ANNUAL REPORT

For the year ended 30 June 2022

DIVERGER LIMITED

ABN 48 111 695 357

CORPORATE DIRECTORY

Directors	
Peter Brook	Chairman (appointed 17 March 2022), Non-executive Director (appointed 20 December 2021)
Nathan Jacobsen	Managing Director
Grahame Evans	Non-executive Director (Executive Director up until 30 June 2022)
Carl Scarcella	Non-executive Director
Anthony McDonald	Non-executive Director
Kevin White	Chairman (resigned 17 March 2022)
Greg Hayes	Non-executive Director (resigned 26 August 2021)

Joint Company Secretaries

Mark Licciardo
Mertons Corporate Services Pty Ltd
Level 7, 330 Collins Street
MELBOURNE VIC 3000

Michael Harris
Chief Financial Officer and Joint Company Secretary
Diverger Limited

Principal registered office in Australia

Level 7, 115 Pitt Street SYDNEY NSW 2000

Communications	
Telephone:	1300 655 695
Mail:	Level 7, 115 Pitt Street SYDNEY NSW 2000
Email:	info@diverger.com.au

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Shareholder Enquiries: 1300 554 474

Shareholders requiring clarification of holdings or requesting changes of name or address should contact Link Market Services Limited directly on the above number, or email registrars@linkmarketservices.com.au.

Bankers	Auditors	Legal Advisers
Westpac Banking Corporation 360 Collins Street MELBOURNE VIC 3000	BDO Audit Pty Ltd Level 11, 1 Margaret Street SYDNEY NSW 2000	Colin Biggers & Paisley Level 42, 2 Park Street SYDNEY NSW 2000

Annual General Meeting

Diverger Limited’s Annual General Meeting will be held at 11.30am (Sydney time) on 11 November 2022 at Rooms 5-8, Level 11/1 Margaret Street, Sydney, NSW, 2000. The AGM will be held in hybrid format whereby there will be a choice to attend in person or via virtual link that will be provided with the Notice of AGM. The Notice of AGM and related Proxy Form will be available on the Company’s website on or before 7 October 2022.

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CHAIRMAN AND MANAGING DIRECTOR'S REPORT

The Year in Review

Dear Shareholders,

On behalf of the directors, we are pleased to present you the 2022 Annual Report for Diverger Limited (Diverger or the Company).

We are pleased to report that the refocussed efforts of the Diverger team has delivered strong results over the financial year to 30 June 2022. In particular we want to draw your attention to:

FINANCIAL HIGHLIGHTS:

- Underlying Profit (normalised EBITA) from continuing operations up 11% to $7.06m (2021: $6.38m)
- Increased Net Revenue by 9% to $30.15m (2021: $27.71m)
- Statutory EBITA up 18% to $6.56m, with strong alignment to cash generated from operations
- Net Profit After Tax up 26% to $3.75m (2021: $2.98m)
- Materially improved return to shareholders, with Earnings Per Share up 35% to 9.47 cents and Return on Equity up 45% to 9.4%, the latter more than doubled in two years
- Capacity to invest in the growth strategy, with $2.5m net cash after investing $3+m of capital

These results have been achieved in a competitive operating environment and while progressing our strategic agenda, which this year included acquiring full ownership of a key profit contributing subsidiary, our first adviser equity investment for practice growth, a company rebrand and corporate entity rationalisation, investment into technology capabilities and launch of four new services to our target market of financial advice and accounting firms.

Diverger believes that there is a significant growth opportunity in its market where the demand for financial advice remains under serviced, primarily through adviser population constraints and cost to serve. A core plank of our strategy is to provide solutions to these issues. In addition to our methodical execution of the strategy, Diverger looks to assess and act on opportunities to accelerate growth and take advantage of market dynamics. In this light Diverger submitted a Non Binding Indicative Offer predicated on several assumptions, for the full acquisition of Centrepoint Alliance Limited, which would have resulted in a very significant and commanding position in the market. The proposal was through a scheme of arrangement, a co-operative means to consolidation. To facilitate that process we obtained support from a major Centrepoint shareholder and an interest in 19.99% of Centrepoint through a call option. Diverger saw the opportunity to have a commanding position in our section of the market which would facilitate the growth in services provided, scale efficiencies and margins. At the time of writing, the Board of Centrepoint has rebuffed our proposal. This outcome does not diminish Diverger's desire for growth both organically and through acquisition where the targeted medium to long term returns to shareholders are compelling. In that regard the Diverger Board has introduced a Capital Management Plan to guide the consideration of development opportunities and its capital deployment.

During the past financial year, Diverger has continued to invest in its proposition, adding a number of internal resources to provide additional capabilities including HR and finance support, staff training and enhanced incentive and retention schemes. The same approach has been taken to the expansion of services which has seen the launch of the Knowledge Shop education platform in the advice market and the launch of a governance offer to self-licensed practices.

Customer service sits at the heart of our strategic intent to be a market-leading provider of services to advisers across wealth and accounting. Our focus is to ensure that Diverger is a relevant part of the industry. Through our strategic technology relationships and expanding services and capabilities, we are focused on developing innovative technology and data solutions to enhance Diverger's efficient delivery of cost-effective solutions and services to advisers, accountants and their clients.

CHAIRMAN AND MANAGING DIRECTOR'S REPORT (continued)

Moving forward we expect ongoing strong support from our collective of advice networks as we work to demonstrate value to advisers and to bring to them innovative market solutions to remain competitive amidst ongoing industry transformation. This value was recently recognised through an independent survey of Adviser satisfaction by CoreData research, with advisers in GPS Wealth reporting satisfaction above the industry average and a net promoter score of 30, well above the industry average of 20.

The year to June 2022, has been another year of growth for Diverger adding to a multi-year momentum of shareholder return on equity. We are pleased that our strong results and our expectations for the year ahead have allowed the Board to increase the previously announced final dividend to 3.5 cents per share, consistent with our new Capital Management Policy. Record and Payment dates for the dividend remain unchanged. Going forward, we continue our strategy to extend our industry relevance through a quality, sustainable business with high recurring revenue and strong cashflow alignment to EBITDA. We are actively looking to opportunities to accelerate our strategy whilst judiciously managing our capital and returns to shareholders.

We look forward to speaking with shareholders at the Annual General Meeting and on behalf of the Directors, I would like to thank our advisers and accountants for their support as well as our talented team for their ongoing commitment to them and to Diverger.

Yours Sincerely,

Peter Brook
Chairman

Nathan Jacobsen
Managing Director

23 August 2022

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (**the Group**), consisting of Diverger Limited (**Diverger** or **the Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2022, and the audit report thereon.

DIRECTORS

The following persons were directors of the Company during the whole or part of the financial year and up to the date of this report:

- Peter Brook (appointed Chairman 17 March 2022, non-executive director 20 December 2021)
- Nathan Jacobsen
- Grahame Evans (Executive Director up until 30 June 2022)
- Carl Scarcella
- Anthony McDonald
- Kevin White (resigned as Chairman 17 March 2022)
- Greg Hayes (resigned as non-executive director 26 August 2021)

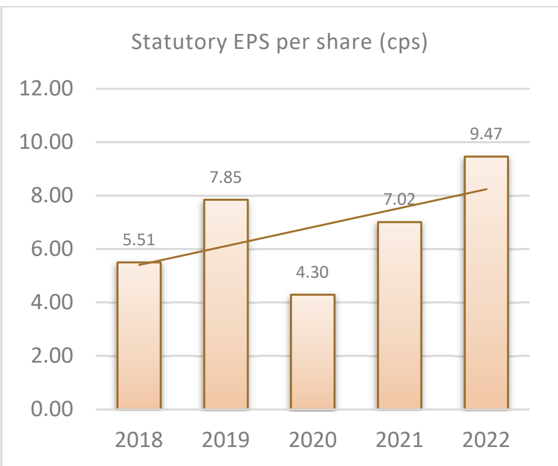
PRINCIPAL ACTIVITIES

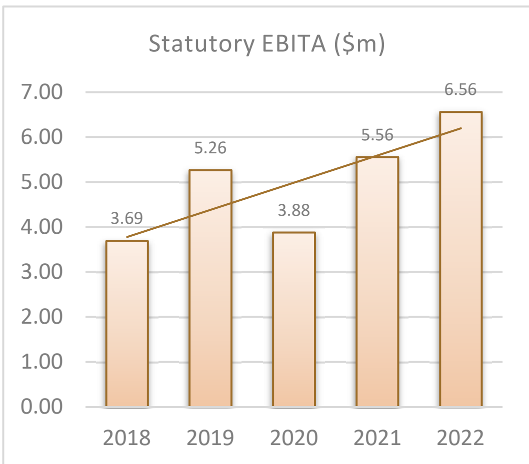
During the year, the principal continuing activity of the Group was the provision of integrated services to the Australian Accounting and Wealth market.

RESULTS AND DIVIDENDS

The statutory net profit after tax of the Group for the year ended 30 June 2022 increased by 26% to $3.75 million (2021: $2.98 million). Operating revenue from continuing operations increased to $125.04 million, up from $91.71 million in the previous year, a rise of 36%.

The directors have declared the payment of a final, fully franked dividend of 3.5 cents per share. This dividend has a record date of 13 September 2022 and is to be paid on 27 September 2022. This is in addition to a 1.5 cent interim, fully franked dividend that was paid on 26 April 2022.





DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS

The directors are of the view that the best guide to the underlying performance of the Group at an operational level is **Net Revenue** and **Normalised EBITA** or **Underlying Profit.**

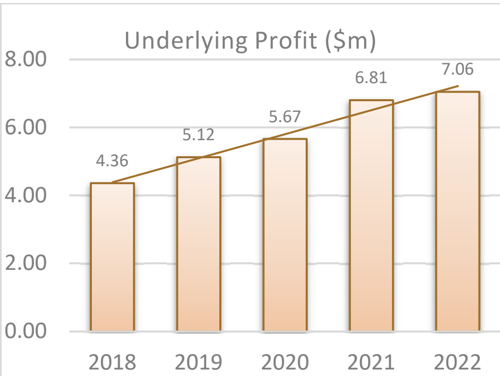
Net Revenue is defined as operating revenue from continuing operations less:

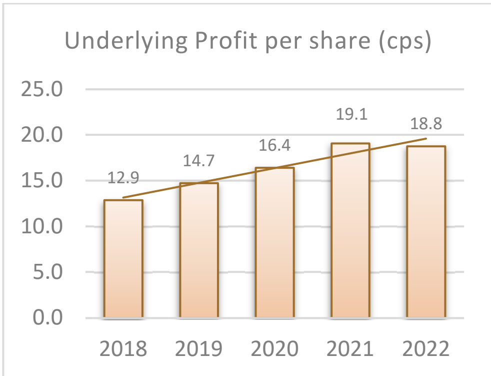
- Adviser revenue share; and
- Cost recoveries (ASIC levy and adviser systems).

Underlying Profit or **Normalised EBITA** is defined as earnings before interest, tax and amortisation (**EBITA**) excluding:

- One-off non-operational items including: (acquisition/divestment and recapitalisation costs, restructure costs, impairment charges, fair value adjustments, gains/losses on divestments and lease accounting under AASB 16 Leases); and
- Non-cash amortisation charges relating to separately identifiable intangible assets acquired under business combinations and other intangible assets.

Diverger delivered continued improvement on these two measures, with Net Revenue increasing by 9% to $30.15 million and Underlying Profit increasing by 4% to $7.06 million. This result came on the back of continued organic growth in existing businesses, operating margin improvement and a full year contribution from Paragem acquired 1 February 2021. Underlying Profit per share fell slightly to 18.8 cents per share (2021: 19.1 cents) due to an increase in shares on issue following the HUB24 transaction.





Operating revenue and Underlying Profit compared to the prior year are presented in the following table:

Financial performance	2022	2021	Increase
	($m)	($m)	(%)
Operating revenue from continuing operations	125.04	91.71	36
Net Revenue	30.15	27.71	9
Statutory net profit after tax [1]	3.75	2.98	26
Underlying Profit [2]	7.06	6.81	4

1. Statutory net profit after tax includes profit attributable to Non-controlling Interests. Profit attributable to members is $3.56m (2021: $2.50m).
2. Underlying Profit is an unaudited, non-IFRS measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Normalisation adjustments have been applied as set out in the following reconciliation between the Group's Underlying Profit and the statutory net profit after tax for the current and previous years:

	2022	2021
	$'000	$'000
Normalised EBITA from continuing operations	7,056	6,384
Normalised EBITA from discontinued operations	-	426
Normalised EBITA for the year	**7,056**	6,810
Add/(deduct) normalisation adjustments:		
Acquisition/divestment and recapitalisation costs[1]	(499)	(842)
Net loss on disposal of subsidiaries and associates	-	(12)
Impairment of intangible assets[2]	-	(528)
Reverse impact of AASB16 - Leases	3	(1)
Fair value adjustment of contingent consideration[3]	-	471
Share-based payment expense[4]	-	(338)
Statutory EBITA for the year including discontinued operations	**6,560**	5,560
Add back: EBITA loss from discontinued operations	-	90
Deduct: Amortisation	(1,046)	(968)
Net interest expense	(79)	(203)
Statutory operating profit before tax from continuing operations	**5,435**	4,479
Income tax expense	(1,686)	(1,257)
Statutory net profit after tax for the year	**3,749**	3,222
Loss from discontinued operations	-	(240)
Total comprehensive income for the year	**3,749**	2,982
Net profit attributable to Non-controlling interests	186	478
Net profit after tax attributable to members	**3,563**	2,504

1. Costs predominantly relate to M&A and some other restructure costs. In 2022, the Group incurred costs associated with structuring an NBIO to Centrepoint Alliance as well as completing investments in TaxBanter and McGregor Wealth Management. In 2021 costs were primarily associated with the HUB24 transaction and the various divestments previously disclosed which included corporate advisers, legal, independent experts, PPA valuations and specialist tax advice.
2. Impairment charge of $0.5m applied to the carrying value of Panthercorp and $28k to a client list intangible in the Wealth division.
3. Fair value adjustment for the deferred consideration of TaxBanter (2021).
4. Share-based payment expense relates to a Call Option for 1,700,000 shares granted to HUB24 in exchange for a Technology Partnership Agreement. Staff related share- based payments are not normalised.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Analysis by segment

The Group continues to service the wealth and accounting sectors through its two operating divisions, **Wealth Solutions** and **Accounting Solutions.**

Segment performance is summarised below:

Segment Result	2022	2021	Increase/ (decrease)
	($m)	($m)	(%)
Net Revenue from continuing operations			
Wealth Solutions	15.44	12.98	19
Accounting Solutions	14.71	14.73	-
	30.15	**27.71**	**9**
Underlying Profit - continuing			
Wealth Solutions	4.20	2.78	51
Accounting Solutions	5.85	5.86	-
Divisional results	**10.05**	**8.64**	**16**
Corporate overheads	(2.99)	(2.26)	(33)
Total Underlying Profit - continuing	**7.06**	**6.38**	**11**
Add - Discontinued operations	-	0.43	
Group Underlying Profit	**7.06**	**6.81**	**4**
Normalisations	(0.50)	(1.25)	
Statutory EBITA	**6.56**	**5.56**	**18**

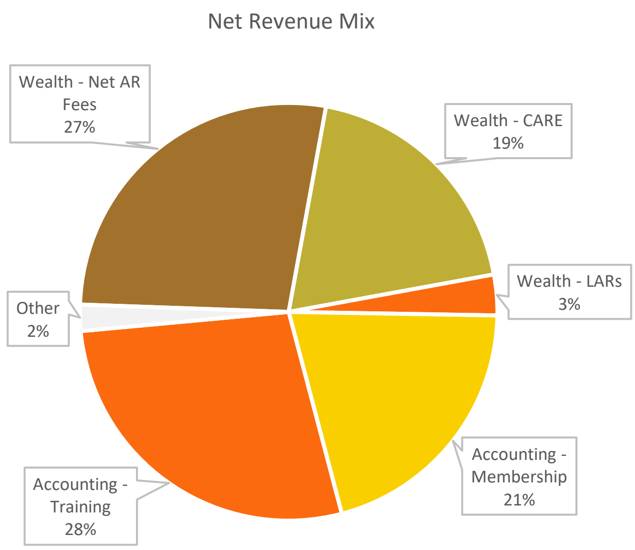
Overall, the Group's two operating divisions continued to grow Net Revenue from continuing operations, increasing by 9% to $30.15 million and Underlying Profit at a divisional level increased by 16% to $10.05 million.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The total Net Revenue composition of the Group illustrated below demonstrates four core revenue streams that operate across both divisions and their respective relativities. Net Revenue at a divisional level is split between the Wealth division and the Accounting division 51%/49% respectively. At a total level, 92% of Net Revenue is considered to be of recurring nature.

Operating margins (EBITA/Net Revenue) are analysed on a divisional basis with the Wealth division improving to 27%, up from 21% in the prior year and the Accounting division consistently operating at a high margin of 40%.



Commentary on the Group's two operating divisions is outlined below:

1. Wealth Solutions

The Group's Wealth Solutions division comprises the following entities during the year:

- GPS Wealth Ltd **(GPS)** - 100%
- DWA Managed Accounts Pty Ltd **(CARE)** - 100%
- Merit Wealth Pty Ltd **(MW)** - 100%
- The SMSF Expert Pty Ltd **(SMSF)** - 100%
- Paragem Pty Ltd (**Paragem**) - 100% (acquired 1 February 2021)

The Group's Wealth Solutions division provides a range of licensee and adviser services to a network of 431 advisers nationally (2021: 529). Of these advisers at balance date, there are 221 (2021: 223) full authorised representatives (ARs), and 210 (2021: 306) limited authorised representatives (LARs).

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The performance of the Wealth Solutions division is summarised below:

Wealth Solutions	2022	2021	Increase/ (decrease)
	($m)	($m)	(%)
Full adviser (**AR**) gross fees	95.89	64.14	50
Full adviser fixed licensee fees	5.77	3.52	64
Less: Adviser revenue share	(93.42)	(61.32)	(52)
AR Net Revenue	8.24	6.34	30
Limited adviser subscription revenue (**LAR**)	0.94	1.36	(31)
CARE & Other platform income	5.80	4.85	20
Other revenue	0.46	0.43	7
Net Revenue from continuing operations	**15.44**	**12.98**	**19**
Underlying Profit	**4.20**	**2.78**	**51**

Wealth Solutions achieved Net Revenue growth of 19% and Underlying Profit from continuing operations growth of 51%.

Gross fee revenue from full authorised representatives (ARs) increased by 50% to $95.89 million. This uplift in revenue reflects continued growth in adviser practices as well as the full year contribution from Paragem acquired 1 February 2021. Growth in gross fee revenue from existing adviser practices before the addition of Paragem compared to the prior year was 17% which reflects an increasing opportunity to continue to support these practices with ongoing and additional services.

Net Revenue from ARs, (which is calculated as fixed licensee fees charged, plus AR gross fees less AR revenue share), increased by 30% to $8.24 million. This result was partially driven by the full year benefit of Paragem, however in addition the division has continued to improve the average Net Revenue per AR metric which has increased by 15% to $37k per adviser.

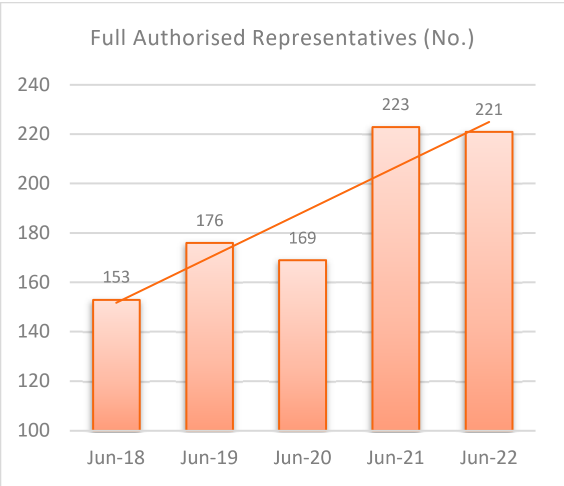
Subscription revenue from Limited Authorised Representatives (LARs) fell by 31% to $0.94 million in line with a 31% decrease in the number of LARs on license to 210 at 30 June 2022 (2021: 306). This reduction in LARs is principally a result of accountants reassessing their positions in light of the statutory education requirement to pass the Financial Adviser exam regulated by ASIC by 31 December 2021. Now that the main deadline for this education requirement has passed, the attrition rate for the number of LARs on license is stabilising. LAR revenue forms 3% of total Group Net Revenue and therefore the impact of this decline is relatively minor.

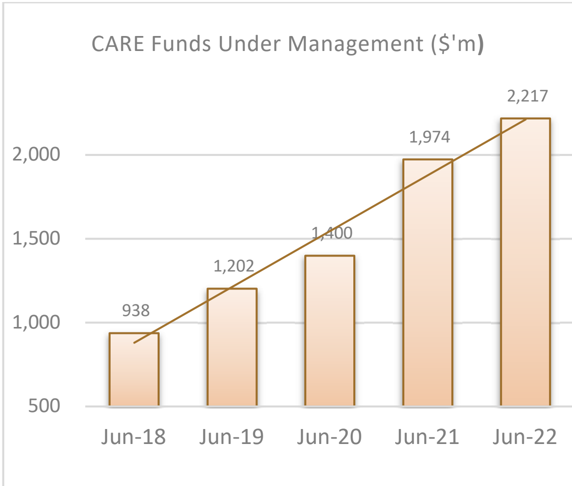
The Group's CARE investment philosophy, delivered though a portfolio of Managed Accounts, continued to grow with funds under management (FUM) at 30 June 2022 of $2.22 billion, up 13%. Revenue generated by CARE increased by 20% to $5.80 million. The portfolios continued to receive strong cash inflows over the year however negative market movements in the 4th quarter of the year impacted the closing FUM balance. Subsequent to balance date, the decline in FUM in the 4th quarter has reversed with continued cash inflows and positive market movements.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Comparative information on the division's core revenue drivers is illustrated below:





2. Accounting Solutions

The Group's Accounting Solutions division comprises the following entities during the year:

- Knowledge Shop Pty Ltd (**Knowledge Shop or KS**) - 100%
- Tax Bytes Pty Ltd **(Taxbytes)** - 100% (previously 65% up to 15 February 2021)
- TaxBanter Pty Ltd (**TaxBanter or TBR**) - 100% (previously 60% up to 31 January 2022)

Divested in prior year

- Panthercorp CST Pty Ltd (**Panthercorp or PC**) - 100% (divested 1 February 2021)
- Law Central Co. Pty Ltd (**Law Central or LC**) - 60.2% (divested 14 December 2020)
- Hayes Knight NSW Pty Ltd (**HKNSW**) - 33.3% (divested 8 October 2020)

The Group's Accounting Solutions division provides a range of support services to accounting and wealth firms, including online technical support through a subscription service and training delivered by online and face to face formats.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The performance of the Accounting Solutions segment is summarised below:

Accounting Solutions	2022	2021	Increase/ (decrease)
	($m)	($m)	(%)
Membership subscription revenue	6.22	5.53	13
Training revenue	8.32	8.65	(4)
Other revenue	0.17	0.55[1]	(69)
Net Revenue from continuing operations	**14.71**	**14.73**	**-**
Underlying Profit from continuing operations	5.85	5.86	-
Discontinued operations[2]	-	0.43[2]	
Segment result - Underlying Profit	**5.85**	**6.29**	**(7)**

1. Includes $0.37m in Federal Government stimulus
2. Law Central divestment completed 14 December 2020 and Panthercorp divestment completed 1 February 2021.

The division performed within expectations for the year with both Net Revenue and Underlying Profit from continuing operations maintained compared to a strong prior year. This result is explained more generally by a one-off spike in revenue in the prior year, rather than flat performance, as outlined below.

Membership subscription revenue from Knowledge Shop continued to increase, up by 13% to $6.22 million in line with the continued growth in the number of members to 1,346, up 6% compared to the prior year.

Training continued to be delivered primarily in online format as COVID-19 disrupted a planned return to face-to-face events. Whilst the division has been successful in transitioning the majority of its training programs to a higher margin online format, revenues from inhouse training (a format in which TaxBanter specialises) remained affected, albeit with some improvement in the second half of the year. Training revenue fell by 4% to $8.32 million compared to the prior year however as noted above the prior year revenue was unusually high, having benefited from the extraordinarily high demand for Knowledge Shop's online seminars run to explain the Federal Government's stimulus package and related topics.

Underlying Profit from continuing operations was maintained compared to the prior year which is aligned to the Net Revenue results.

It should be noted that the prior year included a one-off $0.37 million stimulus package received by TaxBanter, which allowed it to continue operating with a full staff complement notwithstanding its inability to conduct face-to-face training during the COVID-19 lockdowns. Excluding the one-off receipt of the stimulus package in the prior year, Net Revenue from continuing operations increased by 3% and Underlying Profit from continuing operations increased by 7%, which was largely driven by the continued strong membership growth in Knowledge Shop.

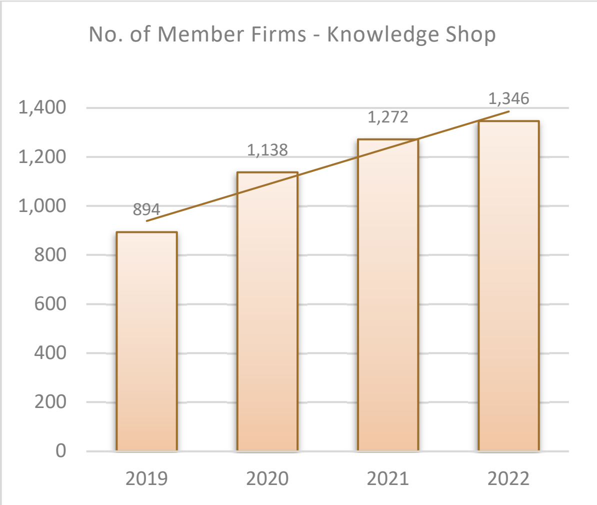
Recurring revenue profile

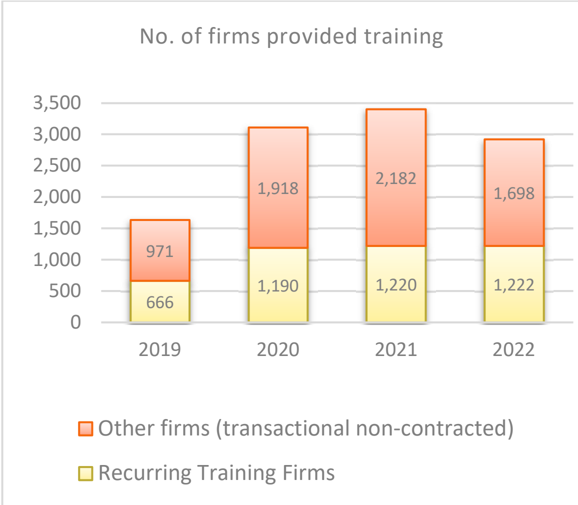
The majority of the division's Net Revenue is recurring in nature. The Accounting Solutions division engages with circa 3,500 accounting firms annually. A large number of these firms are either Knowledge Shop members or firms that engage on an annual inhouse training program and collectively make up 88% of the division's Net Revenue. The remaining 12% of Net Revenue is derived from accounting firms that may be repeat customers but engage on an ad hoc transactional basis which is training topic driven.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The tables below demonstrate a growing number of accounting firms with whom the division engages on a recurring basis:





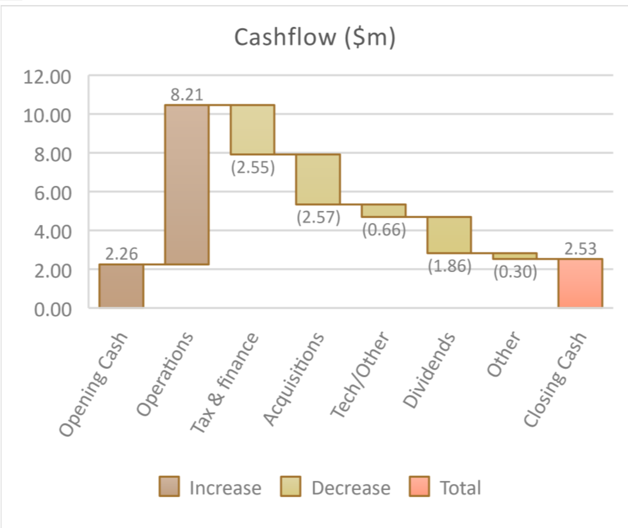
1. Recurring training firms in the above right-hand table includes 781 Knowledge Shop members who took up training in 2022 who are considered recurring training customers. The balance of recurring firms are those firms that continue to engage via recurring inhouse training programs.

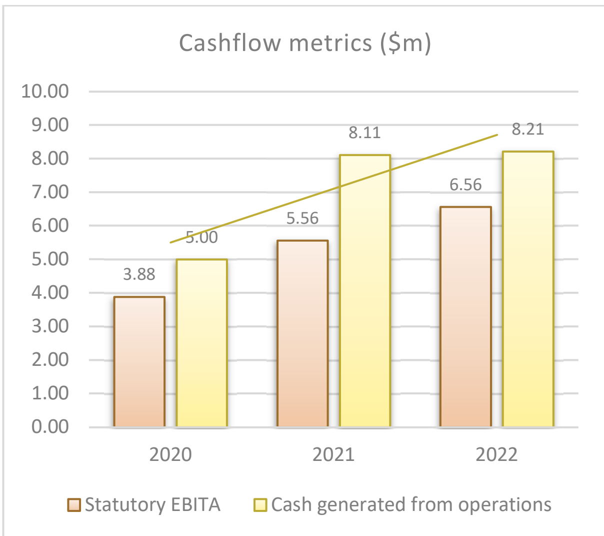
Discontinued operations – Accounting Solutions

Underlying Profit from discontinued operations of $0.43 million in the prior year relates to part year contributions from Law Central and Panthercorp, divested 16 December 2020 and 1 February 2021 respectively.

Cashflow and capital management

During the year, the Group maintained its strong financial position, with positive cash reserves of $2.53 million (2021: $2.26 million). Cash generated over the year was reinvested into growth investments and returns to shareholders, as illustrated below:





DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Cash generated from operations increased by 9% to $8.21 million, while Net cash inflow from operating activities fell by 10% due to the timing of tax payments. Included in this result was the loss of cashflow from discontinued operations of $0.50 million in the prior year. The Group maintains a strong alignment of operating cashflows to earnings, with very low credit risk as most income streams are cash settled in advance or as services are delivered.

Net cash outflows from investing activities during the year were $3.23 million comprising:

- On 31 January 2022, the Group acquired the remaining 40% equity interest in TaxBanter for $2.89 million;
- On 1 February 2022, the Group received final deferred settlement proceeds for Panthercorp of $0.45 million;
- A call option fee of $0.13 million was paid to TIGA Trading Pty Ltd and Thorney Holdings Proprietary Limited (**Thorney**) for a Call Option over 19.99% of Centrepoint Alliance share capital; and
- Investments of $0.66 million in intangible assets, primarily relating to technology.

Total dividends paid through the year were $1.86 million which included a final dividend of $0.94 million for the 2021 financial year and a 2022 interim dividend of $0.56 million to members as well as $0.36 million to non-controlling interests.

Non-binding Indicative Offer to Centrepoint Alliance Limited

On 23 June 2022, the Company entered into a call option deed with Thorney over 19.99% of the ordinary shares in Centrepoint Alliance Limited (**CAF or Centrepoint Alliance**).

At the same time, a Non-Binding Indicative Offer was submitted to the Board of Centrepoint Alliance to acquire all of the shares for a combination of cash and Diverger shares valued at $0.325 per CAF share OR circa $64 million, by way of a Scheme of Arrangement (**Indicative Proposal**) and based on certain assumptions.

Directors believed the Indicative Proposal provided compelling benefits of a combined group that includes:

- A significantly strengthened market leading position with greater operational scale with services being provided to an advisor footprint of more than 1,400 advisors post completion;
- An expansion of core client services utilising the skill and expertise of both Diverger's and Centrepoint Alliance's existing operations team and combined product offerings;
- A platform for enhanced market liquidity for both organisations; and
- A shared ability to leverage the technology capability and learnings from Diverger's technology partnerships.

Since submitting the Indicative Proposal, the Company had initiated a number of discussions with the Directors of Centrepoint Alliance and had also made additional written submissions and presentations to Centrepoint Alliance to explain the assumptions upon which the Indicative Proposal was based, the structure of the proposal and responded to queries raised by Centrepoint Alliance. Diverger understood from these discussions that some of the assumptions upon which it based the Indicative Proposal may be unlikely to be achieved. Diverger highlighted to Centrepoint Alliance that while that may not necessarily have prevented a transaction from proceeding on the terms outlined in the Indicative Proposal, it did reinforce the necessity for Diverger to have access to due diligence to confirm its operational and value calculations.

Centrepoint Alliance did not provide access to due diligence and on 8 August 2022, Centrepoint Alliance made an announcement to the ASX that effectively rebuffed the Indicative Proposal.

Directors continue to believe there are compelling benefits to both Diverger and Centrepoint Alliance shareholders and adviser stakeholders in combining the two entities to create a market leading advisor business with greater operational scale, expanded service offering and enhanced market liquidity.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Outlook

It is expected into the 2023 financial year that the Group's core business lines will continue with momentum in Knowledge Shop membership, CARE, Net AR Fees and a returning growth in the training business post COVID lockdowns. This growth will translate to sustained growth in earnings, albeit planned investments into further growth and capability as well as cost inflation are expected to leave EBITA margin largely flat year on year.

In addition, it is expected that the emerging services that were launched in the current year, including:

- Adviser practice equity investments;
- Knowledge Shop education platform into the adviser market;
- Governance offer to the self license market; and
- Back-office offshoring service;

will continue to build and make positive earnings contributions.

Diverger will carefully deploy capital in accordance with its Capital Management Policy which seeks to maintain an appropriate capital structure that enables Diverger to balance the allocation of capital between investing for growth and sustainable returns to shareholders while maintaining financial stability.

Significant changes in the state of affairs

Other than matters disclosed elsewhere, there were no significant changes in the state of affairs of the Group.

Events since the end of the financial year

On 1 July 2022, the Group acquired a 35% equity interest in a leading financial planning practice, McGregor Wealth Management Pty Ltd (**MWM**) which is licensed through GPS Wealth Ltd (AFSL 254 544), also a wholly owned subsidiary of the Group. Purchase consideration for MWM consists of an initial cash consideration of $0.74 million, followed by deferred consideration up to $0.56 million during the first 18 months, subject to agreed earnings targets. Expected Earnings Before Interest, Tax and Amortisation (EBITA) contribution from MWM is based on a run rate EBITA of $0.70 million per annum for which the Group's share is expected to be $0.25 million on an equity accounted basis.

Likely developments and expected results

The Group will continue to pursue its operating strategy to create shareholder value by way of organic growth and acquisition opportunities. Further commentary on the Group's strategic direction and plan is set out in the Chairman and Managing Director's Report.

Environmental regulation

The Group's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The following information is current as at the date of this report.

Peter Brook – Chairman Appointed 17 March 2022, Non-executive director appointed 20 December 2021.		
Experience and expertise	Peter has over 40 years' experience with senior management roles across diverse and complex organisations within financial services. Peter was a Senior Partner in Grant Thornton and became the National Chairman of the Insolvency and Recovery practice. He later moved into senior executive roles working for MLC and Challenger in Asset Management and Life Insurance and as an executive director of 4 ASX listed asset management funds. Peter moved onto ASX listed Alinta Energy where he was an Executive Director and Chief Financial Officer working on the separation from the Babcock and Brown stable and its ultimate privatisation. Peter was the Managing Director of Pillar Administration for 4 years until it was sold by the New South Wales Government. Over that time, he shepherded the organisation through the changes needed by frequent and significant changes to the superannuation laws and regulations, the rationalisation of multiple operating member platforms to drive greater efficiency and quality, to respond to the digitisation of regulatory reporting, data and funds transfers and member self service. Pillar administered around $120billion of superannuation for clients such as Aware Super, State Super and Commonwealth Super. Most recently Peter was the Chair of ASX listed Xplore Wealth Limited before its sale to HUB24.	
Other current directorships	None	
Former directorships in last 3 years	Xplore Wealth Limited	
Special responsibilities	Member of Audit and Risk Committee Member of the Nomination & Remuneration Committee	
Interests in shares, options and rights	Ordinary shares - Diverger Limited	30,000
	Offered - Diverger Limited Performance Rights (subject to shareholder approval)	150,000

Carl Scarcella B.Com, FCPA - Non-executive Director. Appointed 15 May 2014.		
Experience and expertise	Carl joined the financial services industry in 1987. In 2000, Carl was one of the foundation managers of Snowball Group Limited, a listed independent advice business which provided financial services including financial planning, accounting and tax, portfolio management and portfolio administration. Carl was Chief Operating Officer and Company Secretary of Snowball from inception through to its merger with the Shadforth Group in 2011 to become SFG Australia Limited. Following his departure from SFG in 2012, Carl co-founded T&C Consulting Services, a firm which provided advice on growth strategies, governance frameworks, infrastructure solutions and M&A support.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Audit and Risk Committee Member of the Nomination & Remuneration Committee Chair Risk and Compliance Sub-Committee	
Interests in shares, options and rights	Ordinary shares – Diverger Limited	183,333
	Performance rights – Diverger Limited	100,000

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Grahame Evans, MBA, Dip SM, GAICD – Non-executive Director.
Appointed 24 August 2017, previously Executive Director up until 30 June 2022.

Experience and expertise	Grahame has been extensively involved with the financial services industry for over 30 years. He has held a variety of board positions including Chairman of Australian, Canadian, Singaporean & Chinese investment & advice businesses and also as a director of Malaysian and New Zealand companies. He is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management. Grahame's executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepoint Wealth.	
Other current directorships	Deputy Chairman & NED of DomaCom Limited	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares, options and rights	Ordinary shares – Diverger Limited	668,513
	Performance Rights – Diverger Limited	100,000

Nathan Jacobsen B.Sc, MBS - Managing Director. Appointed 1 February 2021.

Experience and expertise	Nathan is a senior executive with 16 years' experience in wealth management organisations, where his key focus has been on market strategy, M&A, business development, technology, operations and organisational transformation. Nathan's previous roles have included Managing Director of Paragem, Group Executive Advice & Technology Solutions at HUB24 and various General Manager roles at Perpetual Private. Prior to joining the financial services industry, Nathan worked in strategy and management consulting, as well as serving as an officer in the Australian Navy.	
Other current directorships	None	
Former directorships in last 3 years	Managing Director of Paragem Pty Ltd	
Special responsibilities	Managing Director	
Interests in shares, options and rights	Ordinary shares – Diverger Limited	45,000
	Performance rights – Diverger Limited	360,066

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Anthony (Tony) McDonald B.Comm LLB - Non-executive Director. Appointed 1 February 2021.		
Experience and expertise	Tony co-founded financial planning firm Snowball Group Limited in 2000, which merged with Shadforth in 2011 to become ASX-listed SFG Australia Limited. Tony is also a former director of The Investment Funds Association of Australia (now Financial Services Council) and currently Chairman of a leading not-for-profit organisation. As a financial services executive Tony has worked in a variety of senior roles with the Snowball Group, SFG, Jardine Fleming Holdings Limited (Hong Kong), and Pacific Mutual Australia Limited. Prior to entering the financial services industry, Tony worked as a solicitor with the two global law firms, Baker & McKenzie and Coudert Brothers. He holds a Bachelor of Laws (LLB) and a Bachelor of Commerce (Marketing) from the University of NSW.	
Other current directorships	NED of HUB24 Limited	
Former directorships in last 3 years	NED of URB Investments Ltd NED of 8IP Emerging Companies Ltd	
Special responsibilities	Chairman of the Nomination & Remuneration Committee	
Interests in shares, options and rights	Ordinary shares – Diverger Limited Performance Rights – Diverger Limited	13,333 100,000

Joint company secretaries

Mark Licciardo, B.Bus (Acc), GradDip CSP, FAICD, FGIA, FCIS - Joint Company Secretary. Appointed 6 December 2011. Mark is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia's Listed Services Division. He is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors. He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies. During his executive career, Mark held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX:100 companies Transurban Group and Australian Foundation Investment Company Limited. Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governace Institute, the Governance Institute of Australia and the Australian Institute of Company Directors.

Michael Harris – Chief Financial Officer & Joint Company Secretary. Appointed to Joint Company Secretary 1 December 2020. Appointed Chief Financial Officer 27 January 2015.

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Peter Brook[1]	10	10	2	2	-	-
Nathan Jacobsen	17	16	5*	5*	3*	3*
Grahame Evans	17	17	5*	5*	-	-
Carl Scarcella	17	17	5	5	5	5
Anthony McDonald	17	16	-	-	5	5
Kevin White[2]	9	9	5	5	2	2
Greg Hayes[3]	2	2	2	2	-	-

1. Appointed as Chairman 17 March 2022, Non-executive director 20 December 2021
2. Resigned 17 March 2022
3. Resigned 26 August 2021

*In attendance ex-officio.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company's Audit and Risk Committee members are:

- Carl Scarcella - Chairman
- Peter Brook
- Kevin White (resigned 17 March 2022)
- Greg Hayes (resigned 26 August 2021)

At the date of this report, the Company's Nomination & Remuneration Committee members are:

- Anthony McDonald – Chairman
- Carl Scarcella
- Peter Brook
- Kevin White (resigned 17 March 2022)

DIRECTORS' REPORT (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into deeds of access, insurance and indemnity with each director and officer which contain rights of access to certain books and records of the Group for a period of ten years after the director and officer ceases to hold office. This 10-year period can be extended where certain proceedings or investigations commence before the 10-year period expires.

In respect of the indemnity of the directors and officers, the Company is required, pursuant to the constitution, to indemnify all directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, the Company indemnifies parties against all liabilities to another person that may arise from their position as a director or an officer of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

In respect of insurance being obtained on behalf of the directors and officers, the Company may arrange and maintain directors' and officers' insurance for its directors and officers to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must obtain such insurance during each director's and officer's period of office and for a period of ten years after a director or an officer ceases to hold office. This 10-year period can be extended where certain proceedings or investigations commence before the 10-year period expires.

Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contracts of insurance.

SHARES UNDER OPTION AND UNISSUED SHARES

As at the date of this report, no options were granted to the directors of the Company or other key management personnel of the Group during, or since the end of the financial year.

On 1 February 2021, the Company issued 1,700,000 options over ordinary shares to HUB24 at an exercise price of $1.20 per ordinary share which expire 1 February 2024 as consideration for entering into the technology partnership agreement. These options remain unexercised at balance date.

On 18 November 2021, at the Company's Annual General Meeting, shareholders approved the Company's Incentive Plan (Plan). Following approval of the Plan, the Company issued 1,145,066 performance rights, of which 860,066 were issued to Key Management Personnel and 285,000 to other employees.

On 1 July 2022, the Company offered Peter Brook 150,000 performance rights over Company ordinary shares which are subject to shareholder approval at the Company's Annual General Meeting to be held on 11 November 2022.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

There were no amounts paid or payable to the auditor (BDO) for non-audit services provided during both the current and prior year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Diverger Limited is responsible for corporate governance. The Board has prepared the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Diverger website at www.diverger.com.au under the Investors section.

ROUNDING OF AMOUNTS

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in financial/directors' reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest one million or one dollar (where indicated).

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED)

The directors are pleased to present the Group's 2022 remuneration report which sets out the remuneration information for the Company's non-executive directors, executive directors and other key management personnel (KMP) of the Group.

The report contains the following sections:

a. Details of KMP disclosed in this report
b. Remuneration governance
c. Executive remuneration policy and framework
d. Relationship between remuneration and Group performance
e. Non-executive director remuneration policy
f. Voting and comments made at the Company's 2021 Annual General Meeting (AGM)
g. Details of remuneration of KMP
h. Service agreements
i. Details of Incentive Plan
j. Details of share-based compensation
k. Equity instruments held by KMP
l. Other transactions with KMP

(a) Details of KMP disclosed in this report

The following persons acted as KMP of the Company and the Group during or since the end of the financial year.

(i) Non-executive and Executive Directors

Peter Brook	Chairman (appointed Chairman 17 March 2022 and Non-executive Director 20 December 2021)
Nathan Jacobsen	Managing Director
Grahame Evans	Non-executive Director (Executive Director to 30 June 2022)
Carl Scarcella	Non-executive Director
Anthony McDonald	Non-executive Director
Kevin White	Chairman (resigned 17 March 2022)
Greg Hayes	Non-executive Director (resigned 26 August 2021)

(ii) Other KMP

Michael Harris	Chief Financial Officer
Lisa Armstrong	Managing Director of Knowledge Shop Pty Ltd

(iii) Changes since the end of the reporting period

Grahame Evans has changed his position from Executive Director to Non-executive Director.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(b) Remuneration governance

The Nomination & Remuneration Committee (**NRC**) is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- The over-arching executive remuneration framework;
- Operation of the incentive plans for executive directors and senior executives, including key performance indicators (**KPIs**) and performance hurdles;
- Remuneration levels of executives; and
- Non-executive director fees.

The Committee's objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

(c) Executive remuneration policy and framework

Remuneration policy

The policy for determining the nature and amount of remuneration of KMP is agreed by the Board of Directors as a whole on advice from the NRC. The Board obtains professional advice where necessary to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance the performance of the Group through their contributions and leadership. The NRC makes specific recommendations on the remuneration package and other terms of employment for the Managing Director and other KMP having regard to performance, relevant comparative information, and if appropriate, independent expert advice.

For KMP, the Group can provide a remuneration package that incorporates both cash-based remuneration and, if appropriate, share-based remuneration. The contracts for service between the Group and KMP are on a continuing basis, the terms of which are to align executive performance-based remuneration with Group objectives. The remuneration policy is directly related to Group performance. The qualitative and quantitative criteria on which remuneration is based are set by the NRC and those objectives are consistent with the Group's strategic objectives and are linked to the at-risk component of the executives' remuneration as applicable.

The Board has the discretion under the Incentive Plan to offer and issue any (or any combination) of the following kinds of awards to eligible employees including executive directors:

- Options – rights to be issued ordinary shares in the Company upon the payment of an exercise price and satisfaction of specified vesting conditions including market and non-market conditions.
- Performance rights – rights to be issued one ordinary share in the Company for every performance right for nil exercise price upon the satisfaction of specified vesting conditions.
- Deferred share awards – ordinary shares in the Company that are issued in lieu of wages, salary, director's fees or other remuneration, or by the Company in addition to remuneration or in lieu of any discretionary cash bonus or other incentive payment.
- Exempt share awards – ordinary shares in the Company issued for nil consideration or at an issue price which is at a discount to the prevailing market price. Exempt share awards issued under the Plan may not be sold until the earlier of three years after issue or cessation of employment.
- Limited recourse loan awards – ordinary shares in the Company where some or all of the issue price is funded by way of a loan from the Company.

Executive pay for 2022

For the year ending 30 June 2022, the executive pay and reward framework consisted of three components:

- Base pay and benefits, including superannuation;
- Short-term Incentives (STI); and
- Long-term Incentives (LTI).

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' reasonable discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure that executive remuneration is competitive with the market.

Combined Incentive Scheme (CIS)

On 29 July 2021, the Board resolved to cease the CIS effective 30 June 2021 and implement a STI and LTI scheme with effect from 1 July 2021.

Short-term Incentive (STI)

Payments of STI are made according to the following rules:

- The actual amount of STI to be paid will be determined by the Company in its absolute discretion by reference, inter alia, to the performance of the individual against the KPI's established by the Company following the annual performance review of the individual, conducted at the end of each financial year.
- Achievement of a KPI will result in a progressive STI payment calculation. A KPI may be partially met as determined by the Board such that a portion of that component may be credited.
- The Company agrees that it will act reasonably and in good faith in making any determination concerning the STI and the KPIs for any period during the term of the agreement.
- Where business conditions warrant a shift in focus for significant opportunities or operational requirements, the Board may adjust the KPI and STI weightings and apply discretion to overall evaluation as appropriate – in the interest of shareholders and fairness to executives.
- STI payments are made by the Company in the month following the publishing of finalised Company accounts in respect of the most recently completed financial year.
- KPIs will be based on year end audited accounts where relevant.

Long-term Incentive (LTI)

The Company's LTI scheme is operated through the Incentive Plan (Plan) approved by shareholders 18 November 2021 with an effective date of 1 July 2021. Since the Plan has taken effect, 1,145,066 performance rights have been issued to KMP and employees as well as a further 150,000 performance rights to be issued to the Chairman subject to shareholder approval at the AGM on 11 November 2022.

There are two primary vesting conditions that apply to the performance rights over a 3 year test period ending 30 June 2024 which link to the Company's growth strategy, (referred to as **PC1** and **PC2**, respectively).

PC1 – Adjusted Net Revenue growth

For the purposes of PC1:

- **Adjusted Net Revenue** is defined as the sum of Net Revenue plus the Company's share of equity-accounted Earnings Before Interest, Tax and Amortisation (**EBITA**). Part year contributions from acquisitions completed in the third year of the Testing Period are annualised at 30 June 2024; and
- **Net Revenue** is defined as the operating revenue from the Company's operations less adviser revenue share and cost recoveries (ASIC levy and adviser systems).

The Company competes in an environment where scale with appropriate margins is a key driver of business growth and profitability. Accordingly, the Board considers that at this stage of its development, a performance condition measuring the growth in Adjusted Net Revenue, as described above, over a three-year period from 1 July 2021 is an effective way to build the Company's revenue base and with it, profitability and shareholder value.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

As part of the Company's growth strategy, the Company intends to take partial equity interests in certain adviser practices subject to specific investment criteria. The acquisition of those practices is recognised in the financial statements as equity accounted investments. For the purposes of the PC1 Performance Rights, Net Revenue will be adjusted to include the Company's share of EBITA from such equity-accounted investments, resulting in the Adjusted Net Revenue criteria.

For the Testing Period, the Board has calibrated the vesting of the PC1 Performance Rights to the growth in Adjusted Net Revenue as follows:

- Zero vesting will occur if the growth in Adjusted Net Revenue is below a minimum level of 100% over three years (representing an increase of approximately $27.7 million by 30 June 2024);
- 100% vesting will occur if the growth in Adjusted Net Revenue reaches 150% over three years (representing an increase of approximately $41.6 million by 30 June 2024); and
- Vesting between 100% and 150% growth in Adjusted Net Revenue will be on a straight-line basis between these two levels.

In order to ensure that Adjusted Net Revenue is calibrated in alignment with Shareholder interests, the above vesting of Performance Rights is subject at all times to an 'earnings per share' hurdle, which requires that the Company achieves, at least, 10% per annum compounded growth in earnings per share during the Testing Period.

*PC2 – Absolute Total Shareholder Return (**ATSR**)*

The Board, with advice from a specialist remuneration adviser, believes that Absolute Total Shareholder Return' is the most appropriate way to measure the success in implementing the Company's long term strategic objectives. The decision to use ATSR is based on the Company's intent to pursue high growth through the execution of a transformational strategy.

The ATSR hurdles are challenging and are intended to align vesting with superior Shareholder returns. The ATSR hurdles are based on a compound annual growth rate (**CAGR**) in the range of 15.0% to 25% over three years from a baseline share price at 30 June 2021 of $1.03. This CAGR range is significantly above the 30 June 2021, 20 year returns on Australian equities of 8.4% per annum reported in the 2021 Vanguard Index Chart Report. This will ensure that vesting of Performance Rights is directly linked to superior returns achieved for Shareholders.

ATSR measures the total return to Shareholders by calculating the increase (or decrease) between a 20-trading day VWAP for Shares measured immediately prior to (i) 1 July 2021 and (ii) 30 June 2024 (**Test Date**), plus any dividends paid to Shareholders during this period.

For the Testing Period, the Board has calibrated the vesting of the PC2 Performance Rights to the growth in ATSR as follows:

- Zero vesting will occur if the CAGR of ATSR is below a minimum threshold vesting level of 15% over the Testing Period;
- 100% vesting will occur if the CAGR of ATSR reaches or exceeds 25% over the Testing Period; and
- Vesting between 15% and 25% of CAGR of ATSR over the Testing Period will be on a straight-line basis between these two levels.

By way of example, if a CAGR of ATSR of 20% is achieved over the Testing Period, then 50% vesting of PC2 Performance Rights will occur.

The 20-trading day VWAP for Shares up to 1 July 2021 was $1.03. Therefore (in the absence of any dividends) the 15% threshold (being the minimum threshold vesting level) equates to a share price of $1.57, and the 25% threshold equates to a share price of $2.01 when tested over the Testing Period.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

The Board, in its sole and absolute discretion, may determine that an '**Abnormal Event**' has occurred in circumstances where, in the final year of the Testing Period only, there is:

- A general ASX share market correction of at least 10%; or
- An unusual or abnormal event outside of management's control, which results in a temporary reduction in the Company's Share price but which does not reflect the actual performance of the Company or its underlying value.

Following an Abnormal Event, the Board may determine that the PC2 hurdle will be retested and measured over a four-year period ending 30 June 2025 (**Last Test Date**), with correspondingly higher CAGR-ATSR hurdles over that four-year period (i.e. in order to satisfy PC2, the Share price must be in the range of $1.80 to $2.51, in the absence of any dividends).

Any PC2 Performance Rights that have not vested after the Test Date or the Last Test Date, as the case maybe, will lapse and be forfeited.

(d) Relationship between remuneration and Group performance

The remuneration policy has been designed to align KMP objectives with the Group business plan and long-term interests by providing a combination of fixed remuneration, STI and LTI's based on key performance criteria. Remuneration paid that was linked to company share price performance was $nil (2021: $nil).

The following table shows the key performance measures of the Group over the last 5 years:

	2022	2021	2020	2019	2018
Revenue from continuing operations ($'000)	$125,044	$91,710	$69,007	$59,804	$50,788
Net Revenue from continuing operations ($'000')	$30,154	$27,710	$22,430	17,926	14,785
Normalised EBITA ($'000)	$7,044	$6,810	$5,668	$5,116	$4,361
Net profit after tax ($'000)	$3,749	$2,982	$1,749	$2,726	$1,772
Share price at end of year	$0.81	$1.03	$0.75	$0.94	$1.03
Basic earnings per share	9.47cps	7.02cps	4.30cps	7.85cps	5.51cps
Diluted earnings per share	8.90cps	6.89cps	4.30cps	7.85cps	5.51cps
Dividends paid or declared	5cps	9cps	4cps	3cps	2cps
Remuneration linked to share price ($'000)	$nil	$nil	$nil	$nil	$nil

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(e) Non-executive director remuneration policy

On appointment to the Board, non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

Non-executive directors receive a Board fee which is inclusive of fees for chairing or participating on Board committees. They do not receive performance-based pay apart from the performance rights described above which are tested on the "PC2 - ATSR" performance condition only. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently of the fees of non-executive directors based on comparative roles in the external market. During the year, the Chairman in his capacity as Chairman was entitled to be paid a fixed remuneration of $80,000 per annum and $30,000 for additional executive support duties (2021: $80,000). Other non-executive directors were each entitled to be paid a fixed remuneration of $52,500 per annum (2021: $52,500) including superannuation contributions as well as any agreed fees for additional duties.

The Constitution of the Company provides that non-executive directors as a whole may be paid or provided remuneration of an aggregate maximum total of $500,000 per annum, (2021: $300,000) or other such maximum as determined by the Company in a general meeting. A non-executive director may be paid fees or other amounts as the directors determine where a director performs services outside the scope of the ordinary duties of a director, provided directors fees in aggregate do not exceed the maximum of $500,000. The Company may reimburse non-executive directors for their expenses properly incurred as a director or in the course of office, including special duties as approved by the Chairman.

(f) Voting and comments made at the Company's 2021 Annual General Meeting (AGM)

The Company received more than 99% of "yes" votes on its remuneration report for the 2021 financial year.

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DIRECTORS' REPORT (continued)

(g) Details of remuneration of KMP

Remuneration for the year ended 30 June 2022

Directors' remuneration	Short-term Employee Benefits			Post-employment benefits		Share-based payments	Total	Performance Related
	Salaries &Fees	Cash bonus	Other	Superannuation	Termination benefits	Performance rights[4]		
	$	$	$	$	$	$	$	%
Peter Brook[1]	41,163	-	-	4,116	-	-	45,279	-
Kevin White[2]	75,000	-	-	7,500	-	-	82,500	-
Nathan Jacobsen	376,436	120,000	-	23,568	-	54,970	574,974	30
Grahame Evans	347,367	72,703	-	23,568	-	15,267	458,905	19
Greg Hayes[3]	7,955	-	-	795	-	-	8,750	-
Carl Scarcella	56,818	-	-	5,682	-	15,000	77,500	19
Anthony McDonald	47,727	-	-	4,773	-	15,000	67,500	22
Sub-total directors	**952,466**	**192,703**	**-**	**70,002**	**-**	**100,237**	**1,315,408**	
Executives' remuneration								
Lisa Armstrong	304,273	45,898	-	23,568	-	15,267	389,006	16
Michael Harris	301,725	82,950	-	23,568	-	15,267	423,510	23
Sub-total executives	**605,998**	**128,848**	**-**	**47,136**	**-**	**30,534**	**812,516**	
Total key management personnel	**1,558,463**	**321,551**	**-**	**117,138**	**-**	**130,771**	**2,127,924**	

1. Peter Brook appointed Chairman 17 March 2022 and Non-executive Director 20 December 2021.
2. Kevin White resigned as Chairman 17 March 2022.
3. Greg Hayes resigned as Non-executive Director 26 August 2021.
4. Represents the value recognised in accordance with AASB 2 Share-based Payment of performance rights granted but not yet vested under the Company's Incentive Plan.

DIRECTORS' REPORT (continued)

Remuneration for the year ended 30 June 2021

Directors' remuneration	Short-term Employee Benefits			Post-employment benefits		Share-based payments	Total	Performance Related
	Salaries &Fees	Cash bonus	Other	Superannuation	Termination benefits	Performance rights		
	$	$	$	$	$	$	$	%
Kevin White	152,605	-	-	12,916	-	-	165,521	-
Nathan Jacobsen[1]	151,377	60,000	-	9,039	-	-	220,416	27
Grahame Evans	337,250	96,000	-	25,000	-	-	458,250	21
John G. Hayes	156,516	-	-	11,009	-	-	167,525	-
Carl Scarcella[2]	69,373	-	-	3,127	-	-	72,500	-
Anthony McDonald[3]	19,977	-	-	1,898	-	-	21,875	-
Sub-total directors	**887,098**	**156,000**	**-**	**62,989**	**-**	**-**	**1,106,087**	
Executives' remuneration								
Lisa Armstrong	298,306	78,000	-	21,694	-	-	398,000	20
Michael Harris	295,806	71,000	-	21,694	-	-	388,500	18
Sub-total executives	**594,112**	**149,000**	**-**	**43,388**	**-**	**-**	**786,500**	
Total key management personnel	**1,481,210**	**305,000**	**-**	**106,377**	**-**	**-**	**1,892,587**	

1. Nathan Jacobsen was appointed Managing Director 1 February 2021.
2. A company of which C Scarcella is a director received director fees from the Company for services as non-executive director as well as additional duties as Chair of Risk & Compliance Sub-Committee and Due Diligence Committee up until January 2021 before being paid to him directly from February 2021 onwards.
3. Anthony McDonald was appointed as a Non-executive director 1 February 2021.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk – STI/LTI	At risk - CIS
	2022	2021	**2022**	2021
Executive directors				
Nathan Jacobsen[1]	**70%**	73%	**30%**	27%
Grahame Evans[2]	**81%**	79%	**19%**	21%
Other KMP				
Lisa Armstrong	**84%**	80%	**16%**	20%
Michael Harris	**77%**	82%	**23%**	18%

1. Nathan Jacobsen was appointed 1 February 2021.
2. Grahame Evans was remunerated as an Executive Director to 30 June 2022. On 1 July 2022, Mr Evans became a Non-executive Director.

(h) Service agreements

Remuneration and other terms of employment for KMP are formalised in employment agreements which specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI schemes are subject to the Board's discretion. Other major provisions of the agreements relating to remuneration for the year ended 30 June 2022 are set out below:

Name	Term of agreement	Notice period[1]	Base salary including superannuation[2]	Termination payments[3]
Executive directors				
Nathan Jacobsen	No fixed term	Employee – 6 months Employer – 6 months	$400,000	6 months
Grahame Evans[4]	No fixed term	Employee – 6 months Employer – 6 months	$370,935	6 months
Other KMP				
Lisa Armstrong	No fixed term	Employee – 6 months Employer – 3 months	$327,841	3 months
Michael Harris	No fixed term	Employee – 3 months Employer – 3 months	$325,293	3 months

1. The notice period applies without cause equally to either party unless otherwise stated.
2. Base salaries quoted are for the year ended 30 June 2022; they are reviewed annually by the NRC.
3. Base salary payable if the Group terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).
4. Grahame Evans ceased his Executive Director role 30 June 2022 and became a Non-executive Director (NED) from 1 July 2022. In addition to his NED responsibilities, Mr Evans will provide consulting services on an agreed ongoing basis.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(i) Details of Short-term Incentive Scheme for 2022

Under the 2022 STI scheme, certain employees including the following KMP were given specific KPIs that were designed to generate outcomes that are aligned to the Group's business plan which include both short and long term metrics. The STI award is subject to performance conditions that focus on Group earnings (MD & CFO) and individual business unit earnings (business unit managers), acquisition targets and operational targets. Each assessment area is weighted differently for each KMP.

The KPIs that were applied to the executive KMP are outlined in the table below, together with the key considerations relating to the assessment of performance of those KPIs.

KPI	Executive	Key considerations in achievement
Strategic	All	Executives' strategic performance is assessed in relation to the implementation of the Company's strategy which includes key strategic initiatives and the identification, investigation and completion of strategically aligned business transactions.
Group earnings	Nathan Jacobsen Michael Harris	Normalised EBITA measures are used to assess financial performance. Threshold levels are determined by reference to growth on the prior year and achievement of budget.
Operation earnings	Grahame Evans Lisa Armstrong	Normalised EBITA of individual business unit measures are used to assess financial performance. Threshold levels are determined by reference to growth on the prior year and achievement of budget.
Operational	All	Various specific operational, compliance and sales metrics including growth initiatives, product development, compliance and risk management, special projects including technology and resourcing to achieve business strategy.
Corporate	Michael Harris	Various corporate projects that support the strategic plan.

For the year ending 30 June 2022, the NRC assessed the performance of the MD, and the NRC and MD jointly assessed the performance of the other KMP against their respective KPIs. The NRC recommended and the Board approved the following STI awards.

KMP	Maximum STI as a % of base salary	Actual STI awarded	Actual STI awarded as a % of maximum STI
Nathan Jacobsen	50%	$120,000	60%
Michael Harris	30%	$82,950	85%
Grahame Evans	35%	$72,703	56%
Lisa Armstrong	35%	$45,898	40%

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(j) Details of share-based compensation

No other share-based compensation was paid to KMP during the year apart from the issue of performance rights outlined below.

(k) Equity instruments held by KMP

Shareholdings

The numbers of ordinary shares in the Company held during the year by each KMP, including their personally related parties, are set out below:

2022 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Peter Brook	-	30,000	30,000
Nathan Jacobsen	45,000	-	45000
Grahame Evans	668,513	-	668,513
Carl Scarcella	133,333	50,000	183,333
Anthony McDonald	13,333	-	13,333
Kevin White[1]	2,211,108	(2,211,108)[1]	-
Greg Hayes[1,2]	4,254,202	(4,254,202)[1]	-
Lisa Armstrong[2]	4,254,202	(3,955,802)	298,400

1. Kevin White resigned 27 March 2022 and Greg Hayes resigned 26 August 2021 and are no longer KMP. Movement in balances reflect that they are no longer required to be reported as KMP. Refer to Additional Australian Securities Exchange Information in the Financial Report for substantial shareholder for their respective current balances.
2. Greg Hayes and Lisa Armstrong are related parties of each other with shares held by Greg Hayes and directly associated entities 3,955,802 and shares held by Lisa Armstrong 298,400. Following Greg Hayes' resignation on 26 August 2021, their joint status as related parties is no longer reported, leaving disclosure to Lisa Armstong's balance only.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Performance rights holdings

2022 Name	Balance at the start of the year	Changes during the year	Balance at the end of the year
Peter Brook	-	150,000[1]	150,000
Nathan Jacobsen	-	360,066[2]	360,066
Grahame Evans	-	100,000[2]	100,000
Carl Scarcella	-	100,000[3]	100,000
Anthony McDonald	-	100,000[3]	100,000
Michael Harris	-	100,000[2]	100,000
Lisa Armstrong	-	100,000[2]	100,000

1. The Board has resolved to issue these performance rights however they are subject to shareholder approval.
2. Subject to vesting conditions PC1 and PC2.
3. Subject to vesting condition PC2.

Option holdings
There were no options issued to KMP during the year or prior year, or options held by KMP, including their personally related parties at balance date.

(l) Other transactions with KMP
Amounts paid to HKNSW are no longer disclosed as related party transactions following its divestment as an associate on 8 October 2020. HKNSW does remain a related party of Lisa Armstrong however she does not have a controlling position.

There are no other related party transactions of the KMP other than if they were in the capacity of employees or temporary contractors employed on an arms-length basis.

End of audited Remuneration Report.

This report is made in accordance with a resolution of the directors.

<ins>**Peter Brook**</ins>
<ins>**Chairman**</ins>

Sydney
23 August 2022

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DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF DIVERGER LIMITED

As lead auditor of Diverger Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Diverger Limited and the entities it controlled during the period.

Tim Aman
Director

BDO Audit Pty Ltd

Sydney

23 August 2022

Annual Financial Report – 30 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Revenue from continuing operations			
Services		**123,403**	88,268
Expense recoveries		**1,471**	2,681
Other revenue		**170**	761
	1, 2	**125,044**	91,710
Other income	3	**-**	471
Expenses from continuing operations			
Adviser revenue share	1, 2, 3	**(93,419)**	(61,317)
Other direct costs	1, 3	**(6,113)**	(7,365)
Salaries and employee benefits expenses	1, 3	**(14,164)**	(12,767)
Occupancy expenses		**(395)**	(367)
Professional fees and consultants		**(2,014)**	(2,115)
Administration expenses		**(472)**	(488)
Corporate costs		**(402)**	(497)
IT expenses		**(694)**	(552)
Marketing expenses		**(101)**	(195)
Other expenses		**(221)**	(172)
Finance costs	3	**(92)**	(224)
Depreciation and amortisation	3	**(1,348)**	(1,275)
Net loss on disposal of fixed assets		**-**	(2)
Impairment of intangible assets	3	**-**	(28)
Share-based payments expense	24	**(174)**	(338)
Total expenses from ordinary operations		**(119,609)**	(87,702)
Profit before income tax		**5,435**	4,479
Income tax expense	4	**(1,686)**	(1,257)
Net profit from continuing operations for the year		**3,749**	3,222
Loss from discontinued operations	21	**-**	(240)
Total comprehensive income for the year		**3,749**	2,982

Total comprehensive income for the year is attributable to:			
Non-controlling interests		**186**	478
Owners of the Company		**3,563**	2,504
		3,749	2,982

Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share from continuing operations (cents)	5	**9.47**	7.80
Diluted earnings per share from continuing operations (cents)	5	**8.90**	7.65
Basic earnings per share (cents)	5	**9.47**	7.02
Diluted earnings per share (cents)	5	**8.90**	6.89

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,527**	2,259
Receivables	7	**3,134**	3,869
Other current assets	8	**1,397**	1,269
Total current assets		**7,058**	7,397
Non-current assets			
Plant and equipment	9	**199**	96
Right of use assets	10	**1,344**	168
Intangible assets	11	**43,766**	44,248
Deferred tax assets	4	**1,426**	1,154
Total non-current assets		**46,735**	45,666
TOTAL ASSETS		**53,793**	53,063
LIABILITIES			
Current liabilities			
Trade and other payables	12	**5,922**	3,157
Provisions and employee benefits	13	**1,274**	2,968
Current tax liability	4	**1,140**	1,438
Provision for contingent consideration	14	**74**	-
Lease liabilities	10	**450**	116
Other liabilities	15	**635**	905
Total current liabilities		**9,495**	8,584
Non-current liabilities			
Provisions and employee benefits	13	**416**	382
Deferred tax liabilities	4	**5,127**	5,362
Lease liabilities	10	**957**	102
Total non-current liabilities		**6,500**	5,846
TOTAL LIABILITIES		**15,995**	14,430
NET ASSETS		**37,798**	38,633

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
EQUITY			
Contributed equity	17	**29,751**	29,751
Retained earnings	18	**7,366**	5,308
Reserves		**681**	338
Equity attributable to owners of the Company		**37,798**	35,397
Non-controlling interests	19	**-**	3,236
TOTAL EQUITY		**37,798**	38,633
Net tangible assets per share (cents)		**(9.60)**	(4.19)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Consolidated entity	Ordinary Shares $'000	Retained Earnings $'000	Reserves $'000	Owners of the Parent $'000	Non-controlling Interests $'000	Total $'000
At 1 July 2021	**29,751**	**5,308**	**338**	**35,397**	**3,236**	**38,633**
Profit for the year	-	3,563	-	**3,563**	186	**3,749**
Other comprehensive income	-	-	-	**-**	-	**-**
Total comprehensive income for the year	**-**	**3,563**	**-**	**3,563**	**186**	**3,749**
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	174	**174**	-	**174**
Dividends paid	-	(1,505)	-	**(1,505)**	-	**(1,505)**
Derecognition of non-controlling interest on acquisition of remaining 40% interest - TaxBanter	-	-	169	**169**	(3,422)	**(3,253)**
At 30 June 2022	**29,751**	**7,366**	**681**	**37,798**	**-**	**37,798**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Consolidated entity	Ordinary Shares $'000	Retained Earnings $'000	Reserves $'000	Owners of the Parent $'000	Non-controlling Interests $'000	Total $'000
At 1 July 2020	**26,234**	**5,939**	**-**	**32,173**	**3,515**	**35,688**
Profit for the year	-	2,504	-	**2,504**	478	**2,982**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**2,504**	**-**	**2,504**	**478**	**2,982**
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	338	**338**	-	**338**
Share buy-back	(135)	-	-	**(135)**	-	**(135)**
Issue of ordinary shares as consideration for a business combination net of issue costs	3,652	-	-	**3,652**	-	**3,652**
Dividends paid	-	(3,135)	-	**(3,135)**	(552)	**(3,687)**
Derecognition of non-controlling interest on disposal - Law Central	-	-	-	**-**	13	**13**
Derecognition of non-controlling interest on acquisition of remaining 35% equity interest - Taxbytes	-	-	-	**-**	(218)	**(218)**
At 30 June 2021	**29,751**	**5,308**	**338**	**35,397**	**3,236**	**38,633**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Fees and adviser revenue received		**137,596**	103,943
Payments to advisers, suppliers and employees		**(129,383)**	(96,423)
Cash generated from operations		**8,213**	7,520
Interest received		**12**	21
Finance costs paid		**(76)**	(181)
Income tax paid		**(2,491)**	(1,105)
Net cash flows from operating activities	22	**5,658**	6,255
Cash flows from investing activities			
Payments for plant and equipment	9	**(168)**	(54)
Payments for other intangible assets net of disposals	11	**(491)**	(341)
(Payments)/receipts for the acquisition of subsidiaries, net of cash acquired	19	**(2,892)**	1,056
Dividends received from associates		**-**	591
Proceeds on the disposal of subsidiaries net of cash disposed		**450**	1,402
Proceeds on the disposal of associates		**-**	5,474
Payments for investments - other		**(125)**	-
Net cash (outflow)/inflow from investing activities		**(3,226)**	8,128
Cash flows from financing activities			
Payments for the issue of shares		**-**	(14)
Payments under share buy-back		**-**	(135)
Payments of principle of lease liabilities		**(240)**	(290)
Repayment of borrowings		**-**	(9,152)
Dividends paid to Company shareholders		**(1,505)**	(3,135)
Dividends paid to non-controlling interests in subsidiaries	19	**(360)**	(552)
Amounts (paid)/received - other loans		**(59)**	50
Net cash outflow from financing activities		**(2,164)**	(13,228)
Net increase in cash held		**268**	1,155
Cash at the beginning of the financial year		**2,259**	1,104
Cash at the end of the financial year	6	**2,527**	2,259

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. SEGMENT INFORMATION

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers (**CODMs**). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors, the Managing Director and the Chief Financial Officer.

The Group's reporting segments are based on business solutions provided to the wealth and accounting sectors.

At reporting date, the Group's reportable segments are as follows:

- **Wealth Solutions** - licencing options, operating systems and managed accounts to wealth advisers to enable them to provide services such as financial planning, risk insurance advice, self-managed superannuation administration and managed accounts. This segment comprises DWA Managed Accounts (CARE), GPS Wealth, Merit Wealth, SMSF Expert, Merit Referral Services (formerly Hayes Knight Referral Services), Diverger Wealth Protection (formerly Easton Wealth Protection) and Paragem from 1 February 2021.
- **Accounting Solutions** - provides professional support, help desk and training primarily to the accounting sector however more recently have extended to the Wealth sector. This segment comprises Knowledge Shop, Taxbytes and TaxBanter. In the prior year, discontinued operations included Panthercorp (divested 1 February 2021) and Law Central (divested 14 December 2020).
- **Corporate** comprises the parent entity (Diverger Limited) which includes all head office and corporate costs.

Geographical Segments
The consolidated entity operated only in Australia during the current and prior reporting period.

(b) Basis of accounting for purposes of reporting by operating segments

(i) Accounting policies adopted
Unless stated otherwise, all amounts reported to the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group except for normalised adjustments. Normalised adjustments are applied to earnings before interest, taxation, depreciation and amortisation (EBITA) to derive "Underlying Profit" or "Normalised EBITA".

Net Revenue is defined as Total revenue from continuing operations less Adviser revenue share and expense recovery revenue.

Underlying Profit or **Normalised EBITA** is defined as earnings before interest, tax and amortisation (**EBITA**) excluding the impact of:

- One-off non-operational items including (acquisition/divestment and recapitalisation costs, restructure costs, impairment charges, fair value adjustments, gains/losses on divestments and lease accounting under AASB 16 Leases; and
- Non-cash amortisation charges relating to separately identifiable intangible assets acquired under business combinations and other intangible assets.

The CODM view Normalised EBITA in conjunction with Net Revenue as key measures of underlying business performance.

(ii) Intersegment transactions
All intersegment transactions are at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements. Corporate costs are allocated to and recovered from reporting segments where there is a consumption of shared resources. Intersegment payables and receivables are initially recognised at the consideration received/to be received and are paid on account.

(iii) Segment assets and liabilities
Total assets and liabilities are generally presented to the CODM for decision making on a legal entity basis rather than by total segment and therefore are not presented on a segment basis in this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

1. SEGMENT INFORMATION (continued)

(c) Segment results

The segment information provided on reportable segments for the year ended 30 June 2022 is as follows:

Consolidated 2022	Wealth Solutions $'000	Accounting Solutions $'000	Corporate $'000	Total $'000
Revenue from continuing operations				
Full adviser gross fees	95,889	-	-	**95,889**
CARE & other platform income	5,804	-	-	**5,804**
Subscription services & fixed licensee fees	6,728	6,219	-	**12,947**
Training	-	8,323	-	**8,323**
Other fees & referral income	422	18	-	**440**
Expense recoveries	1,471	-	-	**1,471**
Other revenue & interest income	19	149	2	**170**
Total revenue from continuing operations	**110,333**	**14,709**	**2**	**125,044**
Timing of revenue				
Services recognised over time	12,532	6,219	-	**18,751**
Services recognised at a point in time	97,801	8,490	2	**106,293**
Total revenue from continuing operations	**110,333**	**14,709**	**2**	**125,044**
Net Revenue (after deduction of adviser revenue share and expense recoveries)	**15,443**	**14,709**	**2**	**30,154**
Normalised (non IFRS) EBITA – continuing	4,199	5,849	(2,992)	7,056
Normalised (non IFRS) EBITA	**4,199**	**5,849**	**(2,992)**	**7,056**
Reconciliation to IFRS Net profit before tax (Normalisation adjustments)				
Merger and acquisition costs	-	-	(394)	**(394)**
Diverger Limited rebranding	-	-	(48)	**(48)**
Professional fees - employee share plan	-	-	(57)	**(57)**
Impact of AASB16 - Leases	(9)	-	12	**3**
Intercompany debt forgiveness	415	-	(415)	**-**
Statutory EBITA				**6,560**
Interest revenue				**13**
Finance costs				**(92)**
Amortisation				**(1,046)**
Profit before income tax				**5,435**
Significant items of segment expenses				
Adviser revenue share and other direct costs	98,692	840	-	**99,532**
Salaries and employee benefits	3,765	6,649	3,750	**14,164**
Professional fees and consultants	1,018	54	942	**2,014**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

1. SEGMENT INFORMATION (continued)

The segment information provided on reportable segments for the year ended 30 June 2021 is as follows:

Consolidated 2021	Wealth Solutions $'000	Accounting Solutions $'000	Corporate $'000	Total $'000
Revenue from continuing operations				
Full adviser gross fees	64,141	-	-	**64,141**
CARE & other platform income	4,854	-	-	**4,854**
Subscription services & fixed licensee fees	4,885	5,528	-	**10,413**
Training	-	8,652	-	**8,652**
Other fees & referral income	151	57	-	**208**
Expense recoveries	2,681	-	-	**2,681**
Other revenue & interest income	269	492	-	**761**
Total revenue from continuing operations	**76,981**	**14,729**	**-**	**91,710**
Timing of revenue				
Services recognised over time	9,739	5,528	-	**15,267**
Services recognised at a point in time	67,242	9,201	-	**76,443**
Total revenue from continuing operations	**76,981**	**14,729**		**91,710**
Net Revenue (after deduction of adviser revenue share and expense recoveries)	**12,983**	**14,729**	**-**	**27,712**
Normalised (non IFRS) EBITA – continuing	2,774	5,865	(2,255)	**6,384**
Normalised (non IFRS) – discontinued	-	426	-	**426**
Normalised (non IFRS) EBITA	**2,774**	**6,291**	**(2,255)**	**6,810**
Reconciliation to IFRS Net profit before tax (Normalisation adjustments)				
Restructuring and acquisition costs	-	-	(842)	**(842)**
Loss on disposal of subsidiaries	-	(12)	-	**(12)**
Impairment of intangible assets	(28)	(500)	-	**(528)**
Reverse impact of AASB16 – Leases	(1)	-	-	**(1)**
Write back of deferred consideration	-	471	-	**471**
Share-based payment expense (HUB24 Option)				**(338)**
Statutory EBITA				**5,560**
Add: Statutory EBITA from discontinued operations				**90**
Statutory EBITA from continuing operations				**5,650**
Interest revenue				**21**
Finance costs				**(224)**
Amortisation				**(968)**
Profit before income tax				**4,479**
Significant items of segment expenses				
Adviser revenue share and other direct costs	67,850	832	-	**68,682**
Salaries and employee benefits	3,997	7,216	1,554	**12,767**
Professional fees and consultants	945	38	1,132	**2,115**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE

	Note	2022 $'000	2021 $'000
Revenue from contracts with customers			
Wealth Solutions revenue		**110,314**	76,712
Accounting Solutions revenue		**14,560**	14,237
Revenue from contracts with customers		**124,874**	90,949
Other revenue & interest income			
Other revenue - Wealth Solutions		**6**	248
Other revenue - Accounting Solutions		**149**	123
Federal Government stimulus - Accounting Solutions		**-**	369
Other revenue - Corporate (rent received)		**2**	-
Interest income		**13**	21
Other revenue & interest income		**170**	761
Total revenue from continuing operations	1	**125,044**	91,710
Net Revenue reconciliation			
Total revenue from continuing operations		**125,044**	91,710
Less: adviser revenue share		**(93,419)**	(61,317)
Less: expense recoveries		**(1,471)**	(2,681)
Net Revenue	1	**30,154**	27,712
Disaggregation of revenue			
The disaggregation of revenue from contracts with customers is as follows:			
Timing of revenue			
Services recognised over time		**18,751**	15,267
Services recognised at a point in time		**106,123**	75,682
Revenue from contracts with customers		**124,874**	90,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

3. OTHER INCOME AND EXPENSE ITEMS

	2022 $'000	2021 $'000
Profit from before income tax has been determined after the following items:		
Other income		
Fair value adjustment – contingent consideration TaxBanter	-	471
Adviser share and other direct costs		
Adviser revenue share	**93,419**	61,317
Adviser systems	**1,947**	1,429
ASIC levy	**(554)**	2,195
Professional indemnity insurance	**1,344**	940
Other direct operating expenses Wealth Solutions	**2,536**	1,969
Training, membership and direct costs Accounting Solutions	**840**	832
	99,532	68,682
Employee benefits expense		
Salaries and wages	**11,514**	10,354
Defined contribution superannuation expense	**1,006**	882
Other employee benefits & related employment expenses	**1,644**	1,531
	14,164	12,767
Depreciation and amortisation of non-current assets:		
Depreciation		
Office equipment	**25**	32
Furniture, fittings and leasehold improvements	**40**	32
Finance leases – AASB 16	**237**	243
	302	307
Amortisation		
Client lists and relationships	**842**	779
Software platforms and other intangible assets	**204**	189
	1,046	968
Total depreciation and amortisation of non-current assets	**1,348**	1,275
Finance costs expensed		
Bank loans and overdrafts	**76**	181
Finance leases - AASB 16	**16**	17
Notional interest on contingent consideration - TaxBanter	-	26
	92	224
Impairment charges		
Client list - Merit Wealth	-	28
Discontinued operations - Panthercorp (refer note 21)	-	500
	-	528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

4. INCOME TAXES

	2022 $'000	2021 $'000
(a) Components of tax expense		
Current tax expense	**2,262**	2,165
Deferred tax benefit	**(576)**	(908)
Total	**1,686**	1,257

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expenses as follows:		
Profit before tax	**5,435**	4,479
Prima facie income tax on the profit before income tax at 30% (2021: 30%)	**1,630**	1,344
Tax effect of:		
Non-allowable deductions	**70**	212
Over provision in prior year	**(11)**	-
Benefit arising from franked dividend rebate & tax losses brought to account	**(3)**	63
Other non-assessable income	**-**	(362)
Income tax expense attributable to profit or loss	**1,686**	1,257

(c) Current tax

	2022 $'000	2021 $'000
Current tax relates to the following:		
Current tax liability		
Opening balance	**(1,438)**	(282)
Charged to income	**(2,262)**	(2,165)
Utilisation of tax losses	**69**	62
Tax payments	**2,491**	1,092
Amount transferred to discontinued operations	**-**	(145)
Closing balance	**(1,140)**	(1,438)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

4. INCOME TAXES (continued)

(d) Deferred tax

	2022	2021
	$'000	$'000
Deferred tax relates to the following:		
Deferred tax assets/(liabilities)		
OPENING BALANCE	**(4,208)**	(4,714)
Charged to income net of available fraction losses utilised	**507**	863
Acquisitions/disposals	**-**	(357)
Closing balance	**(3,701)**	(4,208)
Amounts recognised in the consolidated statement of financial position:		
Deferred tax asset	**1,426**	1,154
Deferred tax liability	**(5,127)**	(5,362)
	(3,701)	(4,208)
Deferred income tax as at 30 June relates to the following:		
Deferred tax assets:		
Un-deducted expenditure	**154**	118
Accruals and provisions	**1,272**	970
DTA recognised on revenue and available fraction losses	**-**	66
Deferred tax asset	**1,426**	1,154
Deferred tax liabilities:		
Fair value of assets acquired in a business combination and undistributed income of associates	**(5,127)**	(5,362)
Deferred tax liability	**(5,127)**	(5,362)
Net deferred tax liability	**(3,701)**	(4,208)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

4. INCOME TAXES (continued)

(e) Tax losses

Tax losses brought to account
Available fraction losses utilised during the year were $230,186 (tax effect $69,056), leaving a remaining balance of $285,493 of which $nil have been recognised as part of deferred tax assets (2021: $223,156 tax effect $66,947).

The Group has only brought to account the available fraction tax losses incurred in those entities for which the directors believe that it is probable that future taxable profit will be available, against which the unused available fraction tax losses can be utilised.

The benefit will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Tax losses not brought to account
As at 30 June 2022, the Group has unrecouped operating income tax losses subject to available fraction of $285,493 which have not been brought to account, (2021: $292,474). The Group has unrecognised capital tax losses of $2,789,978 (2021: $2,789,978).

Unrecognised temporary differences
As 30 June 2022, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries and associates, as the Group has no liability for additional taxation should unremitted earnings be remitted (2021: nil).

(f) Franking credit balance

	Parent	
	2022	2021
	$'000	$'000
Franking credit balance:		
The amount of franking credits available for the subsequent financial year before allowing for any current year proposed dividends are:		
Franking account balance as at the end of the financial year at 30% (2021: 30%)	**5,253**	2,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

5. EARNINGS PER SHARE

	2022 Cents	2021 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**9.47**	7.80
From discontinued operations	**-**	(0.78)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**9.47**	7.02
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**8.90**	7.65
From discontinued operations	**-**	(0.76)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**8.90**	6.89

The following reflects the income used in the basic and diluted earnings per share computations:

	2022 $'000	2021 $'000
(c) Earnings used in calculating earnings per share		
For basic earnings per share:		
Net profit attributable to ordinary equity holders of the Company	**3,563**	2,504
For diluted earnings per share:		
Net profit attributable to ordinary equity holders of the Company	**3,563**	2,504
(d) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	**37,612,804**	35,665,675
Weighted average number of ordinary shares for diluted earnings per share	**40,017,460**	36,361,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

6. CASH AND CASH EQUIVALENTS

	2022	2021
	$'000	$'000
Cash at bank and on hand	**2,527**	2,259

7. RECEIVABLES

	2022	2021
	$'000	$'000
Trade debtors	**834**	889
Other receivables	**318**	419
Less: Allowance for credit losses	**(18)**	(5)
Accrued income	**2,000**	2,566
	3,134	3,869

8. OTHER CURRENT ASSETS

	2022	2021
	$'000	$'000
Prepayments	**1,262**	1,259
Call Option – 19.99% Centrepoint Alliance Limited ordinary shares	**125**	-
Other current assets	**10**	10
	1,397	1,269

Call Option Deed

On 23 June 2022, the Company entered into a Call Option Deed with TIGA Trading Pty Ltd and Thorney Holdings Proprietary Limited over 19.99% of the ordinary shares in Centrepoint Alliance Limited (**CAF or Centrepoint Alliance**).

At the same time, a Non-Binding Indicative Offer was made to the Board of CAF to acquire all of the shares for a combination of cash and Diverger shares valued at $0.325 per CAF share OR circa $64 million, by way of a Scheme of Arrangement.

The Call Option Deed fee was $125,000 which equates to its fair value at balance date. The Call Option Deed has a 5-month term and contains various conditions which trigger in the event CAF receive a competing proposal. Full details of the Call Option Deed was lodged with the ASX on 23 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

9. PLANT AND EQUIPMENT

	Office equipment $'000	Furniture & fittings $'000	Total $'000
Year ended 30 June 2022			
Net carrying amount as at 1 July 2021	18	78	**96**
Additions	79	89	**168**
Depreciation charge	(25)	(40)	**(65)**
Net carrying amount as at 30 June 2022	**72**	**127**	**199**
At 30 June 2022			
Cost	577	433	**1,010**
Less accumulated depreciation	(505)	(306)	**(811)**
Net carrying amount	**72**	**127**	**199**
Year ended 30 June 2021			
Net carrying amount as at 1 July 2020	41	85	**126**
Additions	14	40	**54**
Net carrying amount of business combination	4	-	**4**
Depreciation charge	(32)	(32)	**(64)**
Loss on disposal	(9)	(15)	**(24)**
Net carrying amount as at 30 June 2021	**18**	**78**	**96**
At 30 June 2021			
Cost	498	344	**842**
Less accumulated depreciation	(480)	(266)	**(746)**
Net carrying amount	**18**	**78**	**96**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

10. RIGHT OF USE ASSETS AND LEASE LIABILITIES

This note provides information in relation to the Group's leases where the Group is the lessee. Right of use assets and lease liabilities have been recognised from 1 July 2019 with the adoption of AASB 16 Leases. In previous periods these leases were classified as operating leases and were expensed directly in the consolidated statement of comprehensive income.

The Group leases 2 office sites across NSW and QLD. Lease terms are up to 4 years. Lease payments are discounted at the Group's incremental borrowing rate.

TaxBanter has a services agreement with an affiliated accounting firm who provides office space and support services. This is an open-ended arrangement which can be cancelled by mutual agreement. Given the nature of this arrangement being cancellable at relatively short notice, the Group has continued to expense directly through occupancy expenses in the statement of comprehensive income.

	2022 $'000	2021 $'000
(a) Amounts recognised in the balance sheet		
Right of use assets		
Office premises	**1,344**	168
Lease liabilities		
Current	**450**	116
Non-current	**957**	102
	1,407	218

	2022 $'000	2021 $'000
(b) Amounts recognised in the consolidated statement of comprehensive income for continuing operations		
Depreciation charge under AASB 16 of right of use assets - Office premises	**237**	243
Finance costs under AASB 16 - Office premises	**16**	17
Expenses relating to other occupancy costs not included in lease liabilities	**395**	367
Total occupancy costs of continuing operations relating to premises leases, short-term service agreements and outgoings	**648**	627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

11. INTANGIBLE ASSETS

	Client lists & relationships $'000	Goodwill $'000	Software platforms $'000	Trademarks & brands $'000	Total $'000
Year ended 30 June 2022					
Net carrying amount as at 1 July 2021	16,275	25,626	614	1,733	**44,248**
Additions	184	-	381	-	**565**
Disposals	-	-	-	(1)	**(1)**
Amortisation	(842)	-	(204)	-	**(1,046)**
Net carrying amount as at 30 June 2022	**15,617**	**25,626**	**791**	**1,732**	**43,766**
At 30 June 2022					
Cost	19,718	25,626	1,797	1,732	**48,873**
Less accumulated amortisation and impairment	(4,101)	-	(1,006)	-	**(5,107)**
Net carrying amount	**15,617**	**25,626**	**791**	**1,732**	**43,766**
Year ended 30 June 2021					
Net carrying amount as at 1 July 2020	15,979	26,283	451	1,634	**44,347**
Additions	1,268	1,579	352	108	**3,307**
Disposals	(165)	(1,736)	-	(9)	**(1,910)**
Impairment[1]	(28)	(500)	-	-	**(528)**
Amortisation	(779)	-	(189)	-	**(968)**
Net carrying amount as at 30 June 2021	**16,275**	**25,626**	**614**	**1,733**	**44,248**
At 30 June 2021					
Cost	19,534	25,626	1,416	1,733	**48,309**
Less accumulated amortisation and impairment	(3,259)	-	(802)	-	**(4,061)**
Net carrying amount	**16,275**	**25,626**	**614**	**1,733**	**44,248**

1. Impairment charges related the write down of Panthercorp to its recoverable amount prior to disposal ($500k) and for a client list in the Wealth division ($28k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

11. INTANGIBLES ASSETS (continued)

Impairment testing

The Group tests the carrying amount of goodwill and other intangible assets for impairment on an annual basis or where there has been an indication that an asset may be impaired.

The recoverable amount used in the impairment test is based on value-in-use calculations using projected cash flows approved by management covering a period of up to 5 years. Management's determination of cash flow projections have regard to a cash generating unit's (**CGU**s) past performance and its expectation for the future.

Goodwill is allocated to the Group's CGUs identified at the time of each business combination.

	2022	2021
	$'000	$'000
A segment-level summary of the goodwill allocation is presented below:		
Wealth Solutions	**12,198**	12,198
Accounting Solutions	**13,428**	13,428
	25,626	25,626

The following table sets out the key assumptions for those segments that have significant goodwill and other intangible assets allocated to them:

	Revenue growth rate		**Expense growth rate**		**Pre-tax discount rate**	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**%**	%	**%**	%
Wealth Solutions	**1.5 - 3.0**	(15.0) - 3.0	**1.5 - 3.0**	1.5 - 3.0	**12.5**	12.5
Accounting Solutions	**1.5 - 3.0**	1.5 - 3.0	**1.5 - 3.0**	1.5 - 3.0	**12.5**	12.5

The above growth rate assumptions are applied to 2022 financial year cashflow forecasts approved by the directors of the Company.

During the year ended 30 June 2022, the Group conducted impairment tests on all cash generating units and determined that their carrying values were not in excess of their recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Current		
Trade payables	**841**	758
Other payables and accruals	**5,081**	2,399
	5,922	3,157

Trade and other payables are generally settled on 30-day terms. Relevant interest rates are disclosed in note 28(c). Due to the short-term nature of these payables, their carrying value represents a reasonable approximation of their fair value.

For the year ended 30 June 2022, Other payables and accruals includes $0.53 million for the ASIC levy (2021: nil). In prior years, this amount was recognised as a provision based on an estimation of the amount payable. For the year ended 30 June 2022, guidance was given by ASIC that the rate of the levy will remain unchanged from the prior year.

13. PROVISIONS AND EMPLOYEE BENEFITS

	2022 $'000	2021 $'000
Current		
Provision for annual leave	**886**	816
Provision for long service leave	**388**	432
Provision for ASIC levy	**-**	1,720
	1,274	2,968
Non-current		
Provision for long service leave	**416**	382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

14. PROVISION FOR CONTINGENT CONSIDERATION

	2022 $'000	2021 $'000
Current		
Balance at 1 July	-	468
Additions during the year at fair value	**74**[1]	-
Fair value adjustments during the year	-	(471)[2]
Notional interest on deferred consideration	-	26
Payments	-	(23)[3]
Provision for contingent consideration	**74**	-

1. Deferred amounts payable under an adviser referral arrangement with a Sydney based private licensee business, The Wealth Network.
2. Fair value adjustment to deferred consideration for TaxBanter
3. Final contingent consideration payment for TaxBanter

Contingent consideration is a level 3 financial liability within the fair value hierarchy.

15. OTHER LIABILITIES

	2022 $'000	2021 $'000
Deferred revenue	**635**	905

16. BORROWINGS

	2022 $'000	2021 $'000
(a) Borrowings		
Non-current		
Westpac facility	-	-
Total borrowings	-	-

The Company has a $10 million finance facility with Westpac Banking Corporation (WBC) with the following terms:

- $10 million principal and interest facility with debt amortisation on a notional 7-year term commencing 20 February 2020.
- Term - expires 1 August 2023
- Security - General Security Agreement over the Company and wholly owned subsidiaries
- Covenants:
  - Interest cover ratio - EBITDA/Gross Interest Expense greater than 4 times
  - Debt/EBITDA Ratio to be less than 2.5 times.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

16. BORROWINGS (continued)

On 23 June 2022, the Company received approval from (WBC) to increase its facility to $35 million under a proposed plan to acquire Centrepoint Alliance Limited (CAF) which was outlined in an ASX announcement on 23 June 2022. The increased facility limit is subject to conditions related to the progress of the CAF transaction which has not been executed at the date of this report.

COMPLIANCE WITH LOAN COVENANTS

The Group has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods. Under the terms of the combined facilities, all covenant ratios are applied on a Group EBITDA basis.

	2022	2021
	$'000	$'000
(b) Loan facilities		
Bank loan facilities	**10,000**	10,000
Notional amortised balance	**7,078**	8,602
Amount utilised	**-**	-
Unused loan facility	**7,078**	8,602

17. CONTRIBUTED EQUITY

	Number of shares	**$'000**
(a) Movements in ordinary share capital		
1 July 2021	37,612,804	29,751
Movements	-	-
30 June 2022	**37,612,804**	**29,751**
1 July 2020	34,459,471	26,234
Share issue to HUB24 as purchase consideration for the acquisition of Paragem Pty Ltd	3,333,333	3,666
Share buy-back[1]	(180,000)	(135)
Share issue costs	-	(14)
30 June 2021	**37,612,804**	**29,751**

1. Share buy-back commenced on 13 December 2018. The buy-back is conducted within the 10/12 limit. Amounts stated above are net of transaction costs. The Group did not buy back any shares in the current year.

(b) Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The voting rights attached to the ordinary shares at a general meeting of shareholders are such that on a show of hands every member present (in person or by proxy) shall have one vote and on a poll one vote for each share held. Ordinary shares have no par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

17. CONTRIBUTED EQUITY (continued)

(c) Options

On 1 February 2021, the Company issued 1,700,000 options over ordinary shares to HUB24 at an exercise price of $1.20 per ordinary share which expire 1 February 2024 as consideration for entering into the Technology Partnership Agreement, (refer to note 24).

(d) Employee share scheme

No shares have been issued under the Company Incentive Plan in the current or prior year.

(e) Performance rights

On 18 November 2021 at the Company's Annual General Meeting, shareholders approved the Company's Incentive Plan (The Plan). During the year, a total of 1,145,066 performance rights were issued to employees and directors, (refer to note 24).

(f) Capital risk management

The Group's capital risk management objective is to safeguard its ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital risk exposure by monitoring its gearing ratio. This ratio is calculated as Net Debt divided by total capital. Net Debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus Net Debt.

	Note	**2022 $'000**	2021 $'000
Total borrowings	16	**-**	-
Add: cash and cash equivalents	6	**2,527**	2,259
Net cash and borrowings - surplus funds		**2,527**	2,259
Total equity		**37,798**	38,633
Total capital		**35,271**	36,374
Gearing ratio		**0%**	0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

18. RETAINED EARNINGS

	2022 $'000	2021 $'000
Balance 1 July	**5,308**	5,939
Profit attributable to owners of the Company	**3,563**	2,504
Less dividends paid	**(1,505)**	(3,135)
Balance 30 June	**7,366**	5,308

19. NON-CONTROLLING INTERESTS (NCI)

	2022 $'000	2021 $'000
Contributed equity	**-**	3,082
Retained profits	**-**	154
	-	3,236

	2022 $'000	2021 $'000
Transactions with non-controlling interest (NCI)		
Opening carrying amount of NCI	**3,236**	3,515
Profit allocated to NCI	**186**	478
Dividends paid to NCI	**(361)**	(552)
Derecognition of NCI - Law Central and Taxbytes	**-**	(205)[1]
Closing balance of NCI	**3,061**	3,236
Less: Consideration paid for NCI - TaxBanter	**(2,892)**	-
Excess of consideration paid in transactions with NCI recognised in reserves	**(169)**	-
Closing carrying amount of NCI	**-**	3,236

1. Law Central ($13.5k) and Taxbytes $218k

(i) TaxBanter

On 13 January 2022, a put option was exercised by the minority shareholders for the Group to acquire the remaining 40% equity interest in TaxBanter Pty Ltd. Under the Put and Call Option agreement, cash consideration of $2.89 million was calculated for the remaining 40% equity interest which was based on a 4.5 times 2021 financial year EBITDA multiple. The transaction was completed on 31 January 2022. Profits attributed to non-controlling interests recognised in the current year to the date of disposal were $186k (2021: $438k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

19. NON-CONTROLLING INTERESTS (NCI) (continued)

(ii) Taxbytes

On 16 January 2021, a put option was exercised by the minority shareholder for the Group to acquire the remaining 35% equity interest in Taxbytes. On 15 February 2021, the Group completed the acquisition for a cash consideration of $0.25 million. Profits attributed to non-controlling interests recognised in the prior year to date of acquisition were $31k. The Group derecognised a non-controlling interest of $0.22 million as part of the transaction.

(iii) Law Central

On 17 November 2020, the Group entered into an unconditional sale agreement with some of the existing minority shareholders to sell its 60.2% equity interest for a cash consideration of $0.27 million. The transaction was completed on 14 December 2020. Profits attributed to non-controlling interests recognised in the prior year to the date of disposal were $9k. The Group derecognised a non-controlling interest of $14k as part of the transaction, (refer to note 21).

20. BUSINESS COMBINATIONS

There were no business combinations completed in the current year.

On 1 February 2021, the Group completed the acquisition of 100% of the equity interest in Paragem Pty Ltd (**Paragem**) as part of the HUB24 transaction outlined in the 2021 Annual Report.

21. DISCONTINUED OPERATIONS

The below table summarises the contribution from discontinued operations that were reported or completed in the prior year.

Entity	**Business segment**	**Effective date of disposal**	**Completion date**	**2022 NPAT $'000**	2021 NPAT $'000
Panthercorp	Accounting Solutions	1 February 2021	1 February 2021	-	(295)[1]
Law Central	Accounting Solutions	14 December 2020	14 December 2020	-	33
HKNSW	Accounting Solutions	30 June 2020	8 October 2020	-	22
First Financial	Wealth Solutions	3 June 2020	3 August 2020	-	-
EWA Finance	Wealth Solutions	30 April 2020	26 August 2020	-	-
Total				**-**	**(240)**

1. Panthercorp 2021 includes $0.50 million impairment charge, as part of the HUB24 transaction outlined in the 2021 Annual Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

22. CASH FLOW STATEMENT RECONCILIATION

(a) Reconciliation of net profit after tax to net cash flows from operating activities

	2022	2021
	$'000	$'000
Net profit after income tax	**3,749**	2,982
Adjustments for non-cash items:		
Depreciation	**302**	362
Amortisation	**1,046**	988
Loss on disposal of subsidiary	**-**	10
Impairment of separately identifiable intangible assets	**-**	528
Fair value adjustment to contingent consideration	**-**	(471)
Share-based payments expense	**174**	338
Notional interest on lease liabilities	**16**	17
Notional interest charge on contingent consideration - TaxBanter	**-**	26
Changes in assets and liabilities		
Decrease in trade, other receivables and other assets	**59**	44
Increase in deferred tax assets	**(272)**	(416)
Increase in trade and other payables	**1,044**	1,133
Increase in provisions and employee benefits	**73**	19
Increase/(decrease) in current tax liability	**(298)**	1,136
Decrease in deferred tax liability	**(235)**	(441)
Net cash flows from operating activities	**5,658**	6,255

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2022	2021
	$'000	$'000
Cash at bank (refer to note 6)	**2,527**	2,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

23. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the Group is Diverger Limited (refer to note 29 for information relating to the parent entity).

(b) Subsidiaries

The consolidated financial statements include the financial statements of the parent entity and its controlled entities, both directly and indirectly owned, listed in the following table:

Subsidiary Name	Country of incorporation	Proportion of ownership interest and voting power held (%) 2022	2021
DWA managed Accounts Pty Ltd (formerly Easton Wealth Australia Pty Ltd)	Australia	**100.0**	100.0
Diverger Wealth Protection Pty Ltd (formerly Easton Wealth Protection Pty Ltd)	Australia	**100.0**	100.0
Diverger Wealth Holdings Pty Ltd (formerly Easton Accounting & Tax Pty Ltd)	Australia	**100.0**	100.0
Diverger Distribution Services Pty Ltd (formerly Easton Distribution Services Pty Ltd)	Australia	**100.0**	100.0
Knowledge Shop Pty Ltd	Australia	**100.0**	100.0
Diverger Financial Services Pty Ltd (formerly HK Financial Services Pty Ltd)	Australia	**100.0**	100.0
Merit Wealth Pty Ltd	Australia	**100.0**	100.0
Diverger Services Pty Ltd (formerly Merit Wealth Finance Pty Ltd)	Australia	**100.0**	100.0
Merit Referral Services Pty Ltd (formerly Hayes Knight Referral Services Pty Ltd)	Australia	**100.0**	100.0
GPS IP Group Holdings Pty Ltd	Australia	**100.0**	100.0
GPS IP Pty Ltd	Australia	**100.0**	100.0
GPS Wealth Services Pty Ltd (formerly Accountants Insurance Services Pty Ltd)	Australia	**100.0**	100.0
GPS Wealth Limited	Australia	**100.0**	100.0
Ryzer Pty Ltd (formerly Pathway to Wealth Pty Ltd)	Australia	**100.0**	100.0
PTW Care Pty Ltd	Australia	**100.0**	100.0
Personal Insurance Solutions Australia Pty Ltd	Australia	**100.0**	100.0
Tax Bytes Pty Ltd	Australia	**100.0**	100.0
The SMSF Expert Pty Ltd	Australia	**100.0**	100.0
EWA Finance Pty Ltd	Australia	**10.0**	10.0
TaxBanter Pty Ltd	Australia	**100.0**	60.0
Paragem Pty Ltd	Australia	**100.0**	100.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

23. RELATED PARTY DISCLOSURES (continued)

(c) Key management personnel compensation

	2022	2021
	$	$
Short-term employment benefits	**1,880,015**	1,786,210
Post-employment benefits	**117,138**	106,377
Share-based payments	**130,771**	-
Total remuneration	**2,127,924**	1,892,587

Detailed remuneration disclosures are provided in the remuneration report on pages 22 to 33.

(d) Transactions with related parties
The following transactions occurred with related parties:

Transactions with HUB24
On 23 February 2021 HUB24 completed an off-market proportional takeover bid for 1 out of every 3 ordinary shares of the Company which resulted in a 31.51% shareholding.

In addition to HUB24's investment in the Company, HUB24 has provides Responsible Entity services for CARE Managed Accounts.

On a full year basis fees charged from HUB24 were:

	2022	2021
	$	$
Responsible entity fees	**875,057**	608,488

(e) Outstanding balances arising from related party transactions
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2022	2021
	$	$
Current receivables		
HUB24	**22,000**	-
Current payables		
HKNSW	**-**	63,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

23. RELATED PARTY DISCLOSURES (continued)

(f) Other transactions and balances with key management personnel and their related parties

On 8 October 2020, the Group disposed of its interest in HKNSW which was a related party of Knowledge Shop's managing director, Lisa Armstrong and former Group Managing Director, Greg Hayes. The Group continues to pay for services to HKNSW on arms-length commercial terms, however given HKNSW is no longer an associate or an entity that is controlled by any of the Group's KMP, it is no longer considered a related party.

There are no other related party transactions of the KMP other than if they were in the capacity of employees or temporary contractors employed on an arms-length basis.

24. SHARE-BASED PAYMENTS

During the year, a total of 1,145,066 performance rights were issued to employees and directors under the Company's Incentive Plan. These performance rights are subject to two vesting conditions over a 3-year test period commencing 1 July 2021. Vesting conditions are measured on a sliding scale between a minimum threshold and 100% achievement. The first vesting condition (PC1) is an Adjusted Net Revenue growth target between a minimum 100% sliding to 150% to meet a 100% vesting level. The second vesting condition (PC2) is an Absolute Total Shareholder Return (ATSR) between a minimum of 15% sliding up to 25% to meet a 100% vesting level.

Performance Rights	2022 thousands	2021 thousands
Outstanding at the beginning of the year	-	-
Granted during the year – Subject to PC1	378,026	-
Granted during the year – Subject to PC2	767,040	-
Outstanding at the end of the year	1,145,066	-
Exercisable at end of year	-	-
Weighted average remaining contractual life of outstanding performance rights (Years)	2.0	-

The fair value of the performance rights granted during the year have been measured depending on their performance condition. Vesting conditions subject to Adjusted Net Revenue hurdles (PC1) are non-market conditions which use the Black Scholes option pricing model and managements estimation of probability of vesting. Vesting conditions based on Total ATSR which are a market-based condition, uses a Monte Carlo Simulation model.

Grant date	Performance condition	Expiry date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Probability (non-market)	Fair value at grant date
18/11/2021	PC1	30/06/2024	1.04	30.00%	4.00%	0.18%	0.18%	$0.47
18/11/2021	PC2	30/06/2024	1.04	30.00%	4.00%	0.18%	0.18%	$0.45

During the year the Group recognised a share-based payments expense of $0.17 million in relation to performance rights, (2021: Nil).

Other share-based payments

On 1 February 2021, the Company issued 1,700,000 options over ordinary shares to HUB24 at an exercise price of $1.20 per ordinary share which expire 1 February 2024 as consideration for entering into the technology partnership agreement. An expense of $0.34 million was recognised in the Statement of Comprehensive Income in the prior year. At 30 June 2022, 1,700,000 options remain outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

25. COMMITMENTS

Capital commitments

The Group's Accounting Solutions division is presently implementing a new technology platform to manage its training and membership. The total cost of the project is estimated to be $0.45 million (GST inclusive) of which a further $0.12 million remains as an estimated outstanding development commitment.

26. CONTINGENCIES

There were no contingent liabilities as at 30 June 2022 (2021: nil).

27. EVENTS AFTER THE BALANCE SHEET DATE

On 1 July 2022, the Group acquired a 35% equity interest in a leading financial planning practice, McGregor Wealth Management Pty Ltd (**MWM**) which is licensed through GPS Wealth Limited (AFSL 254 544, also a wholly owned subsidiary of the Group). Purchase consideration for MWM consists of an initial cash consideration of $0.74 million, followed by deferred consideration up to $0.56 million during the first 18 months, subject to agreed earnings targets. Expected Earnings Before Interest, Tax and Amortisation (EBITA) contribution from MWM is based on a run rate EBITA of $0.70 million per annum for which the Group's share is expected to be $0.25 million on an equity accounted basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

28. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with and borrowings from banks, short-term investments, accounts receivable and payable and loans to and from subsidiaries. In addition, the Group operates managed accounts under the CARE brand which are held on external investment platforms. The Group receives fees based on these funds.

The Group's risk management framework considers the risk of unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is overseen by the Audit and Risk Committee which monitors financial risk as part of its risk register.

The Group holds the following financial instruments:

	2022	2021
	$'000	$'000
Financial assets		
Cash and cash equivalents	**2,527**	2,259
Trade and other receivables	**3,134**	3,869
Call option – 19.99% Centrepoint Alliance Limited ordinary shares	**125**	-
Total financial assets	**5,786**	6,128
Financial liabilities		
Trade and other payables	**5,922**	3,157
Contingent consideration	**74**	-
Total financial liabilities	**5,996**	3,157

The Group's operating activities expose it to a variety of financial risks comprising:

- Market price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

(a) Market price risk

Market price risk represents the loss that would be recognised if the value of global financial markets were to decline. The Group earns financial planning revenue which is predominantly based on fees charged for service and is not directly linked to financial markets, thereby mitigating market price risk in the Group's Wealth Solutions segment.

The Group has also earnt portfolio management fee revenue which is more closely linked to global equity market values and based on funds under management. The funds under management is subject to market risk in that the base will increase during periods of market growth, but decrease during periods of market decline. This exposure primarily relates to funds that are held on external platforms guided by the Group's CARE philosophy. There are many variables that have an impact on global financial markets including a combination of price, currency and interest rate risks. Directors believe that sensitivity analysis based on movement in funds under management derived from price risk in isolation does not provide a meaningful assessment of the Group's exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

28. FINANCIAL INSTRUMENTS (continued)

(b) Currency risk

Exposure to currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group does not hold any material foreign currency denominated financial instruments.

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Non-derivative interest-bearing assets are predominantly short-term liquid assets, such as bank deposits and interest bearing current accounts.

The Group's exposure to market interest rates arises primarily from drawdowns of debt finance and commercial banks which expose the Group to variable interest rates.

The Group seeks to match the type of securities which are used as collateral with an ability for such securities to provide an income stream to assist in the servicing of the debt. Whilst the Group hopes to achieve at least a cash flow neutral outcome from this asset-liability management, there is no guarantee such an outcome will be achieved due to the equity, and thus variable distribution and dividend nature of the securities from which income is derived.

Due to the simplistic nature of the Group's debt financing, policies and procedures in relation to risk management of the debt position are generally prescribed to the Group in the form of maximum available loan amounts and rate of interest charged.

The following tables summarise the interest rate risk of the Group, together with effective interest rates at balance date.

30 June 2022	Weighted average interest rate %	Fair value level	Fair value $'000	Non interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	-		-	2,527	**2,527**
Trade and other receivables	-		-	3,134	**3,134**
Financial liabilities:					
Trade and other payables	-		-	(5,922)	**(5,922)**
Contingent consideration	-		-	(74)	**(74)**
Net financial assets/(liabilities)			**-**	**(335)**	**(335)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

28. FINANCIAL INSTRUMENTS (continued)

30 June 2021	Weighted average interest rate %	Fair value level	Fair value $'000	Non interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	-		-	2,259	**2,259**
Trade and other receivables	-		-	3,869	**3,869**
Financial liabilities:					
Trade and other payables	-		-	(3,157)	**(3,157)**
Net financial assets/(liabilities)			**-**	**2,971**	**2,971**

For the year ended 30 June 2022, the only impact from a change in interest rates would be if interest rates increased on net surplus funds held in the Groups trading bank accounts. If average interest rates had increased by 1% (100 basis points), assuming all other variables held constant, pre-tax profit for the year would have been + $26k. (2021: + $26k).

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximising the return to its shareholders through the optimisation of the debt and equity ratio.

The Group's policy is to manage borrowings centrally to fund all Group acquisitions and provide funding for working capital while allowing subsidiaries to manage borrowings to fund their local capital expenditure requirements, within strict parameters imposed by the Company.

To manage overall capital risks, it may be necessary for the Board of Directors to adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares. Capital is monitored on an overall basis, but with an emphasis on maintaining access to the Group's debt facilities.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

At balance date the Group does not have any material credit risk exposure to any single debtor or group of debtors under transactions entered into by the Group. At balance date 71% of trade receivables are within approved credit terms (2021: 73%). All trade receivables that are not impaired are expected to be received.

The Group's cash investments are managed internally under Board approved guidelines. Funds are invested for the short-term with the major Australian banks which have a Standard & Poor's short-term rating of A1+.

The maximum exposure to credit risk at balance date of recognised financial assets is the carrying amount of those assets, net of allowance for expected credit losses of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

28. FINANCIAL INSTRUMENTS (continued)

(e) Liquidity risk

Liquidity risk includes the risk that, as a result of the Group's operational liquidity requirements:

- the Group will not have sufficient funds to settle a transaction on the due date;
- the Group will be forced to sell financial assets at a value which is less than fair value; or
- the Group may be unable to settle or recover a financial asset at all.

To help mitigate these risks the Group attempts to ensure the entity has accessible liquidity in the form of cash and access to bank financing. All financial assets and liabilities have maturity of less than 12 months.

(f) Fair values of financial assets and liabilities

Financial assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Level 3: Inputs for the asset or liability that are not based on observable market data

Refer to the table in note 28(c) for allocation of financial liabilities by level.

For other assets and liabilities, the fair value approximates their carrying value.

Movements in the fair value of the provision for contingent consideration are as follows:

	2022	2021
	$'000	$'000
At 1 July	**-**	468
Additions during the year at fair value	**74**	-
Fair value adjustments during the year	**-**	(471)
Notional interest on deferred consideration	**-**	26
Payments	**-**	(23)
At 30 June	**74**	-

The valuation technique used to fair value the provision for contingent consideration is discounted cash flow and the significant unobservable input is a discount rate of 12.5%. If the discount rate had changed by +/- 1% (100 basis points), assuming all other variables held constant, the impact on pre-tax profit for the year would have been nil (2021: -/+ $1,972).

(g) Reconciliation of net financial assets to net assets

	2022	2021
	$'000	$'000
Net financial assets and liabilities as above	**(335)**	2,971
Non-financial assets and liabilities	**38,133**	35,662
Net assets per statement of financial position	**37,798**	38,633

29. INFORMATION RELATING TO DIVERGER LIMITED ("THE PARENT ENTITY")

The accounting policies of Diverger Limited (the Parent Entity), which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 31 for a summary of the significant accounting policies relating to the Group.

(a) Summarised statement of financial position

	2022	2021
	$'000	$'000
Current assets	**2,467**	1,457
Non-current assets	**19,014**	21,545
Total assets	**21,481**	23,002
Current liabilities	**12,157**	9,492
Non-current liabilities	**490**	532
Total liabilities	**12,647**	10,024
Net assets	**8,834**	12,978
Contributed equity	**29,751**	29,751
Reserves	**512**	338
Accumulated losses	**(21,429)**	(17,111)
Total equity	**8,834**	12,978

(b) Summarised statement of comprehensive income

	2022	2021
	$'000	$'000
Loss of the parent entity	**(2,813)**	(2,714)
Total comprehensive loss of the parent entity	**(2,813)**	(2,714)

The parent entity (Diverger Limited or the Company), has recorded net current liabilities of $9.69 million (2021: $8.04 million). The majority of this net position is due to the Group maintaining a centralised treasury function where the Group's cash balances are swept on a routine basis to the Company from the wholly owned subsidiaries creating inter-company balances in current liabilities. Cash sweeps have historically been applied to non-current debt until more recently to a cash surplus. Periodically, the Group will settle these inter-company balances by the declaration of inter-company dividends which effectively returns profits to the parent entity from the subsidiaries reversing the net current liability position. In addition, the Company holds the Group's finance facility which can be drawn down at anytime (refer to note 16).

(c) Parent entity guarantees

The parent has not provided any guarantees in relation to debts of its subsidiaries.

(d) Parent entity contingent liabilities

The parent has no contingent liabilities as at the date of this report.

(e) Parent entity contractual commitments

The parent has no contractual commitments for the acquisition of property, plant or equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

30. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2022	2021
	$	$
(a) Auditors of the Group – BDO[1] and related network firms		
Audit and review of financial statements		
- Group	**171,550**	168,250
- Controlled entities	**-**	-
Other statutory assurance services		
- Controlled entities - FS71	**43,640**	32,400
- Non-controlled entities	**-**	-
Other assurance services	**-**	-
Total remuneration of BDO	**215,190**	200,650
(b) Non-BDO audit firms		
Audit and review of financial statements	**-**	-
Total remuneration of non-BDO audit firms	**-**	-

1. The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd on 21 August 2020. The disclosures include the amounts paid and payable to BDO East Coast Partnership, BDO Audit Pty Ltd and their respective entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity (**the Group**), consisting of Diverger Limited (**Diverger** or **the Company**) and the entities it controls.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Diverger Limited is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purpose of preparing the financial statements.

These financial statements are presented in Australian dollars (“$”) which is the entity’s functional and presentation currency.

The financial report was authorised for issue by the directors on 23 August 2022.

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in financial/directors’ reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors’ report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest one million and one dollar (where indicated).

As at 30 June 2022, the consolidated entity had current net liabilities of $2.44 million (30 June 2021: current net liabilities of $1.19 million). For the year ending 30 June 2022, the consolidated entity had net cash inflow from operating activities of $5.66 million, (2021: $6.26 million).

The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- As part of the Group’s treasury function, surplus cash is actively applied to the debt facility which was paid down to nil during the year however the Group continues to have access to a $10.0 million finance facility (amortised to $7.01 million) which can be drawn upon at anytime;
- Deferred revenue of $0.64 million is included in current liabilities representing revenue received in advance predominantly for training programs to be delivered after balance date. This amount has no anticipated cash outflow effect; and
- Management project continued growth in profitability and continuing positive cashflow in the 2023 financial year.

(i) Compliance with IFRS

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

(ii) Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(iii) Critical accounting estimates

The preparation of these financial statements requires the use of certain estimates and judgements in applying the entity’s accounting policies. Those estimates and judgements significant to the financial report are disclosed in note 32.

(iv) New and amended standards adopted by the Group

The Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) New standards and interpretations not yet mandatory or early adopted
The Group has not yet assessed the impact of any new or amended Accounting Standards and Interpretations, however does not expect there to be any material impact on the financial statements when adopted.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (**the Group**) as at and for the period ended 30 June each year.

(i) Subsidiaries
The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intragroup balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held within the Group are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(iii) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. Unrealised gains and losses on transactions between the consolidated entity and an associate are eliminated to the extent of the entity’s share in the associate.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Non-controlling interests

Non-controlling interests are allocated their share of net profit or loss after tax in the consolidated statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

(v) Changes in ownership interests

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Further details on the segment reporting policy is provided in note 1.

(d) Foreign currency translation and balances

(i) Functional and presentation currency

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ("$") which is the consolidated entity's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction. Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential commission receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The following specific recognition criteria within each segment must also be met before revenue is recognised:

Accounting Solutions revenue*:*

(i) Training revenue

Training revenue is derived via face to face training, webinar and other online formats. In all cases training revenue is recognised at the point in time the training program is delivered to the customer.

(ii) Membership subscription revenue

Membership subscription to accounting solutions help desk and practice support services is recognised over time on a monthly basis in line with the provision of access to the support services.

Wealth Solutions revenue:

(i) Fee for service and general advice fees

Revenue earned from the provision of services such as Statement of Advice (SOA) preparation and general investment advice fees are recognised at a point in time as services are delivered to the customer.

(ii) Investment management fees

Investment management fees are recognised over time in line with the provision of management and administration of client investment and superannuation funds.

(iii) Initial and on-going commissions on insurance products

Upfront commission is recognised as revenue at a point in time, being when the policy is placed by the provider. The performance obligation with respect to on-going commissions revenue is also ongoing in line with policy reviews and maintenance. The performance obligation for on-going commissions revenue is therefore satisfied at the point in time the service is delivered.

Factors contributing to uncertainty include:

- Duration an adviser may be licensed under one of the Group AFSLs
- Potential legislative changes
- Client initiated changes of insurance provider
- Insurance provider changes to providing on-going commission

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) License fees for full authorised and limited authorised advisers

Subscription fees are received from full authorised financial advisers (**ARs**) and limited authorised advisers (**LARs**) in return for services provided that are associated with licensing through one of the Groups AFSLs. Revenue is recognised over time in line with the licence period and associated services provided.

Other revenue:

(i) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividends and distributions

Dividends and distributions are recognised when the Group's right to receive the payment is established. Dividends received from associates are accounted for in accordance with the equity method.

(f) Other income

Other income includes recognition of gains on transactions which are non-operational or non-core in nature such as gains on disposal of investments, subsidiaries or other intangible assets. Income is brought to account after deduction of any applicable cost base from consideration proceeds received.

(g) Income tax and other taxes

(i) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(ii) Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- when GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Tax consolidation

The Group has applied tax consolidation legislation to form one tax-consolidated group for all wholly owned subsidiaries. The Company being the head entity, and the subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only.

This means that:

- the head entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances only; and
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as intercompany payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations. Tax accounting for entities with a non-controlling interest are accounted for on a standalone basis.

(h) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Group leases various offices nationally. Rental contracts are typically made for fixed periods of 3 - 5 years however may have extension options.

The lease payments are discounted using the interest rate implicit in the lease or by referring to the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow 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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising 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;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity issued by the Group, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs, other than the costs to issue debt or equity securities, are expensed 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 conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration liability will be recognised in accordance with *AASB 9 Financial Instruments*, in profit or loss. When the contingent consideration is classified as equity, it should not be remeasured and any subsequent settlement is accounted for within equity.

(j) Impairment of non-financial assets

Non-financial assets other than goodwill, indefinite life intangibles and intangible assets not yet ready for use are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other receivables
Trade receivables are initially recognised at fair value less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(l) Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(m) Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Classification
On initial recognition, the Group classifies financial assets as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI")

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes to the investment's fair value in OCI. This election is made on an investment by investment basis.

All other financial assets of the Group are measured at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Model Assessment
In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed, including:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are SPPI
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition unless the Group were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

(i) Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(iii) Financial liabilities
Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Classification, subsequent measurement and gains and losses
A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Finance costs are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(iv) Impairment of financial assets
Fair value measurement
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 at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Refer to note 28(f) for classification of financial assets and liabilities by fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Plant and equipment

Cost and valuation
All classes of plant and equipment are stated at cost less depreciation and any accumulated impairment losses. Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation
The depreciable amounts of all fixed assets are calculated using the diminishing balance method over their estimated useful lives commencing from the time the asset is held ready for use. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of asset are:

Office equipment	2 to 5 years
Furniture and fittings	2 to 10 years
Leasehold improvements	2 to 10 years

Derecognition
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(o) Goodwill and intangibles

Goodwill
Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value *(or proportionate share of net assets value)* of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with *AASB 8 Operating Segments*.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangibles
Intangible assets acquired separately or in a business combination at fair value are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired (see note 31(j) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight line method to allocate the cost of separately identifiable intangible assets over their estimated useful lives as follows:

- Client contracts and related client relationships not exceeding 15 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(p) Trade and other payables
Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Borrowings
All loans and borrowings are initially measured at fair value, net of transaction cost. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Group derecognises borrowings when, and only when, the Group's obligations are discharged, cancelled or they expire.

Borrowing costs
All borrowing costs are expensed in the period they occur unless they relate to a qualifying asset in which case they are capitalised until the asset is ready for its intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions and employee benefits

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled wholly within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognized as an expense in the same period when the employee services are received.

(iv) Share-based payments

The Company has an employee share-based payment scheme via the Incentive Plan (The Plan). The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options or performance rights that are expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

(v) Short-term incentive scheme

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) Termination benefits
Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The Group recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(s) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

(i) Basic earnings *per share*
Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Comparatives
Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

32. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

In application of the Group's accounting policies described in note 31, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may be recognised.

The carrying amount of goodwill at 30 June 2022 was $25.63 million (30 June 2021: $25.63 million). During the year there were nil impairment losses recognised for goodwill (2021: $0.50 million for the write down of Panthercorp to its recoverable amount prior to its divestment 1 February 2021). Details of impairment testing are set out in note 11.

Impairment of non-financial assets other than goodwill
All non-financial assets are assessed for impairment at each reporting date or when there may be indicators of impairment by evaluating whether their carrying amount is in excess of their recoverable amount. Nil impairment losses were recognised in the current year. (2021: $28k for a client list held by Merit Wealth).

Value-in-use calculations are based on projected cash flows approved by management covering a period of up to 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

Income tax
Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

The Group only brings to account tax losses incurred in those entities for which the directors believe that it is probable that future taxable profit will be available, against which the unused tax losses can be utilised.

Fair value measurements
Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy, (refer to note 28(f)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

32. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (continued)

Lease term and discount rate
Where lease arrangements contain options to extend the term or terminate the contract, the Group assesses whether it is 'reasonably certain' that the option to extend or terminate the contract will be made. The extension or termination option is only exercisable by the Group. However, management has no reasonable certainty at this time that any option on its current leases will be exercised, and as such, the option is not included in the calculation of the lease liabilities. Lease liabilities and right-of-use assets are measured using the reasonably certain contract term.

The discount rate applicable to a lease arrangement is determined at the inception of the contract or when certain modifications are made to the contract. The discount rate applied is the rate implicit in the arrangement, or if unknown, the Group's incremental borrowing rate. A borrowing rate of 5.0% has been used as the discount rate.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair value assessment includes the probability of non-market conditions being met.

The accounting estimates and assumptions relating to equity-settled share-based payments have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 36 to 89 in accordance with the *Corporations Act 2001*:

a. comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

b. as stated in note 31, the consolidated financial statements also comply with International Financial Reporting Standards; and

c. give a true and fair view of the financial position of the consolidated entity as at 30 June 2022 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Diverger Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the executive director and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

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

On behalf of the Board.

Peter Brook
Chairman

Sydney
23 August 2022

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Diverger Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Diverger (the 'Company') and its subsidiaries (collectively known as the 'Group'),which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position as at 30 June 2022,the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

Carrying value of Goodwill – Impairment Assessment

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures in respect to Goodwill and impairment assessment are included Note 11 of the consolidated financial report. Annual impairment testing requires a significant amount of judgment and estimation by Management, in the determination of Cash Generating Units, cash flows, growth rates and discount rates. The critical assumptions used by Management are disclosed in Note 11. The assumptions and complexity of the calculations have made the impairment assessment of goodwill a Key Audit Matter.	In order to evaluate and challenge key assumptions used by Management in their impairment analysis, our procedures included but were not limited to: - Critically evaluating whether the models prepared by Management comply with the requirements of AASB 136 Impairment of Assets; - Evaluating the appropriateness of Management's identification of the Group's cash generating units; - Recalculating the mathematical accuracy of the impairment models; - Comparing the projected cash flows, including assumptions relating to revenue growth rates and operating margins, against historical performance to testing the accuracy of Management's projections; - In conjunction with our valuation specialists, assessing the discount rates and EBITDA multiples utilised in the recoverable amount calculations; - Applying a sensitivity analysis to Management's key assumptions; and - Assessing the adequacy of the Group's disclosures in relation to Goodwill and Impairment.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in Pages 22 to 33 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Diverger Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 23 August 2022

Additional Australian Securities Exchange Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 18 August 2022.

(a) Distribution of equity securities

Ordinary share capital
As at 18 August 2022 there were 37,612,804 shares held by 507 shareholders, all of which were quoted on the ASX. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Range	Number of holders	Number of shares
1 - 1,000	156	45,371
1,001 - 5,000	91	278,620
5,001 - 10,000	65	513,663
10,001 - 100,000	148	4,794,718
100,001 - over	47	31,980,432
TOTAL	**507**	**37,612,804**

There were nil holders of less than a marketable parcel of ordinary shares.

(b) Substantial shareholders
The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Notification	Ordinary shares held	
	date	Number	%
Ordinary shareholders			
Greg Hayes (direct and associated entities)[1]	22/02/21	3,503,778	9.32
Kevin White (direct and associated entities)[1]	22/02/21	1,990,033	5.29
HUB24 Limited[1]	18/02/21	11,853,271	31.51
Pie Funds Management Limited[2]	11/01/21	2,337,456	6.21
Peter Hollick and associated entities[2]	27/04/22	2,001,556	5.32
		21,686,094	**57.65**

1. Shareholding as at 18 August 2022.
2. Shareholding at date of notification.

Additional Australian Securities Exchange Information (continued)

(c) Twenty largest holders of quoted equity securities as at 18 August 2022

		Ordinary shares	
Ordinary shareholders		**Number**	**%**
1	HUB24 Limited	11,853,271	31.51
2	National Nominees Limited	2,808,813	7.23
3	Mr Kevin White & Mrs Margaret White <White Family Super Fund A/C>	1,990,033	5.29
4	Greg Hayes	1,808,079	4.81
5	A.C.N 098 682 556 Pty Ltd	1,629,630	4.33
6	Mr Peter Geoffrey Hollick	1,200,000	3.19
7	DMX Capital Partners Limited	769,308	2.05
8	Mr Grahame David Evans & Mrs Catherine Jane Evans	668,513	1.78
9	Mr Alistair David Strong	630,000	1.67
10	Craig Rosen	620,000	1.65
11	Hollywood Aust Pty Ltd	480,776	1.28
12	HP Capital Pty Ltd	444,444	1.18
13	Mr Shane Anthony Bransby	383,904	1.02
14	Mr Anthony Raymond White	375,663	1.00
15	Top Pocket Pty Ltd <Top Pocket Super Fund A/C>	355,556	0.95
16	Top Pocket Pty Ltd	353,600	0.94
17	JP Morgan Nominees Australia Pty Ltd	350,000	0.93
18	BNP Paribas Nominees Pty Ltd	329,455	0.88
19	Alex James Pty Ltd <The McNally Family Super Fund A/C>	328,111	0.87
20	Mr Shane Anthony Bransby <Cote D'Azure A/C>	327,426	0.87
		27,706,209	**73.66**

The above ranking is based on individual entity holdings and does not consolidate where shares are held over multiple related parties.

(d) Restricted securities

As at 23 August 2022, there were nil restricted ordinary shares subject to voluntary escrow.

(e) Voting rights

On a show of hands, every shareholder present in person or by proxy holding ordinary securities in the Company shall have one vote and upon a poll each ordinary security shall have one vote.