

Appendix 4D and Financial Report

For the Half-Year Ended
31 December 2023



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1 Company details

Name of entity	Count Limited
ABN	11 126 990 832
Reporting period	For the half-year ended 31 December 2023
Previous period	For the half-year ended 31 December 2022

2 Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	6%	to	47,925
Profit from ordinary activities after tax attributable to the owners of Count Limited	up	589%	to	616
Profit for the half-year attributable to the owners of Count Limited	up	589%	to	616

The profit for the Group after providing for income tax and non-controlling interest amounted to \$616,000 (31 December 2022: (\$126,000)).

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	22.29	25.30

Right-of-use assets and lease liabilities recognised under AASB 16 as well as contract assets and contract liabilities recognised under AASB 15 have been excluded from this calculation.

4 Entities where control was gained or lost

On 15 August 2023, Count Limited's member firm, Adelaide based Crosby Dalwood Pty Ltd and Warnecke & Co completed a merger to operate under a new entity under the Count brand, resulting in a loss of control of Crosby Dalwood Pty Ltd.

On 19 November 2023, Total Financial Solutions Australia Pty Ltd (In Liquidation) ('TFSA'), a legacy licensee business that cancelled its Australian Financial Services Licence (AFSL) on 30 June 2020, appointed Administrators as part of a voluntary administration. Accordingly, the Group deconsolidated TFSA from 19 November 2023.

On 31 December 2023, Count Limited gained control over Count Member Firm Pty Limited.

5 Dividends

Current period	Amount per security Cents	Franked amount per security Cents
2023 Final Dividend paid on 11 October 2023	2.25	2.25
2024 Interim Dividend to be paid on 14 March 2024	1.50	1.50
Prior period	Amount per security Cents	Franked amount per security Cents
2022 Final Dividend paid on 12 October 2022	2.00	2.00
2023 Interim Dividend paid on 05 April 2023	1.50	1.50

The record date for determining entitlement to the 2024 interim dividend is 26 February 2024 and payable on 14 March 2024. The interim dividend is not provided for at 31 December 2023 and there is no dividend reinvestment plan in place for the group.

6 Details of associates

Please see Note 4.3 of the half-year Financial Report for period ending 31 December 2023 for details of all associates.

7 Audit qualification or review

The Financial Report for the half-year ended 31 December 2023 has been reviewed and an unqualified review report has been issued.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Count Limited (referred to hereafter as the 'Company', 'parent entity' or 'Count') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

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

Ray Kellerman	Chairman
Alison Ledger	Independent Non-Executive Director
Kate Hill	Independent Non-Executive Director
Carolyn Colley	Independent Non-Executive Director
Tim Martin	Independent Non-Executive Director
Hugh Humphrey	Managing Director and Chief Executive Officer

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of:

Accounting	the provision of accounting, audit and assurance, taxation, self managed superfunds ('SMSF') services, outsourcing, IT and business and corporate advisory services;
Wealth	financial services provided by Australian Financial Services Licence ('AFSL') holders; and
Services	other services that support the accounting and wealth activities, including actuarial certificates and education services.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$616,000 (31 December 2022: \$(126,000)).

The management team have focused on organic growth with our member firms and inorganic growth through acquisitive activity, which is reflected in the financial results for the half-year ended 31 December 2023.

Dividends

The Board is pleased to declare an interim dividend of 1.50 cents per share fully franked for the half-year ended 31 December 2023 (31 December 2022: 1.50 cents per share).

Significant changes in the state of affairs

On 1 July 2023, the Company acquired a 40% shareholding in Bruce Edmunds & Associates Holdings Pty Ltd, a large Victorian accounting firm for a total purchase consideration of \$2,651,000.

On 15 August 2023, the Company's member firm, Adelaide based Crosby Dalwood Pty Ltd and Warnecke & Co completed a merger to operate under a new entity under the Count brand. The Group's ownership over the newly formed merged entity is 45%, resulting in the Group accounting for Count Adelaide as an investment in associate.

On 31 August 2023, the Company's member firm, Twomeys Group Pty Ltd ('Twomeys'), acquired the business of Sapphire Coast Financial Services Pty Ltd for \$591,000.

On 10 November 2023, the Company's member firm, Twomeys, acquired the business of Allan Watt Accounting Pty Ltd for \$754,000.

Scheme of arrangement to acquire Diverger Limited

On 22 September 2023, the Company entered into a binding Scheme Implementation agreement with Diverger Limited (ASX: DVR) ('Diverger') under which Count will acquire 100% of the issued shares in Diverger by way of a board-recommended scheme of arrangement ('Scheme').

On 17 November 2023 the Scheme standard consideration and maximum Permitted Special Dividend (to the extent it is declared and paid) was updated and implied a total value of \$1.365 per Diverger ordinary share based on the last closing share price of Count as at 16 November 2023 of \$0.67.

On 14 December 2023, the Australian Securities and Investments Commission (ASIC) registered the Explanatory Booklet for the Scheme between Diverger and its shareholders.

Events after reporting date

The Directors resolved to declare an interim dividend of 1.50 cents (fully franked) to be paid on 14 March 2024 (Record date 26 February 2024).

On 23 January 2024, the shareholders of Diverger voted in favour of approving the Scheme of Arrangement.

On 31 January 2024, Count Limited's member firm, Kidmans Partners, acquired the accounting client book of Business Accounting Melbourne. Total consideration for the transaction was \$760,000.

On 6 February 2024, Bruce Edmunds, an associate equity partner firm, acquired the accounting client book of May Klye & Associates. Total consideration for the transaction was \$1,400,000.

On 11 February 2024, Count Limited acquired 51% of Solutions Centric, an Australian company that provides offshore accounting, tax and SMSF services out of India. Total consideration for the transaction is based on an enterprise valuation of \$4.1m. Count will pay an upfront consideration of \$1.6m and the remainder over 12 and 24 months respectively, subject to Solutions Centric achieving certain EBITA targets in each 12-month period.

On 15 February 2024, the Federal Court of Australia made orders approving the Scheme.

On 16 February 2024, the Court's order was lodged with ASIC, at which point the Scheme became legally effective. The transaction is expected to achieve financial completion with an effective date of 1 March 2024.

No other matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect;

- (a) the Group's operations in future financial periods, or consolidated entity,
- (b) the results of those operations in future financial periods, or
- (c) the Group's state of affairs of the consolidated entity in future financial periods.

Rounding of amounts

The half-year Financial Report is presented in Australian dollars and amounts have been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of Directors.



Ray Kellerman
Chairman
20 February 2024
Sydney



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Auditor's Independence Declaration

To the Directors of Count Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Count Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Thomas
Partner – Audit & Assurance

Sydney, 20 February 2024

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 **Consolidated Statement of Profit or Loss and Other Comprehensive Income**
For the Half-Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue from contracts with customers	2.1	47,925	45,376
Direct costs		(20,906)	(20,742)
Contribution margin	2.1	27,019	24,634
Other income	2.1	419	977
Indirect salaries and employee benefits expense		(13,430)	(11,687)
Administrative expenses		(7,658)	(7,013)
Other operating expenses		(5,238)	(5,288)
Operating profit		1,112	1,623
Share of net profits of associates accounted for using equity method	4.3	2,125	1,497
Impairment of intangible assets		-	(1,424)
Net finance costs		(663)	(512)
Profit before income tax expense		2,574	1,184
Income tax expense		(560)	(326)
Profit after income tax expense for the half-year		2,014	858
Other comprehensive income for the half-year, net of tax		(35)	14
Total comprehensive income for the half-year		1,979	872
Profit for the half-year is attributable to:			
Owners of Count Limited		616	(126)
Non-controlling interest		1,398	984
		2,014	858
Total comprehensive income for the half-year is attributable to:			
Owners of Count Limited		581	(112)
Non-controlling interest		1,398	984
		1,979	872
		Cents	Cents
Basic earnings per share	2.2	0.57	(0.11)
Diluted earnings per share	2.2	0.55	(0.11)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position
As at 31 December 2023

	Note	31 December 2023 \$'000	30 June 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		18,142	21,668
Trade and other receivables		26,837	30,617
Contract assets		45,642	42,574
Loans and advances		–	2
Indemnity asset	3.1	5,891	87,472
Total current assets		96,512	182,333
Non-current assets			
Trade and other receivables		–	93
Contract assets		114,058	112,223
Investments in associates	4.3	31,260	25,951
Property, plant and equipment		3,470	3,484
Right-of-use assets		11,914	10,457
Intangible assets		52,989	54,577
Deferred tax assets		4,283	3,394
Total non-current assets		217,974	210,179
Total assets		314,486	392,512
Liabilities			
Current liabilities			
Trade and other payables		21,617	24,006
Contract liabilities		40,628	39,285
Interest bearing loans and borrowings		844	1,683
Lease liabilities		3,093	3,021
Current tax liabilities		1,548	1,388
Provisions		7,864	8,030
Remediation provision	3.2	5,891	87,481
Other liabilities		2,194	1,693
Total current liabilities		83,679	166,587
Non-current liabilities			
Contract liabilities		112,087	110,285
Interest bearing loans and borrowings		19,565	15,654
Lease liabilities		9,818	8,493
Provisions		1,333	1,336
Other liabilities		450	693
Total non-current liabilities		143,253	136,461
Total liabilities		226,932	303,048
Net assets			
Equity			
Contributed equity	5.1	121,562	121,536
Reserves		(43,836)	(48,411)
(Accumulated losses) / Retained earnings		(2,882)	1,579
Equity attributable to the owners of Count Limited		74,844	74,704
Non-controlling interest		12,710	14,760
Total equity		87,554	89,464

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



	Issued Capital \$'000	Treasury Shares* \$'000	Share-Based Payment Reserve \$'000	Acquisition Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total \$'000	Non-Controlling Interest (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2023	124,859	(3,323)	128	(48,548)	9	1,579	74,704	14,760	89,464
Profit after income tax expense for the half-year	-	-	-	-	-	616	616	1,398	2,014
Other comprehensive income for the half-year, net of tax	-	-	-	-	(35)	-	(35)	-	(35)
Total comprehensive income for the half-year	-	-	-	-	(35)	616	581	1,398	1,979
Transactions with owners in their capacity as owners:									
Transactions with non-controlling interests (NCI)	-	-	-	4,448	-	(2,625)	1,823	(1,670)	153
Share based payments for long-term incentives (LTI)	-	-	188	-	-	-	188	-	188
Transfer of treasury shares	-	26	(26)	-	-	-	-	-	-
Dividends declared	-	-	-	-	-	(2,452)	(2,452)	(1,778)	(4,230)
Balance at 31 December 2023	124,859	(3,297)	290	(44,100)	(26)	(2,882)	74,844	12,710	87,554

	Issued Capital \$'000	Treasury Shares* \$'000	Share-Based Payment Reserve \$'000	Acquisition Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total \$'000	Non-Controlling Interest (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2022	126,566	(3,413)	668	(48,548)	(16)	96	75,353	13,111	88,464
(Loss) after income tax expense for the half-year	-	-	-	-	-	(126)	(126)	984	858
Other comprehensive income for the half-year, net of tax	-	-	-	-	14	-	14	-	14
Total comprehensive income for the half-year	-	-	-	-	14	(126)	(112)	984	872
Transactions with owners in their capacity as owners:									
Share buy-back	(1,013)	-	-	-	-	-	(1,013)	-	(1,013)
Transactions with non-controlling interests (NCI)	-	-	-	-	-	(497)	(497)	1,169	672
Reallocation of employee share reserve	-	-	(503)	-	-	503	-	-	-
Share based payments for long-term incentives (LTI)	-	-	42	-	-	-	42	-	42
Transfer of treasury shares	-	90	(50)	-	-	(40)	-	-	-
Recognition of deferred tax on equity transactions	-	-	-	-	-	1,524	1,524	-	1,524
Dividends paid	-	-	-	-	-	(2,212)	(2,212)	(1,169)	(3,381)
Balance at 31 December 2022	125,553	(3,323)	157	(48,548)	(2)	(752)	73,085	14,095	87,180

* The Company has formed a trust to administer the Long-Term Incentive Plan. Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2023

	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	133,795	94,388
Payments to suppliers and employees (inclusive of GST)	(129,869)	(90,200)
Dividends / distributions received from associates	1,530	1,316
	5,456	5,504
Interest received	327	162
Interest and other finance costs paid	(990)	(673)
Income taxes paid (net)	(1,433)	(2,429)
Net cash from operating activities	3,360	2,564
Cash flows from investing activities		
Proceeds from sales equity partnership model	1,183	1,889
Proceeds from sales of associate ownership	–	58
Purchase of shares under the equity partnership model	(903)	(697)
Payment for deferred and contingent consideration on acquisition of controlled entities and associates	(1,042)	(827)
Payments for acquisition of associate	(2,004)	(2,436)
Proceeds from disposal of subsidiary, net of cash disposed	(393)	–
Proceeds from sale of business assets, net of cash disposed	108	1,240
Purchase of equipment and other non-current assets	(738)	(689)
Purchase of business assets	(968)	(356)
Proceeds from deferred consideration on sale of controlled entities and associates	100	1,155
Net cash used in investing activities	(4,657)	(663)
Cash flows from financing activities		
Net proceeds from borrowings	3,194	3,672
Purchase of shares under share buy-back programme	–	(1,013)
Dividends paid	(2,452)	(2,212)
Repayment of borrowings	–	(152)
Repayment of lease liabilities (AASB16)	(1,448)	(1,557)
Payment of dividends by controlled subsidiaries to non-controlling interests	(1,523)	(1,169)
Net cash used in financing activities	(2,229)	(2,431)
Net decrease in cash and cash equivalents	(3,526)	(530)
Cash and cash equivalents at the beginning of the financial half-year	21,668	21,540
Cash and cash equivalents at the end of the financial half-year	18,142	21,010

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Basis of Preparation

1.1 General information

The half-year Financial Report is for the Group consisting of Count Limited (the 'Company') and its subsidiaries. The half-year Financial Report is a general purpose financial report which do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The half-year Financial Report was authorised for issue on 20 February 2024 by the Board of Directors.

The half-year Financial Report is for the reporting period ended 31 December 2023 and has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting the Corporations Act 2001 and is in compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year Financial Report has been prepared on an historical cost basis except for those assets and liabilities in Note 5.2.

Wherever necessary, Count Limited has regrouped and reclassified certain balances in the financial statements in order to provide more relevant information to our stakeholders. The comparative information has been reclassified accordingly. These reclassifications do not have any impact on the profit for the current reporting period or prior reporting period.

The half-year Financial Report is presented in Australian dollars and amounts have been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016 / 191.

1.2 New or amended Accounting Standards and Interpretations adopted

The Group has adopted all relevant new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

2 Financial Performance

2.1 Operating segments

The chief operating decision makers ('CODM'), being the Board of Directors, views the Group's operating results under the following segments:

Accounting	which mainly comprises the provision of accounting, audit and assurance, taxation, self managed super funds ('SMSF') services, outsourcing, IT and business and corporate advisory services.
Wealth	which comprises of financial services provided by Australian Financial Services Licence ('AFSL') holders.
Services	which comprises of services that support the activities of the accounting segment and wealth segment.

The CODM primarily uses the measure of EBITA (Earnings Before Interest, Tax and Amortisation) and contribution margin (revenue less direct costs) to assess the performance of the operating segments.

No segment assets and liabilities are disclosed because there is no measure of segment assets and liabilities regularly reported to the CODM.

The information reported to the CODM is on a monthly basis.

Segment performance

Consolidated – 31 December 2023	Accounting \$'000	Wealth \$'000	Services \$'000	Corporate Office \$'000	Total \$'000
Revenue	34,937	10,405	3,091	–	48,433
Intercompany revenue	(508)	–	–	–	(508)
Revenue from external parties	34,429	10,405	3,091	–	47,925
Contribution margin	16,010	7,918	3,091	–	27,019
Other income	175	133	–	111	419
Expenses	(10,985)	(6,921)	(1,862)	(5,131)	(24,899)
Share of net profit of associates earnings	2,125	–	–	–	2,125
EBITA	7,325	1,130	1,229	(5,020)	4,664
Transaction costs ²	–	–	–	735	735
Other non-recurring items ³	38	(1)	–	–	37
Underlying EBITA	7,363	1,129	1,229	(4,285)	5,436

Consolidated – 31 December 2022	Accounting \$'000	Wealth \$'000	Services \$'000	Corporate Office \$'000	Total \$'000
Revenue	33,537	8,442	3,958	–	45,937
Intercompany revenue	(236)	–	(325)	–	(561)
Revenue from external parties	33,301	8,442	3,633	–	45,376
Contribution margin	15,241	6,725	2,668	–	24,634
Other income	675	103	–	199	977
Expenses	(10,843)	(5,456)	(1,956)	(5,926)	(24,181)
Share of net profit of associates earnings	1,497	–	–	–	1,497
EBITA	6,570	1,372	712	(5,727)	2,927
EBITA of entities disposed of post half-year end ¹	–	–	429	–	429
Other non-recurring items ³	(437)	–	–	622	185
Impairment expense	–	–	–	1,424	1,424
Underlying EBITA	6,133	1,372	1,141	(3,681)	4,965

Reconciliation of Underlying EBITA to profit before income tax.

	2023 \$'000	2022 \$'000
Underlying EBITA	5,436	4,965
Less		
EBITA of entities disposed of post half-year end ¹	–	(429)
Transaction costs ²	(735)	–
Other non-recurring items ³	(37)	(185)
Impairment expense	–	(1,424)
Amortisation expense	(1,427)	(1,231)
Net finance costs	(663)	(512)
Profit before income tax	2,574	1,184

¹ EBITA of entities that were a part of the Group at the end of the period but were subsequently disposed of and reported in the Events after the Reporting Period note. In the prior period, EBITA of (\$429,000) from Wealth Axis Holdings Pty Ltd was excluded in the Underlying EBITA metric.

² Transaction costs relate to costs incurred to 31 December 2023 associated with the scheme of implementation to acquire 100% of the issued shares in Diverger Limited.

³ Other non-recurring items include net one-off gains or losses resulting from acquisitive and divesting transactions, including gains or losses on deferred consideration.

The segment revenue described above represents revenue generated from external customers.



Notes to the Consolidated Half-Year Financial Report For the Half-Year Ended 31 December 2023

	2023 \$'000	2022 \$'000
Timing of revenue recognition		
Transferred at a point in time	19,099	18,077
Transferred over time	28,826	27,299
Revenue from contracts with customers	47,925	45,376

2.2 Earnings per share

	31 December 2023 \$'000	31 December 2022 \$'000
Profit after income tax	2,014	858
Non-controlling interest	(1,398)	(984)
Profit / (loss) after income tax attributable to the owners of Count Limited	616	(126)

	31 December 2023 Number	31 December 2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	108,989,126	110,686,112
Adjustments for calculation of diluted earnings per share		
Long-term incentive performance rights	3,117,232	1,214,609
Weighted average number of ordinary shares used in calculating diluted earnings per share	112,106,358	111,900,721

	31 December 2023 Cents	31 December 2022 Cents
Basic earnings per share	0.57	(0.11)
Diluted earnings per share	0.55	(0.11)

2.3 Dividends

Dividends paid during the financial half-year were as follows:

	31 December 2023 \$'000	31 December 2022 \$'000
2.25 cents per shares (fully franked) dividend paid in respect of the six months to 30 June 2023	2,452	–
2.00 cents per shares (fully franked) dividend paid in respect of the six months to 30 June 2022	–	2,212

3 Indemnity asset and remediation provision

3.1 Indemnity asset

	31 December 2023 \$'000	30 June 2023 \$'000
Indemnity asset	5,891	87,472

Included in the Consolidated Statement of Financial Position of Count AFSL (previously referred to as 'Count Financial Limited') is a provision for remediation amounting to \$5,891,000. A corresponding indemnity asset has been recognised which represents an amount receivable pursuant to an indemnity deed granted by the Commonwealth Bank of Australia (CBA). The provision is for ongoing service fees charged to clients where no service was provided and for other advice issues. The provision relates to the purchase of Count AFSL by Count during the 2020 financial year.

The indemnity provided by CBA relates directly to the remediation provision and is reduced as clients are remediated. The indemnity at 31 December 2023 was \$520,000,000. The indemnity is subject to renegotiation if some of the underlying assumptions behind the provision are reassessed.

In connection with the sale of Count AFSL to Count Limited, CBA entered an Indemnity Deed (Deed) with Count Limited dated 1 October 2019, to cover remediation of past conduct. The limit of the CBA indemnity (Monetary Cap) has been increased twice since the date of the Deed, utilising the adjustment mechanism contained in the Deed. The Deed currently has a limit of \$520 million and covers certain remediation activities that were identified at the time of sale and for up to four years following the sale.

The timeframe for notification of any further indemnified conduct pursuant to the Deed ended on 1 October 2023. All indemnified conduct, which has been notified to CBA will continue to be indemnified by CBA pursuant to the terms of the Deed.

Recoveries of remediation amounts are expected to be assessable for tax purposes. Note that remediation payments are expected to be deductible for tax purposes.

3.2 Remediation provision

	31 December 2023 \$'000	30 June 2023 \$'000
Current liabilities		
Remediation provision – ongoing service fees – Count AFSL	2,272	81,263
Remediation provision – other advice issues – Count AFSL	3,619	6,209
Remediation provision – other	–	9
	5,891	87,481

Remediation provision – Count AFSL

The Count AFSL remediation provision represents the estimated cost of remediation of current and former clients in respect of advice issues, including ongoing service fees charged where no service was provided. The advice issues occurred prior to the acquisition of Count AFSL by Count on 1 October 2019.

The provision includes the following elements:

	31 December 2023 \$'000	30 June 2023 \$'000
Ongoing service fees – cost of remediation of clients	1,056	37,620
Ongoing service fees – interest on amounts payable to clients	1,216	43,643
Other advice issues	3,619	6,209
	5,891	87,472

Ongoing service fees

As at 31 December 2023, a total of \$503,663,000 payments have been made. The following key assumptions have been reflected in the remediation provision:

	31 December 2023	30 June 2023
Value of ongoing service fees charged	\$443,525,000	\$443,525,000
Number of years in which issues occurred	11 years	11 years
Interest calculation methodology	RBA cash rate plus 6% compounded monthly	RBA cash rate plus 6% compounded monthly
Value below which refunds will be made without investigation	\$3,000 (excluding interest)	\$3,000 (excluding interest)

4 Group Structure

4.1 Business combinations

The Group has made the following acquisitions during the period:

On 31 August 2023, the Company's member firm, Twomeys Group Pty Ltd ('Twomeys'), acquired the business of Sapphire Coast Financial Services Pty Ltd for \$591,000.

On 10 November 2023, the Company's member firm, Twomeys, acquired the business of Allan Watt Accounting Pty Ltd for \$754,000.

On 31 December 2023, the Company acquired the entity Count Member Firm Pty Limited for \$100.

4.2 Loss of control

On 15 August 2023, Count Limited's member firm, Adelaide based Crosby Dalwood Pty Ltd and Warnecke & Co completed a merger to operate under a new entity under the Count brand. The Group's ownership over the newly formed merged entity is 45%. This resulted in the Group losing control of the Crosby Dalwood Pty Ltd entity.

On 19 November 2023, Total Financial Solutions Australia Pty Ltd (In Liquidation) ('TFSA'), a legacy licensee business that cancelled its Australian Financial Services Licence ('AFSL') on 30 June 2020, appointed Administrators as part of a voluntary administration. On 22 December 2023, TFSA was wound up and Joint & Several Liquidators were appointed thereafter. The Group's control over TFSA was lost on the date of the appointment of the voluntary administrators. Accordingly, the Group deconsolidated TFSA from 19 November 2023.

4.3 Investments in associates

Investments in associates are accounted for using the equity method of accounting. Information relating to associates are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2023 %	30 June 2023 %
Bruce Edmunds & Associates Pty Ltd	Australia	40.00%	–
Count Adelaide Holdings Pty Ltd	Australia	45.00%	–
DMG Financial Holdings Pty Ltd	Australia	30.00%	30.00%
Hunter Financial Pty Ltd	Australia	40.00%	40.00%
OBM Financial Services Pty Ltd	Australia	40.00%	40.00%
One Hood Sweeney Pty Ltd	Australia	32.36%	32.36%
Rundles Count Pty Ltd	Australia	40.00%	40.00%
Rundles Financial Planning Pty Ltd	Australia	20.00%	20.00%
Southern Cross Business Holdings Pty Ltd	Australia	49.00%	49.00%
WSC Group – Aust Pty Ltd	Australia	32.75%	32.75%

On 1 July 2023, the Company acquired a 40% shareholding in Bruce Edmunds & Associates Holdings Pty Ltd, a large Victorian accounting firm for a total purchase consideration of \$2,651,000.

On 15 August 2023, Count Limited's member firm, Adelaide based Crosby Dalwood Pty Ltd and Warnecke & Co completed a merger to operate under a new entity under the Count brand. The Group's ownership over the newly formed merged entity is 45%.

Movements during the year in equity accounted investment in associated companies

	31 December 2023 \$'000	30 June 2023 \$'000
Opening balance	25,951	22,214
Acquisitions	4,714	2,998
Share of net profits of associates accounted for using equity method	2,125	3,304
Dividends and distributions	(1,530)	(2,565)
Closing balance	31,260	25,951

5 Capital Management

5.1 Contributed equity

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$'000	30 June 2023 \$'000
Issued capital	111,528,888	111,528,888	124,859	124,859
Treasury shares – issued capital held by company share trust	(2,523,367)	(2,543,213)	(3,297)	(3,323)
	109,005,521	108,985,675	121,562	121,536

Issue of ordinary shares

On 30 November 2023, 19,846 ordinary shares were issued to a key management personnel after vesting conditions from the 2019 Long-Term Incentive Plan were satisfied. There was no change to the total number of ordinary shares on issue as the shares were transferred from the company share trust.

5.2 Fair value hierarchy

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, loans, advances and other receivables and interest-bearing borrowings approximate their fair value.

Fair value hierarchy

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

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

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

Level 3 Unobservable inputs for the asset or liability.

At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Contingent assets	–	–	13	13
Liabilities				
Contingent consideration payable	–	–	(2,295)	(2,295)
At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Contingent assets	–	–	13	13
Liabilities				
Contingent consideration payable	–	–	(1,586)	(1,586)



Consolidated	Total \$'000
Balance at beginning of year	(1,586)
Gain on contingent consideration in the profit or loss	(150)
Additions to contingent cash consideration for acquisitions of assets, subsidiaries & associates during the year	(1,239)
Discounting	(17)
Cash paid for settlement of contingent cash consideration	697
Closing contingent cash consideration payable	(2,295)

The fair value of the financial assets and liabilities represents 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. The following methods and assumptions were used to estimate the fair values.

Fair value of contingent cash consideration is derived from management expectations of the performance of the acquired businesses and assets. There were no transfers between levels during the financial half-year.

The maximum potential payment for deferred consideration is \$2,578,000 (30 June 2023: \$2,011,000).

Management believes no reasonable change in any other key assumptions would have a material impact on the fair value of the other investments and deferred consideration.

6 Other Information

6.1 Contingent liabilities

Class action lawsuit

Class action proceedings have been filed by Piper Alderman in the Federal Court of Australia against Count Limited's subsidiary firm, Count AFSL. The proceedings seek financial compensation and relates to commissions paid to Count AFSL and its authorised representative financial advisers. The commissions were in respect of financial products (including insurance) and certain obligations of its financial advisers to provide ongoing advice in the period 21 August 2014 to 21 August 2020.

Count Limited acquired Count AFSL from Commonwealth Bank of Australia (CBA) on 1 October 2019. CBA has provided an indemnity to Count Limited in relation to certain conduct that occurred prior to and after the acquisition of Count AFSL by Count Limited for an amount of \$520M.

A reliable estimate of the expected future inflows and / or outflows related to the class action cannot be formed at this stage.

Claim against Corporate Authorised Representatives

This matter relates to a claim by a client, brought through her tutor, the Public Trustee, in the Supreme Court of NSW, against a Corporate Authorised Representative of Count Financial Limited. Neither the Group nor its subsidiaries have been named in the proceedings. A reliable estimate of exposure related to the action cannot be formed at this stage.

Claim against Total Financial Solutions Australia Pty Ltd (In Liquidation)

On 19 November 2023, Total Financial Solutions Australia Pty Ltd (In Liquidation) ('TFSA'), a legacy licensee business that cancelled its Australian Financial Services Licence (AFSL) on 30 June 2020, appointed Administrators as part of a voluntary administration. On 22 December 2023, TFSA was wound up and Joint & Several Liquidators were appointed thereafter. The Group's control over TFSA was lost on the date of the appointment of the voluntary administrators. Accordingly, the Group deconsolidated TFSA from 19 November 2023. Pursuant to section 440D of the Corporations Act, proceedings against a company cannot proceed except with the consent of the administrators or with leave of the Court. The matter is now in the control of the administrators.



6.2 Events after the reporting period

The Directors resolved to declare an interim dividend of 1.50 cents (fully franked) to be paid on 14 March 2024 (Record date 26 February 2024).

On 23 January 2024, the shareholders of Diverger voted in favour of approving the Scheme of Arrangement.

On 31 January 2024, Count Limited's member firm, Kidmans Partners, acquired the accounting client book of Business Accounting Melbourne. Total consideration for the transaction was \$760,000.

On 6 February 2024, Bruce Edmunds, an associate equity partner firm, acquired the accounting client book of May Klye & Associates. Total consideration for the transaction was \$1,400,000.

On 11 February 2024, Count Limited acquired 51% of Solutions Centric, an Australian company that provides offshore accounting, tax and SMSF services out of India. Total consideration for the transaction is based on an enterprise valuation of \$4.1m. Count will pay an upfront consideration of \$1.6m and the remainder over 12 and 24 months respectively, subject to Solutions Centric achieving certain EBITA targets in each 12-month period.

On 15 February 2024, the Federal Court of Australia made orders approving the Scheme.

On 16 February 2024, the Court's order was lodged with ASIC, at which point the Scheme became legally effective. The transaction is expected to achieve financial completion with an effective date of 1 March 2024.

No other matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect;

- (a) the Group's operations in future financial periods, or consolidated entity,
- (b) the results of those operations in future financial periods, or
- (c) the Group's state of affairs of the consolidated entity in future financial periods.



Directors' Declaration

In the opinion of the Directors of Count Limited;

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors,

Ray Kellerman
Chairman
20 February 2024
Sydney



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Independent Auditor's Review Report

To the Members of Count Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Count Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

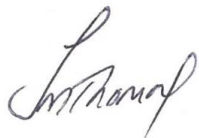
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



S M Thomas
Partner – Audit & Assurance
Sydney, 20 February 2024

Directors

Ray Kellerman	Chairman
Alison Ledger	Independent Non-Executive Director
Kate Hill	Independent Non-Executive Director
Carolyn Colley	Independent Non-Executive Director
Tim Martin	Independent Non-Executive Director
Hugh Humphrey	Managing Director and Chief Executive Officer

Chief Financial and Operating Officer

Laurent Toussaint
Resigned 29 September 2023

Chief Financial Officer

Keith Leung
Appointed 2 October 2023

Company Secretary

Laurent Toussaint
Resigned 29 September 2023

Doug Richardson

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Banker

Westpac Banking Corporation

Stock Exchange Listing

Count Limited shares are listed on the Australian Securities Exchange (ASX code: CUP)

Website Address

www.count.au

ABN

11 126 990 832



The confidence to look ahead

