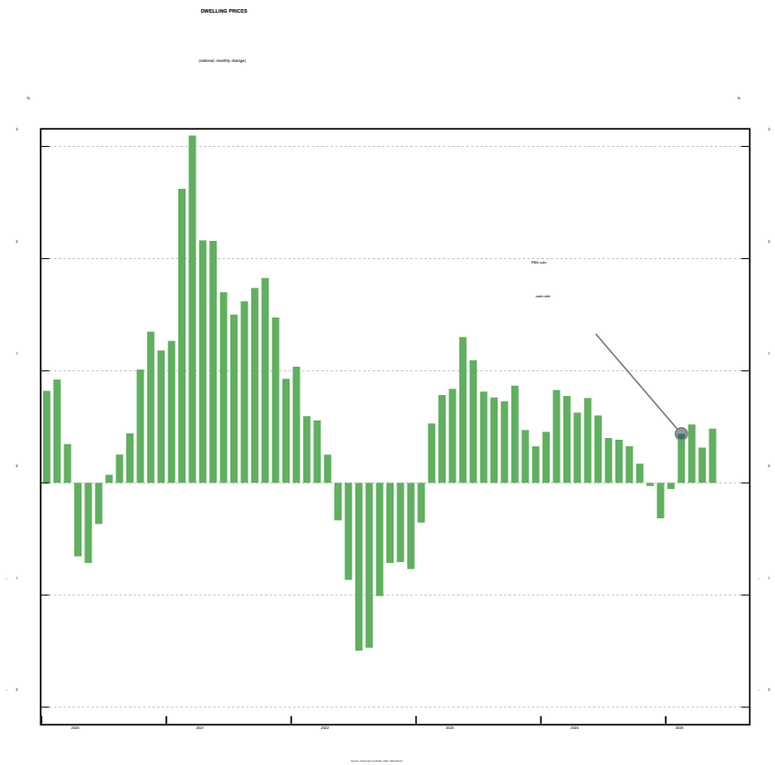
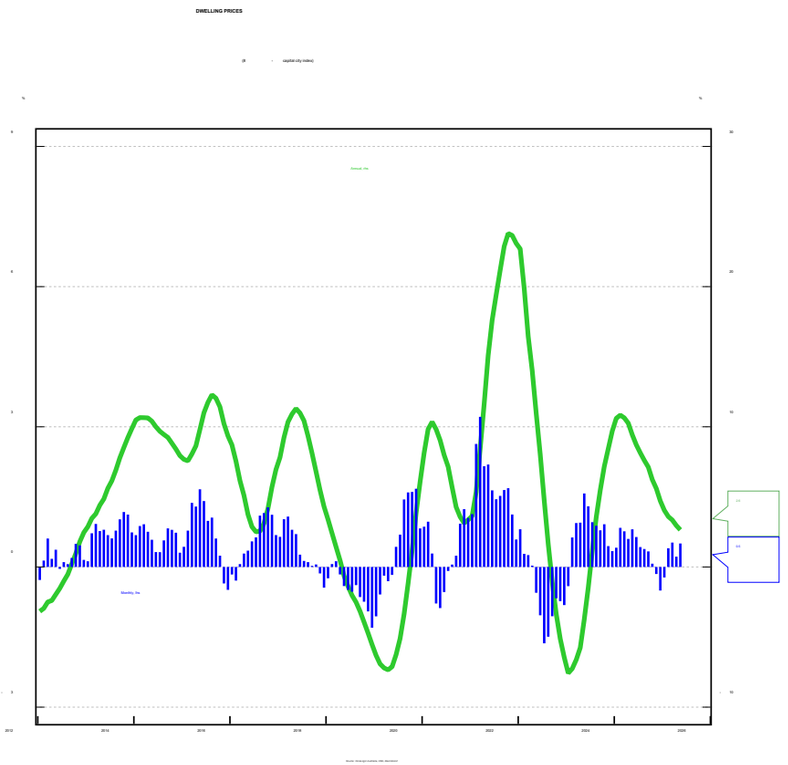
National housing market has already turned a corner following rate cut

… Demand remains strong and supply is constrained.

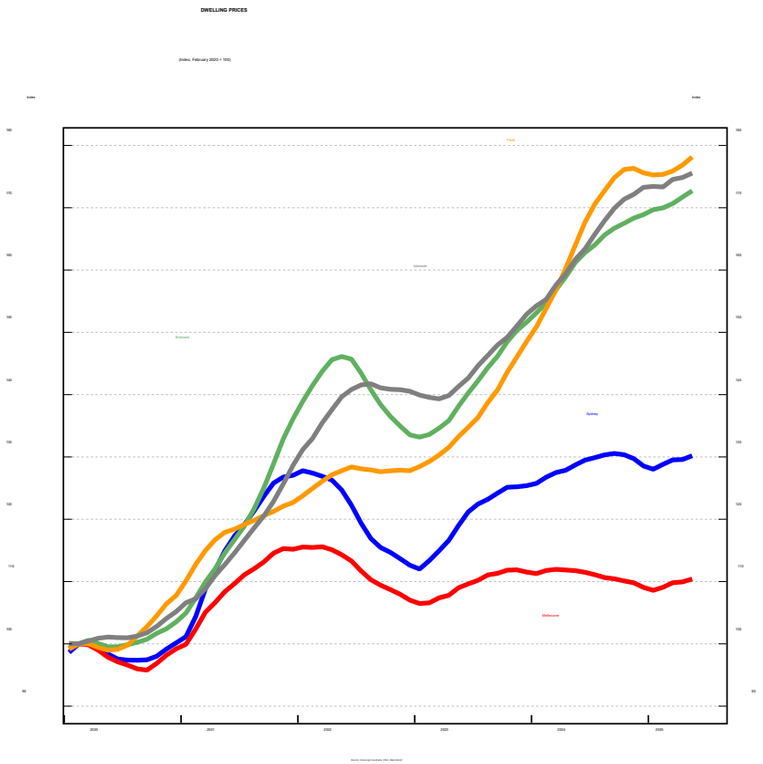


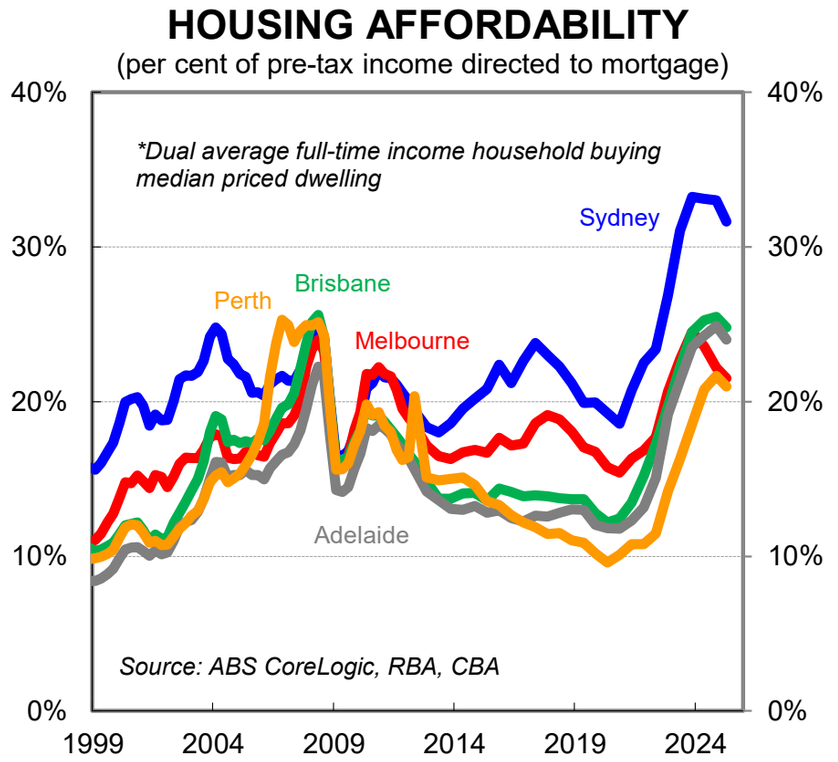


Commonwealth Bank of Australia

Home prices in Brisbane have performed extraordinarily well

… But this has made Brisbane the second most expensive market in the country.

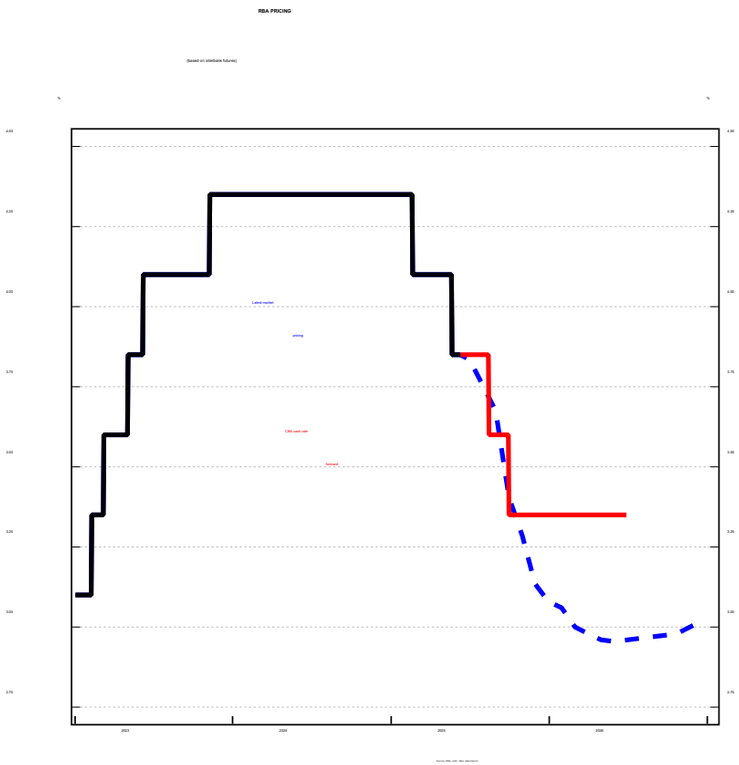


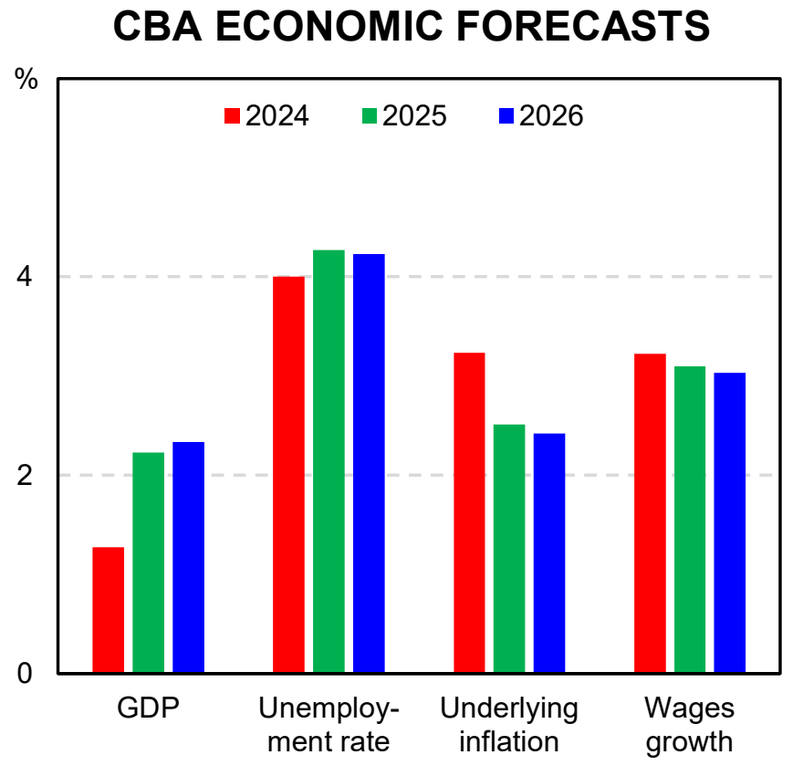


Commonwealth Bank of Australia

Looking ahead: 50bp of further cuts will support economy

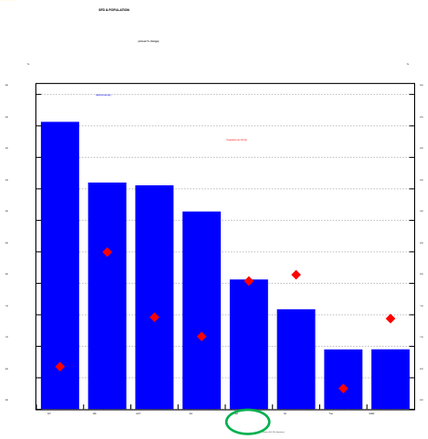
… Our forecasts look for better growth, low unemployment, lower inflation and slightly lower wages.

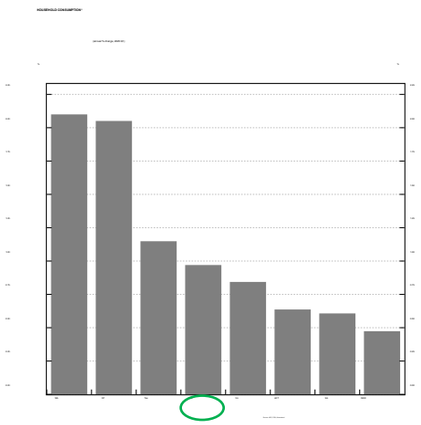


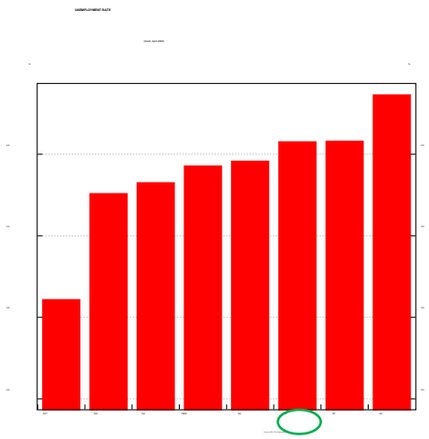


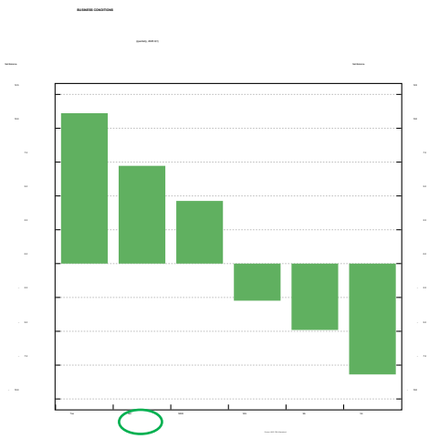
Commonwealth Bank of Australia

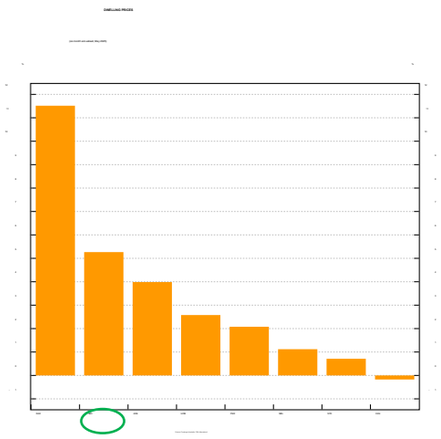
Focus on Queensland – Back to the pack after period of outperformance







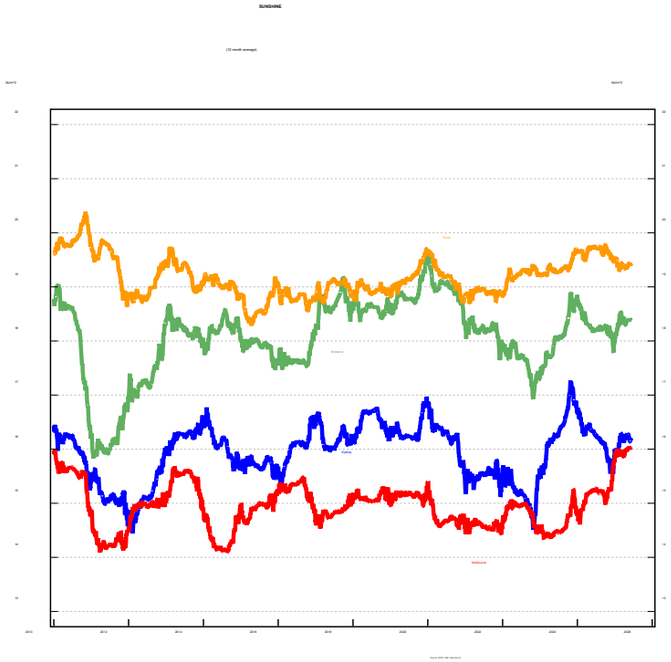


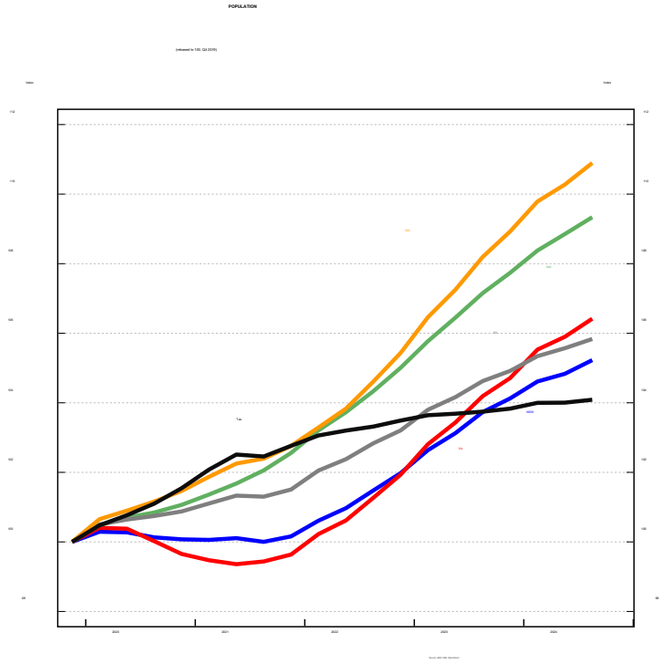


Commonwealth Bank of Australia

Demographics have been key

…Qld has been the place to be.





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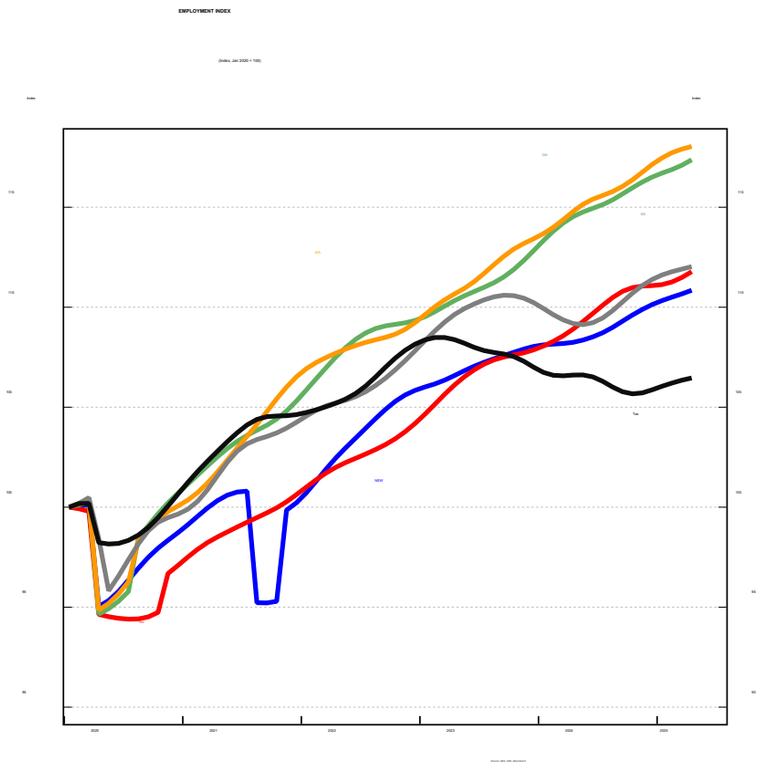
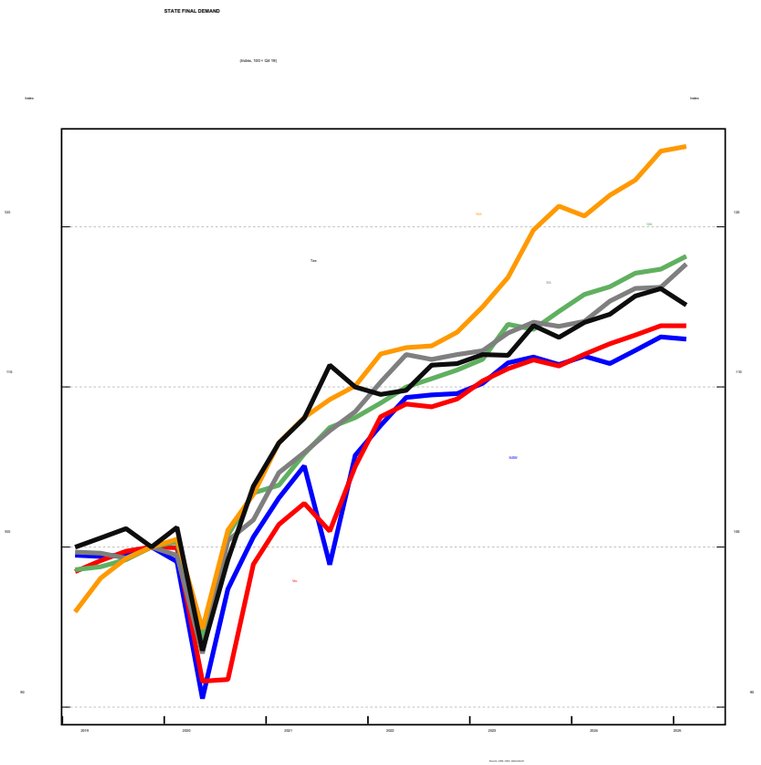
Has supported employment and growth

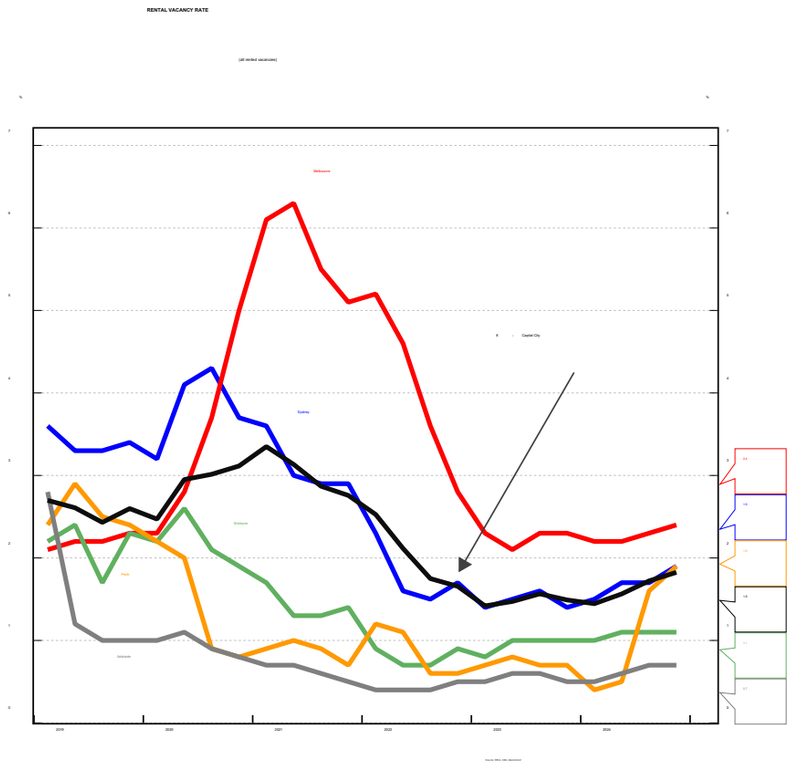
… Qld along with WA have been clear outperformers since COVID.

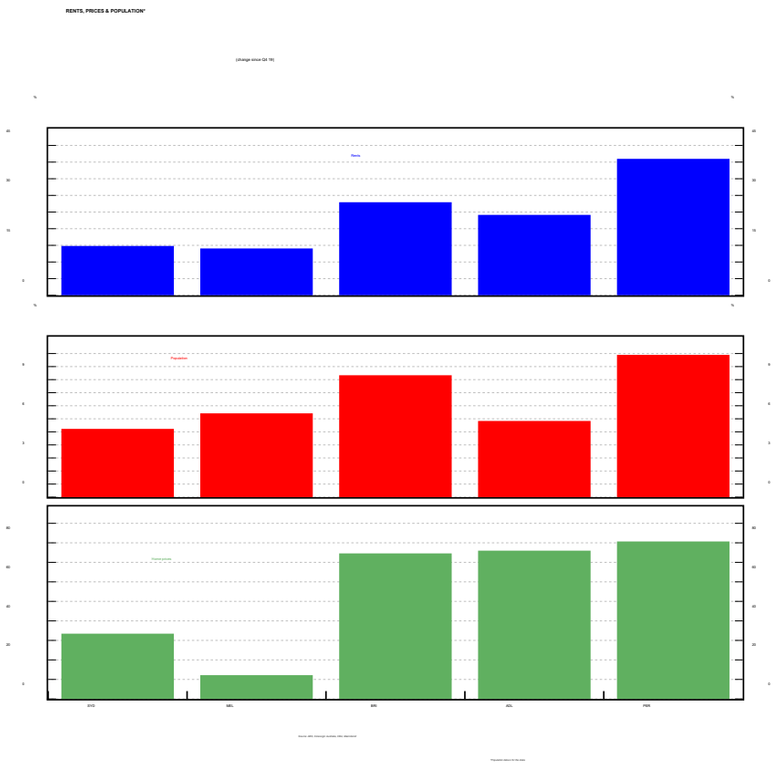




Commonwealth Bank of Australia

But has placed significant pressure on housing market markets





Commonwealth Bank of Australia

Thank you

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Economist

May 2025

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Commonwealth Bank of Australia

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ii. Determined that the transaction is appropriate;
iii. Ensured they have the knowledge to evaluate and capacity to accept the terms, conditions and risks; and
iv. Is not relying on any communication (including this report) from the Bank as advice.

Foreign exchange market pricing ranges in the Bank's GEMR reports are indicative ranges only and not a guarantee of actual foreign exchange prices being executed by the Bank.

Data of the Bank

Any reference made to the term 'CBA data' means the proprietary data of the Bank that is sourced from the Bank's internal systems and may include, but is not limited to, credit card transaction data, merchant facility transaction data and applications for credit. The Bank takes reasonable steps to ensure that its proprietary data is accurate and any opinions, conclusions or recommendations made in reliance of its data are reasonably held, or are made, as at the time of compilation of this report.

The statistics contained in this report only take into account CBA data. The Bank makes no representation or warranty as to the completeness of the data as it may not reflect all trends in the market.

All customer data used, or represented, in this report is anonymised and aggregated before analysis and is used, and disclosed, in accordance with the Group's Privacy Policy.

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i. All of the views expressed accurately reflect his/her personal views about those securities or issuers; and
ii. No part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that GEMR Analyst in the report.

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iii. Substantially all of the assets of the US Broker-Dealer are outside of Canada; and
iv. There may be difficulty enforcing legal rights against the US Broker-Dealer because of the above.

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ii. To whom an offer of securities may be made in Hong Kong without the need for a prospectus under section 2 and the Seventeenth Schedule of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) (**Companies Ordinance**) pursuant to the exemptions for offers in respect of which the minimum consideration payable by any person is not less than HK$500,000 or its equivalent in another currency.

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Notice of Negative Consent to Qualified Institutional Buyer to Receive Institutional Debt Research

FINRA adopted Rule 2242, "Debt Research Analysts and Debt Research Reports," to address conflicts of interest relating to the publication and distribution of debt research reports. Rule 2242(j) exempts debt research distributed solely to eligible institutional investors (**Institutional Debt Research**) from most of the Rule's provisions regarding supervision, coverage determinations, budget and compensation determinations and all of the disclosure requirements applicable to debt research reports distributed to retail investors.

This notice serves to inform you of the US Broker-Dealer's intent to distribute Institutional Debt Research to you while relying on the exemption provided under FINRA Rule 2242. You have separately certified that:

i. You are, or you are authorized to act on behalf of, a Qualified Institutional Buyer (as defined under Rule 144A of the Act).

ii. You:

(1) are capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a security or securities (including a debt security or debt securities); and

(2) are exercising independent judgment in evaluating the recommendations of the US Broker-Dealer pursuant to FINRA Rule 2111.

i. You agree to promptly advise the US Broker-Dealer if any of the representations or warranties referred to in this notice ceases to be true. Based on the aforementioned certifications by you, the US Broker-Dealer is permitted to provide Institutional Debt Research to you under the exemptions provided by FINRA 2242(j). Unless notified by you in writing to the contrary prior to your receipt of our Institutional Debt Research, the Bank will consider you to have given your consent to the receipt of such Institutional Debt Research.

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03

New standards & regulatory changes KPMG - Ben Seumahu

Standards and amendments on issue

Which standards are mandatory for your financial year?

All standards are effective from 1 January

Available for early adoption

>>	2025	2026	2027	2028
Financial year end	30	30	30	30
>>	Jun	Jun	Jun	Jun
FV measurement of non-financial assets of NFP Public Sector Entities				
Classification of liabilities as current or non-current ★				
Lease liability in a sale-and-leaseback				
Supplier finance arrangements				
Lack of Exchangeability				
Classification and Measurement of Financial Instruments [Amendments to AASB 7 & AASB 9]				
Annual Improvements Volume 11 [Amendments to various AASBs]				
Contracts Referencing Nature-dependent Electricity				
AASB 18 Presentation and Disclosures in Financial Statements ★				
Insurance Contracts in the Public Sector				
Sale or Contribution of Assets between an Investor and its Associate or JV				

AASB 2020-1, AASB 2022-6, AASB 2023-3
Classification of liabilities as current or non-current
[Amendments to AASB 101 & AASB 1060]

Effective from 1 January 2024

Classification of liabilities as current or non-current

Liability is non-current when there is a substantive right to defer settlement for at least 12 months after reporting date

01

Expectations of loan repayments

Management expectation/ intention does not impact classification

02

Loan arrangements subject to covenants

Only covenants tested on or before reporting date affect classification

03

New disclosures

- Info on **future covenants** and liability carry amounts (tested in next 12 months)
- **Risk of early repayment** of non-current liability – expected difficulty in complying with covenants in next 12 months

04

Rollovers of loan facilities

Right to defer a settlement (new) vs sole discretion (old)

05

Meaning of "settlement"

Includes cash, **equity instruments**, & other assets or services

06

Convertible debt

When a company classifies the host liability, it can **ignore** only those **conversion options that meet the definition of equity** (fixed for fixed)

Effective from 1 January 2024

Classification of liabilities as current or non-current

Loans with covenants

Organisation's **right to defer settlement** for at least 12 months after reporting period **must have substance** and **must exist at the end of the reporting period**.

Covenants on or before reporting date

Impact classification

Covenants after reporting date

DO NOT impact classification

New mandatory disclosures!

- Information about covenants (including nature of and compliance requirements)
- Carrying amount of related liabilities
- Facts and circumstances indicating difficulty in complying with covenants

Effective from 1 January 2024

Classification of liabilities as current or non-current

Loans with covenants

Organisation's **right to defer settlement** for at least 12 months after reporting period **must have substance** and **must exist at the end of the reporting period**.

Covenants on or before reporting date

Impact classification

Covenants after reporting date

DO NOT impact classification

New mandatory disclosures!

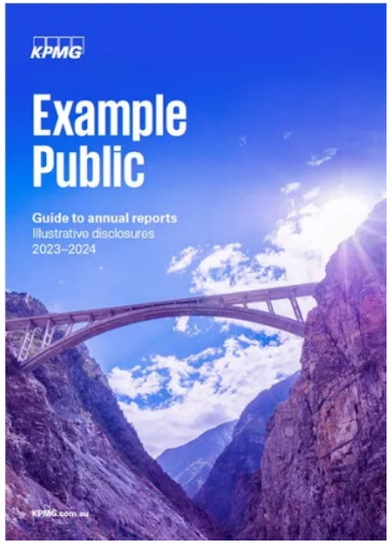
- Information about covenants (including nature of and compliance requirements)
- Carrying amount of related liabilities
- Facts and circumstances indicating difficulty in complying with covenants

Example disclosure for liabilities subject to future covenants

Under the terms of the loan agreement, which has a carrying amount of $203,000 (2023: $178,000), the Company is required to comply with a net finance cost to total revenue ratio covenant which must not exceed 1% at the end of March and September each year.

As the loan bears interest at a variable interest rate, the Company experienced a significant increase in interest costs in the financial year due to the high interest rate environment. As a result, at 31 December 2024 the Company's ratio of net finance costs to revenue is 1.5%.

There is therefore a risk that the Company will not comply with the covenant when tested at the end of September, in which case the loan will become immediately repayable. The Company is currently in negotiations with the bank to revise the covenant.



Where classification of a liability may change as a result of applying the amendments?

My organisation has a **roll over facility** that is subject to a covenant test in the next 12 months and was classified as current liability under old requirements

My organisation has a complex roll over liability (e.g. securitisation arrangement)

My organisation has a liability that can be settled with the company's own shares (e.g. convertible debt).

Refer to 30 June 2023 webinar

Consult with your auditor or advisor

AASB 18 - *Presentation and Disclosure in Financial Statements*

No subtotals defined by IFRS Accounting Standards between 'revenue' and 'profit or loss'.

IASB issued IFRS 18 on 9 April 2024.

The Primary Financial Statements Project will improve the quality of financial reporting, including digital reporting, through:

Presentation

Presentation of defined subtotals in statement of profit or loss to improve comparability

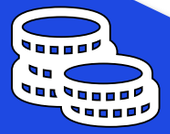
MPMs

Disclosures about management defined performance measures (MPMs) to provide transparency

Aggregation / Disaggregation

Enhanced requirements for aggregation and disaggregation to provide useful information

AASB 18 - Presentation and Disclosures in Financial Statements



Profit & Loss Statement

- 3 categories – main business activities
- New subtotals
- FX/derivative gains/losses

Management Performance Measures

- New note – P&L measures only
- RG 230 type disclosures

Aggregation

- Similar characteristics
- Limits “other” category

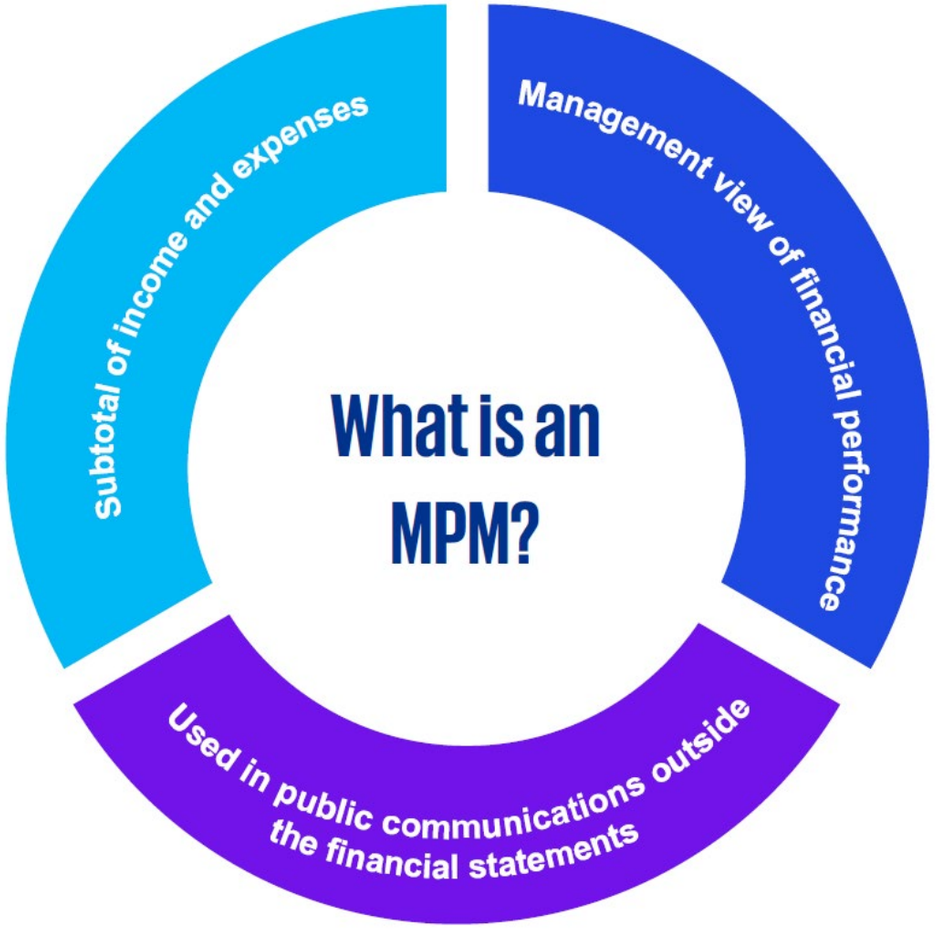
Other amendments

- Cash flow statement – interest and dividends
- Balance sheet - goodwill

Effective date 1 January 2027, comparatives restated

1.2 AASB 18 - Management Performance Measures (MPMs)

MPMs



Disclosures required in a single note		
State	**Describe**	**Reconcile**
• that MPMs provide management's view of an aspect of the entity's financial performance • that MPMs are not necessarily comparable with other entities' measures	• aspect of financial performance being communicated • why MPM provides useful information about the entity's performance • how MPM is calculated	• between MPM and most directly comparable common subtotal listed in AASB 18 or total/subtotal required

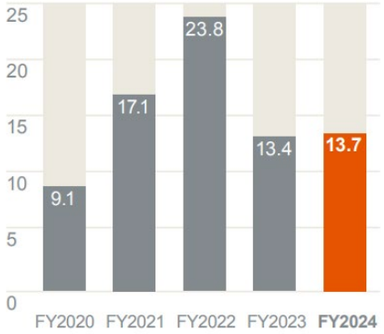
1.2 AASB 18 - Management Performance Measures (MPMs)

MPMs

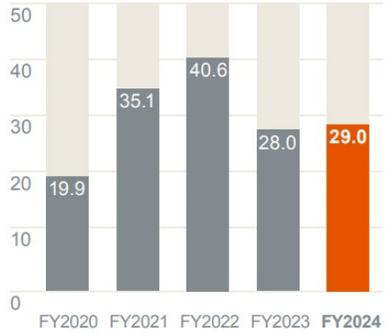
4.2 Key performance indicators

Our key performance indicators (KPIs) enable us to measure our development and financial performance. These KPIs are used to assess performance of our people throughout the Group.

Underlying attributable profit[1,3]
US$ billion



Underlying EBITDA[2,3]
US$ billion



1. Includes data for Continuing and Discontinued operations for the financial years being reported.
2. Excludes data from Discontinued operations for the financial years being reported.
3. For more information on non-IFRS financial information refer to OFR 10.

Extract from *BHP Billiton 2024 Annual Financial Report*

Why the measure is useful

Non-IFRS financial information	Reasons why we believe the non-IFRS financial information are useful
Underlying EBITDA	Used to help assess current operational profitability excluding the impacts of sunk costs (i.e. depreciation from initial investment). Each is a measure that management uses internally to assess the performance of the Group's segments and make decisions on the allocation of resources.

Reconciliation

	Revenue US$M	Total expenses, Other income and Profit/(loss) from equity accounted investments US$M	Profit from operations US$M	Depreciation, amortisation and impairments and Exceptional Items US$M	Underlying EBITDA US$M
Year ended 30 June 2024					
Revenue	55,658				
Other income		1,285			
Expenses excluding net finance costs		(36,750)			
(Loss)/profit from equity accounted investments, related impairments and expenses		(2,656)			
Total other income, expenses excluding net finance costs and (loss)/profit from equity accounted investments, related impairments and expenses		(38,121)			
Profit from operations			17,537		
Depreciation, amortisation and impairments[1]				9,185	
Exceptional item included in Depreciation, amortisation and impairments				(3,800)	
Exceptional items				6,094	
Underlying EBITDA					29,016

3 Exceptional items

Exceptional items are those gains or losses where their nature, including the expected frequency of the events giving rise to them, and impact is considered material to the Financial Statements. Such items included within the Group's profit from Continuing operations for the year are detailed below. Exceptional items attributable to Discontinued operations are detailed in note 28 'Discontinued operations'.

Year ended 30 June 2024	Gross US$M	Tax US$M	Net US$M
Exceptional items by category			
Samarco dam failure	(3,677)	(85)	(3,762)

AASB 18
Presentation and Disclosures in Financial Statements

1.2 AASB 18 - Aggregation

Aggregation

Aggregation and disaggregation

Guidance on whether information should be included in **primary statements or notes**

Enhanced guidance on **grouping information in statements and notes** – aggregation based on similarity in characteristics

Limits **'other'** category, use more informative label
(+ Additional disclosures when items labelled as 'other')

Consolidated statement of profit or loss — Example corporate

Continuing operations	2024	2023
Revenue	xxx	xxx
Cost of sales	xxx	xxx
Gross profit	**xxx**	**xxx**
Other income	xxx	xxx
Selling and distribution expenses	xxx	xxx
Administrative expenses	xxx	xxx
Research and development expenses	xxx	xxx
Impairment loss on trade receivables and contract assets	xxx	xxx
Other expenses	xxx	xxx
Operating profit	**xxx**	**xxx**

May need to re-organise / disaggregate into line items with more informative labels – e.g.:

- Increase / decrease in fair value of investment property
- Gain/loss on disposal of PPE
- Government grants
- Impairment of goodwill

AASB 18
Presentation and Disclosures in Financial Statements

1.2 AASB 18 - Other changes

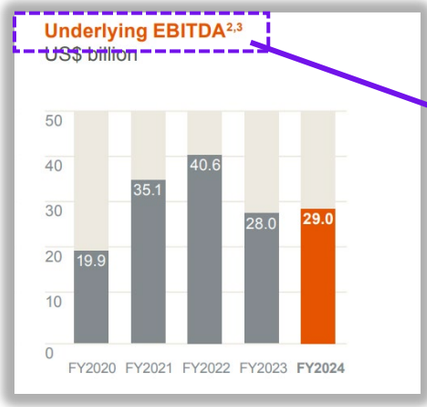
Other changes

Consolidated statement of financial position

Assets	2024	2023
Property, plant and equipment	xxx	xxx
Intangible assets and goodwill	xxx	xxx
Equity-accounted investees	xxx	xxx
Other investments, including derivatives	xxx	xxx
Deferred tax assets	xxx	xxx
Non-current assets	**xxx**	**xxx**

Goodwill

Will need to be presented separately from other intangible assets on face of balance sheet



Classification of interest and dividend cash flows

Eliminates classification options for **interest and dividend** cash flows for many* entities:

Corporates under AASB 18	
Interest paid	Financing
Interest received	Investing
Dividend received	Investing
Dividend paid	Financing

*depends on main business activity

Additional EPS disclosure

Permitted to provide additional AASB-18-subtotal- or MPM-per-share information in the notes:

Underlying EBITDA per share		
Basic Underlying EBITDA	$x.x	$x.x
Diluted Underlying EBITDA	$x.x	$x.x

AASB 18 - Presentation and Disclosures in Financial Statements

Profit & Loss Statement

- 3 categories – main business activities
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- New note – P&L measures only
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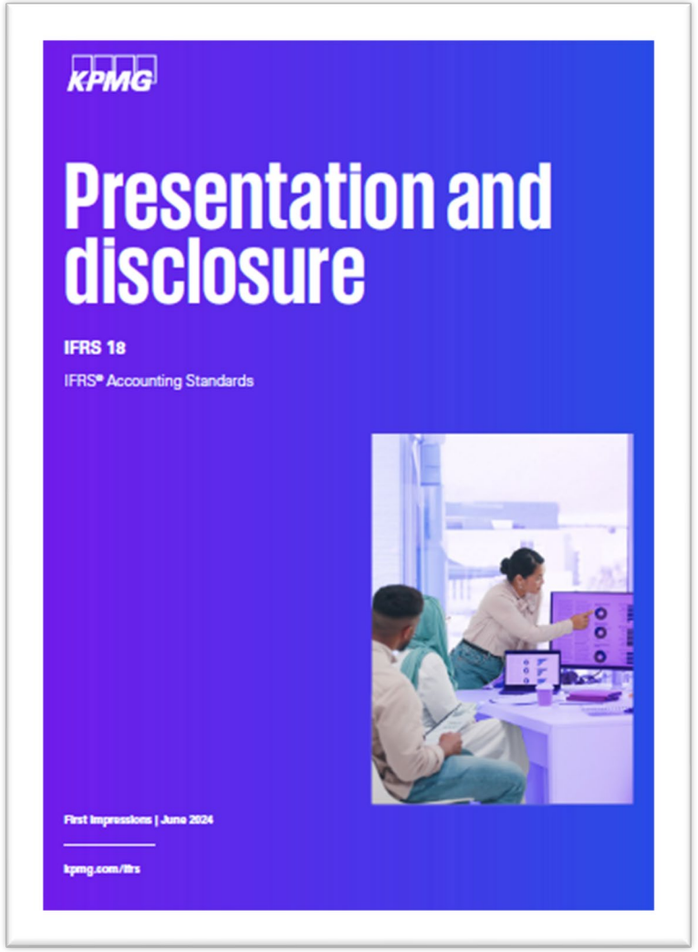


Likely frequency across entities:

High Medium Low

IFRIC agenda decisions

Final

- **Disclosure of revenues and expenses for reportable segments (IFRS 8)** [approved July 2024]
- **Classification of cash flows related to variation margin calls on 'collateralised-to-market' contracts (IAS 7)** [approved January 2025]
- **Recognition of intangible assets resulting from climate-related commitments (IAS 38)** [finalised March 2025]
- **Recognition of revenue from tuition fees (IFRS 15)** [finalised March 2025]
- **Guarantee issued on obligations of other entities (IFRS 9)** [finalised March 2025]

Tentative

- Assessing indicators of hyperinflationary economies (IAS 29)

Upcoming IFRIC meetings

- 25-26 June 2025
- 16-17 Sept 2025
- 25-26 November 2025

ASIC updated focus areas for **30 June 2025** expected May/June 2025. Watch this space!

ASIC Focus Areas

Enduring focus areas

Asset values

- Impairment of non-financial assets
- Values of property assets
- Expected credit losses (ECLs) on loans and receivables
- Financial asset classification
- **Value of other assets**

Provisions

- Onerous contracts
- Make good provisions
- Mine site restoration
- Financial guarantees
- Restructuring

Events occurring after the reporting date

- Conditions as at the date of finalising the audit report
- Expectations of future events
- New conditions requiring disclosure

Disclosures in financial report and OFR

- Financial report: Uncertainties and current / non-current classification
- Operating and Financial Review (OFR): material business risks
- Non-IFRS information
- Disclosures in half-year reports

Particular focus areas

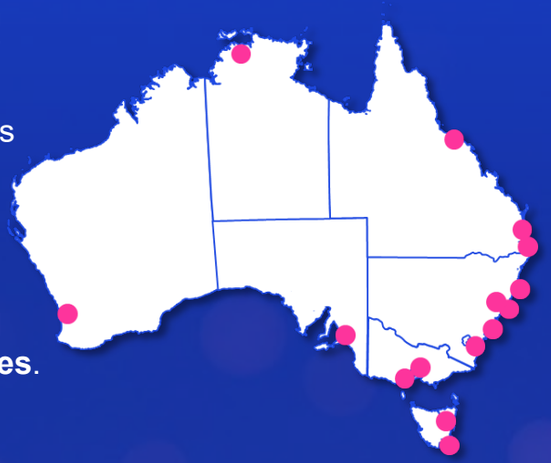
- ‘Grandfathered’ large proprietary companies
- Registrable superannuation entities

Topical reminders

- Climate-related financial disclosures
- Auditor independence
- Consolidated entity disclosure statement (CEDS)

Enterprise Reporting & Advisory Services ("ERAS") – Who are we?

Our diverse team offers a wealth of professional experience across Australia, specializing in **external audit, technical accounting, and reporting services**.



Our Services

- **Real-time accounting advice and related support**
- **Structuring transactions to achieve commercial and accounting objectives**
- **Short-term / medium-term secondments**
- **Focused sessions / trainings / workshops**
- **Assistance on preparation of accounting policies / manuals for clarity and compliance**
- **Compilation of FS using edge-cutting tool**

** Services to audit clients subject to independence clearance*

Right size fit

- ✓ We understand mid-market business, operating environment and commerciality
- ✓ We bring the best people in combination with a range of specialist teams

Value-driven

- Leverage our expertise to address your unique challenges
- Providing solutions that are tailored to your needs and driven by value!

On-call for you...

- Designed to help you with challenges, with our diversified expertise
- Less of an administrative burden by supporting on an ad-hoc basis

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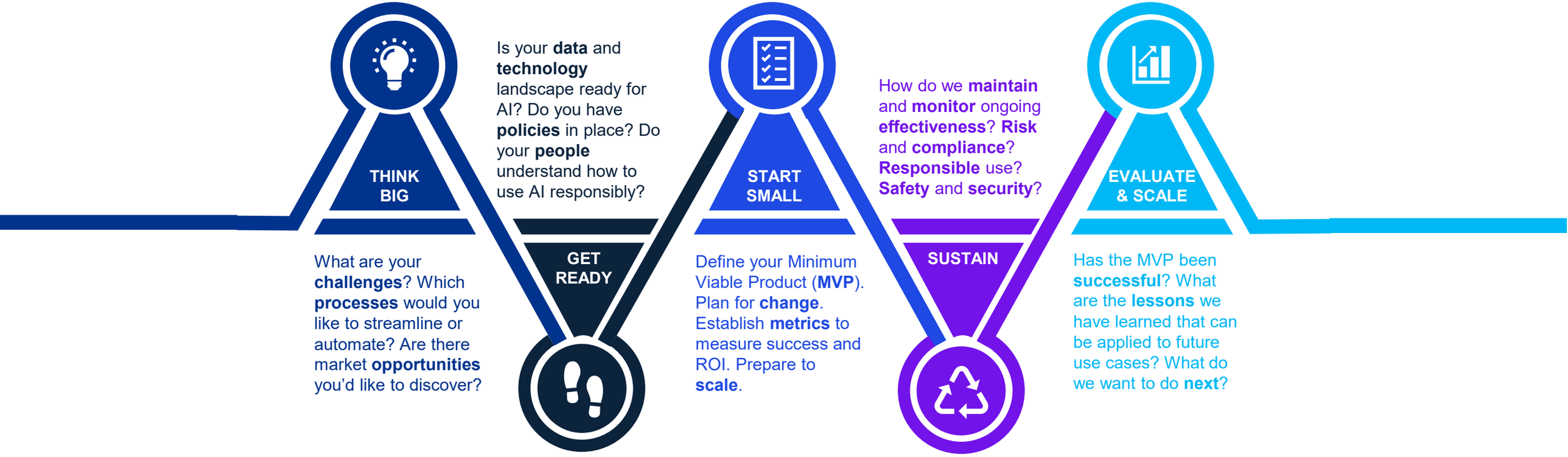
Artificial Intelligence KPMG – Trinity McNicol

KPMG

AI: Redefining what's possible

A key limitation of AI solutions today is our imagination



AI use cases for your financial group

Automated Data Collection

AI agents can automate the collection of financial data, reducing manual errors and saving time for finance teams.

Real-Time Insights

Real-time insights from AI-powered financial reporting offer accurate, actionable information for better decision-making.

Trend Forecasting

AI can forecast financial trends, helping businesses plan and adapt to future market conditions effectively.

Compliance Assurance

AI ensures compliance with financial regulations, reducing the risk of errors and legal issues.

How can we help?

We have a team of specialists who can support you in your journey implementing AI – from advising on strategy, policy, use case identification and development, data readiness, implementing cloud infrastructure foundations, and AI tool deployment.

DATA

We provide end-to-end data & analytics technical solutions for clients including data platform implementation, data governance tooling, use case development, and data engineering. This ensures your data is ready to use for AI – findable but secure, of high quality, and with the associated context to support its use.

CLOUD

We enable clients to harness innovative technologies—such as AI, data analytics, and automation—on reliable cloud foundations built for long-term growth and transformation. We design, build, and optimise secure, scalable, and future-ready environments.

MODERN WORK

We deliver smarter, faster, and more connected ways to work by improving productivity, implementing and advising on Microsoft 365 technology, designing end-user architectures and patterns, enabling and deploying AI, and automating business workflows.

AI READINESS

We equip people, processes, and technology to deploy and use AI effectively. We support organisations in AI readiness, strategy development and review, responsible AI governance framework development and review, AI training, risk and compliance reviews, and acceptable use frameworks.

DIGITAL PLATFORMS

We design and deliver digital solutions that are scalable, modular, and built for the future. We help businesses move faster and respond to change by combining traditional full-stack development with modern approaches like low-code platforms, automation, cloud-native technologies and AI.

Questions?

Thank you, Please stay in touch

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