Appendix 4D and Interim Report

For the Half-year ended 31 December 2021

DIVERGER LIMITED (formerly Easton Investments Limited)

ABN 48 111 695 357

Details of the reporting period and the previous corresponding period

Current reporting period	The half-year ended 31 December 2021 (**1H22**)
Previous corresponding reporting period	The half-year ended 31 December 2020 (**1H21**)

1. Results for announcement to the market

a) Amount and percentage change compared to the previous corresponding period

	1H22 $'000	1H21 $'000	% Change	Up/ (Down)
Revenue from continuing operations	59,967	38,964	54	Up
Profit from ordinary activities after tax attributable to members	1,560	1,483	5	Up
Profit for the period attributable to members	1,560	1,483	5	Up

b) The amount per security and franked amount per security of final and interim dividends
An interim dividend has been declared of $0.56 million (being 1.5 cents per ordinary share), payable on 26 April 2022.

c) The record date for determining entitlements to dividends (if any)
Interim dividend – 19 April 2022

d) A brief explanation of any of the figures reported above necessary to enable the figures to be understood
Commentary on the results for the half-year ended 31 December 2021 is provided in the 'Review of operations' section in the attached Interim Report.

In this Appendix 4D, the consolidated entity (**the Group**) consists of Diverger Limited (**Diverger** or **the Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

2. Net tangible assets per security with the comparative figure for the previous corresponding period

	1H22	1H21
Net tangible asset backing per ordinary security	(2.12) cents	(9.25) cents

3. Details of entities over which control has been gained or lost during the period

a) Control gained over entities
Not applicable.

b) Control lost over entities
Not applicable.

4. Details of individual and total dividends or distributions and dividend or distribution payments

Details of Dividends[1]	**Cents per share**	**$'000**
2021 Final dividend (paid 24 September 2021)	2.5	940
2022 Interim dividend[2,3]	1.5	564

1. All dividends are fully franked at a tax rate of 30%.
2. Record date for determining entitlement to the 2022 interim dividend is 19 April 2022.
3. The 2022 interim dividend is payable on 26 April 2022.

5. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

Not applicable.

6. Details of associates and joint venture entities

a) Details of associates
Not applicable.

b) Details of joint venture entities
Not applicable.

7. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

Not applicable.

8. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification

Not applicable.

Kevin White

Kevin White
Chairman

Sydney
24 February 2022

Diverger Limited
(formerly Easton Investments Limited)

ABN 48 111 695 357

Interim Report – 31 December 2021

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Diverger Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Your directors present their report, together with the condensed interim financial 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 half-year ended 31 December 2021, and the independent auditor's review report thereon. The condensed interim financial report has been prepared in accordance with AASB 134 Interim Financial Reporting.

Directors

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

Kevin White
Nathan Jacobsen
Grahame Evans
Carl Scarcella
Anthony McDonald
Peter Brook (appointed 20 December 2021)

Results and dividends

The net profit after tax of the Group for the half-year ended 31 December 2021 was $1.78 million (1H21: $1.81 million), representing basic earnings per share of 4.15 cents (1H21: 4.32 cents).

The directors have declared an interim fully franked dividend of $0.56 million (equivalent to 1.5 cents per share), reflecting a dividend payout ratio of 36%. The interim dividend has a record date of 19 April 2022 and is to be paid on 26 April 2022.

Review of operations

Operating revenue from continuing operations was $59.97 million for the half-year ended 31 December 2021, up from $38.96 million in the previous corresponding period, an increase of 54%.

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 **Underlying Profit,** which equates to **Normalised EBITA.**

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

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

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

- One-off non-operational items (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.

Net Revenue from continuing operations was $14.78 million, an increase of 11% compared to the prior corresponding period (1H21: $13.27 million) driven by continued growth in existing businesses and a full period contribution from Paragem Pty Ltd, acquired 1 February 2021.

Underlying Profit of $3.34 million was down 15% compared to the prior corresponding period (1H21: $3.91 million), primarily due to the loss of earnings from discontinued operations, the ceasing of stimulus support received in the prior corresponding period and higher corporate costs as the Company has invested in infrastructure and management capability. At a divisional level, Underlying Profit from continuing operations continued to grow, up by 5% compared to the prior corresponding period.

Financial performance on a comparative basis is presented in the following table:

Group performance	**1H22 $'000**	1H21 $'000	Movement %
Revenue			
Revenue from continuing operations	**59,967**	38,964	54
Less: Adviser revenue share	**(44,970)**	(24,281)	
Less: Cost recoveries	**(214)**	(1,417)	
Net Revenue from continuing operations	**14,783**	13,266	11
Statutory net profit after tax [1]	**1,780**	1,806	(1)
Underlying Profit:			
Underlying Profit from continuing divisional operations[3]	4,714	4,475	5
Less: Corporate overhead	(1,370)	(950)	(44)
Underlying Profit from continuing operations	3,344	3,525	(5)
Add: Discontinued operations[4]	-	388	
Underlying Profit[2]	**3,344**	3,913	(15)

1. Statutory net profit after tax (**NPAT**) includes profit attributable to non-controlling Interests. Profit attributable to members is $1.56 million (1H21: $1.48 million).
2. Underlying Profit is a non-IFRS measure that the Group uses to assess performance as it excludes one-off and non-operational items. A reconciliation of Underlying Profit to Statutory Profit is set out in the following table.
3. Underlying Profit from continuing divisional operations represents contributions from the two divisions, Wealth Solutions and Accounting Solutions before the impact of discontinued operations. Continuing operations does include Paragem Pty Ltd which was acquired 1 February 2021 which has been integrated as part of the Wealth Solutions division.
4. Discontinued operations include the following divestments with the corresponding completion dates:
   - Law Central 14 December 2020,
   - Panthercorp 1 February 2021.

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

	1H22 $'000	1H21 $'000
Normalised EBITA from continuing operations	**3,344**	3,525
Normalised EBITA from discontinued operations	-	388
Normalised EBITA for the half-year	**3,344**	3,913
Add/(deduct) normalisation adjustments[1]:		
Restructuring, acquisition & disposal costs	**(134)[2]**	(639)[2]
Reverse impact of AASB16 – Leases	**(2)**	(1)
Provision for prior year refund	-	(100)
Impairment of intangible assets to fair value	-	(528)[3]
Write back of deferred consideration	-	371[4]
Gain on disposal of subsidiaries and investments	-	36[5]
Statutory EBITA for the half-year including discontinued operations	**3,208**	3,052
Add/(deduct):		
EBITA from discontinued operations	-	123
Net interest (expense less interest received)	**(34)**	(107)
Notional interest on deferred consideration	-	(39)
Amortisation of intangible assets	**(524)**	(459)
Statutory profit before tax for the half-year from continuing operations	**2,650**	2,570
Income tax expense	**(870)**	(523)
Statutory profit from continuing operations for the half-year	**1,780**	2,047
Add: Discontinued operations after tax	-	(241)
Total comprehensive income for the half-year[6]	**1,780**	1,806
Net profit after tax attributable to non-controlling interests	**220**	323
NPAT attributable to owners of the Company	**1,560**	1,483

1. Normalisation adjustments have not been subject to auditor review and are intended to provide greater insight into the underlying performance of the Group.
2. During the period, the Group has incurred some non-recurring costs associated with exploring strategic opportunities as well as restructure costs for rebranding and implementation of the employee share scheme. During the previous corresponding period, the Group incurred corporate advisory and legal costs for both the HUB24 transaction and the divestment of non-core assets as part of a wider strategy of business simplification.
3. During the previous corresponding period, the Group made an impairment charge of $0.50 million against the carrying amount of Panthercorp so that it was not in excess of the expected consideration that was received from its disposal on 1 February 2021. In addition, the Group impaired a remaining balance of $28k of an unrelated client list in the Wealth division.
4. During the previous corresponding period, the Group made a fair value adjustment to the expected deferred consideration for the acquisition of TaxBanter which was further reduced to nil amount payable in the second half of 2021.
5. Final gain on disposal resulting from divestment of non-core assets recognised in the previous corresponding period.
6. Statutory net profit after tax is total comprehensive income for the half-year.

Analysis by segment

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

Comments on each of these segments are set out below.

1. Wealth Solutions

The Group's Wealth Solutions division is comprised of:

- Licensee entities:
  - GPS Wealth Ltd (**GPS**) - 100%
  - Merit Wealth Pty Ltd (**MW**) - 100%
  - The SMSF Expert Pty Ltd (**SMSF**) - 100%
  - Paragem Pty Limited (**Paragem**) - 100% (acquired 1 February 2021, not reflected in 1H21 results)
- DWA Managed Accounts Pty Ltd (**CARE Managed Accounts**)

The Group's Wealth Solutions division provides a range of dealer group services to a large network of advisers comprised of full authorised representatives (**ARs**) and limited authorised representatives (**LARs**).

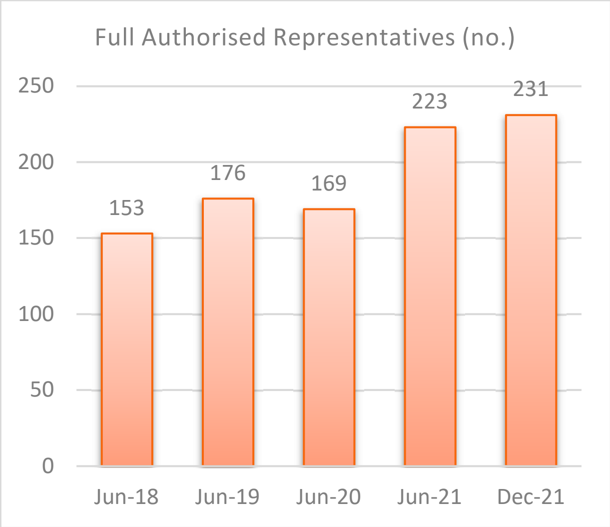
The performance of the Wealth Solutions division on a comparative basis is summarised below:

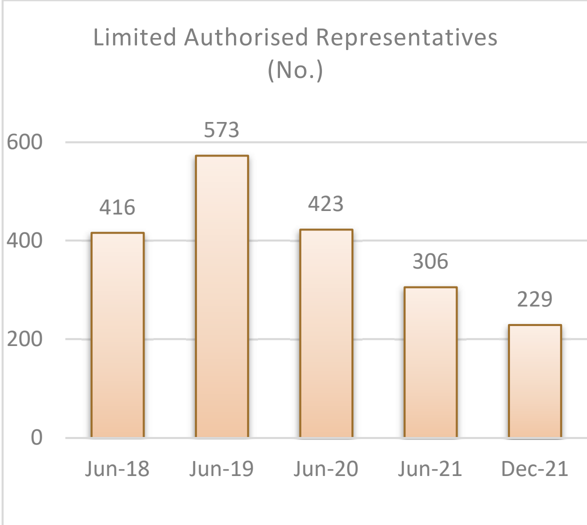
Wealth Solutions	**1H22 $'000**	1H21 $'000	Movement (%)
Revenue:			
Gross revenue from ARs	46,343	25,254	84
Subscription revenue from ARs	2,664	1,592	
Less: Adviser revenue share	(44,970)	(24,281)	
Net AR revenue	4,037	2,565	57
Subscription revenue from LARs	546	803	(32)
CARE and other platform income	2,810	2,235	26
Other	131	193	
Net Revenue	**7,524**	**5,796**	**30**
Underlying Profit – Wealth Solutions	**1,857**	**1,413**	**31**

Wealth Solutions experienced strong Net Revenue growth of 30% from continuing operations and Underlying Profit growth of 31% compared to the prior corresponding period. The strong divisional result is derived from a combination of factors outlined below.

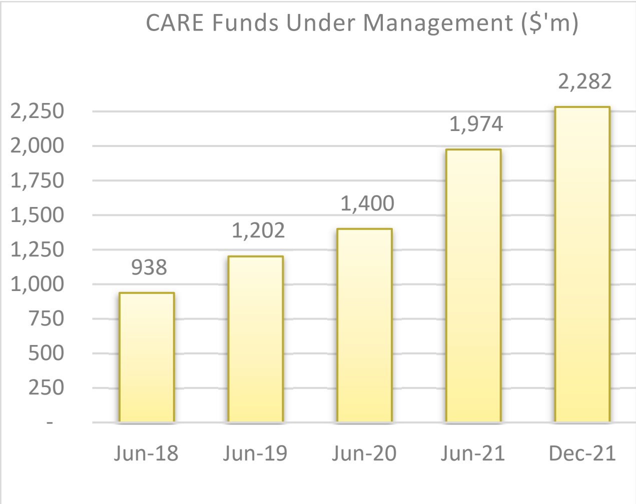
Net Revenue from ARs increased by 57%, primarily due to the full half-year contribution of Paragem acquired 1 February 2021. The existing business of GPS Wealth and Merit Wealth continued to grow their respective Net AR revenue by 9% compared to the prior corresponding period, with new advisers continuing to join the licensee network.

Subscription revenue from the LARs fell by 32% to $0.55 million compared to the prior corresponding period in line with a sharp decrease in the number of LARs on licence to 229 at 31 December 2021 (306 LARs at 30 June 2021). This reduction in LARs is principally a result of accountants reassessing their positions in light of the ASIC imposed education requirement to pass the FASEA exam by 31 December 2021. Over the course of the last 18 months, the Group has provided exam preparation support to many of the accountants who wished to continue to provide services through one of the Group's licenses. Now that the main deadline for this education requirement has passed, it is expected that the attrition rate for the number of LARs on license will stabilise.





CARE Managed Accounts continued to grow with funds under management at 31 December 2021 up 37% to $2.28 billion compared to the prior corresponding period (1H21: $1.66 billion), and has produced a corresponding 37% increase in CARE revenue.



The growth in revenue from CARE was partially offset by the Company's voluntary removal of license fees paid through platforms from 1 October 2020, resulting in combined CARE and other platform revenue growth of 26%.

Divisional Underlying Profit increased by 31% to $1.86m reflecting the growth in Net Revenue outlined above. During the period the division realised some cost synergies from the integration of Paragem, most of which were reinvested in additional resources to support future growth.

2. Accountings Solutions

The Group's Accounting Solutions division is comprised of:

- Knowledge Shop Pty Ltd (**Knowledge Shop**) - 100%
- Tax Bytes Pty Ltd (**Taxbytes**) - 100% (1H21 65%, moved to 100% 15 February 2021)
- TaxBanter Pty Ltd (**TaxBanter**) - 60% (moved to 100% 31 January 2022)
- Divested businesses in 1H21:
  - Hayes Knight (NSW) Pty Ltd and related entities (HKNSW) - 33.3% (completed 8 October 2020)
  - Law Central Co. Pty Ltd (**Law Central**) - 60.2% (completed 14 December 2020)
  - Panthercorp CST Pty Ltd (**Panthercorp**) - 100% (completed 1 February 2021)

The Group's Accounting Solutions division provides a range of support services to accounting firms and wealth advisers, including online technical support through a member subscription service together with training in online and face-to-face formats.

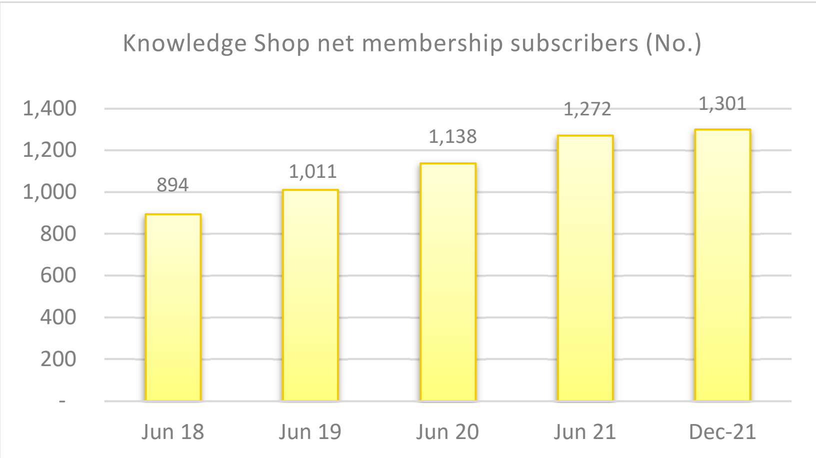
The performance of the Accounting Solutions division on a comparative basis is summarised below:

Accounting Solutions	**1H22 $'000**	1H21 $'000	Movement (%)
Revenue:			
Subscription services	3,059	2,698	13
Training	4,149	4,361	(5)
Other	51	411[1]	
Revenue from continuing operations	**7,259**	**7,470**	(3)
Underlying Profit - continuing operations	**2,857**	**3,062**	(7)
Add: Discontinued operations[2]	-	388	
Underlying Profit – Accounting Solutions	**2,857**	**3,450**	(17)

1. Includes $369k in Federal government stimulus support.
2. Law Central divestment completed 14 December 2020 and Panthercorp divestment completed 1 February 2021.

The division performed within expectations for the 1st half of the year which was slightly down on the prior corresponding period.

Membership subscription revenue from Knowledge Shop continued to increase, up by 13% to $3.06 million in line with the continued growth in the number of members to 1,301, up 7% compared to the prior corresponding period.



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, the inhouse training format which TaxBanter specialises in, continues to be affected by COVID-19. Training revenue fell by 5% to $4.15 million compared to the prior corresponding period however it should be noted that the prior corresponding period's 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 decreased by 7% compared to the prior corresponding period however it should be noted that the prior corresponding period 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 corresponding period, Net Revenue from continuing operations held steady, increasing by 2% and Underlying Profit increased by 6%, which was largely driven by the continued strong membership growth in Knowledge Shop.

Cashflow and capital management
The Group ended the period with positive cash reserves of $3.66 million, (30 June 2021: $2.26 million).

Net cash inflow from operating activities during the period were $3.03 million, (1H21: $4.66 million). The reduction in net cashflow from operating activities is explained largely by the timing of tax payments for which, the Group paid $1.53 million in tax instalments (1H21: $0.80 million), as well as the loss of net operating cashflow received from discontinued operations in the prior corresponding period of $0.50 million.

Cashflows from investing activities during the period of $0.38 million primarily relate to investment into technology and operating systems including a new membership and knowledge platform in the Accounting Solutions division.

During the period, the Company paid a final dividend of $0.94 million with respect to FY21 to its members and $0.16 million to the minority shareholders in TaxBanter.

The Company continued to maintain the share buy-back plan as a capital management initiative, however the plan was not utilised during the current period.

Significant changes in the state of affairs

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

Events occurring after balance date

Acquisition of remaining equity interest in TaxBanter
On 31 January 2022, the Group completed the acquisition of the remaining 40% equity interest in TaxBanter held by the original vendors of the business through a put-call option which was exercisable 2 years from the original acquisition date, 23 January 2020. The exercise price of $2.89 million was based on a multiple of 4.5 times 2021 EBITDA which is in line with the initial 60% transaction. The acquisition of the remaining equity interest is earnings accretive and provides Diverger with the opportunity to realise the full benefit of continued synergies through ongoing collaboration and integration with Knowledge Shop, as well as across the Wealth Solutions division.

Receipt of deferred consideration – Panthercorp
On 3 February 2022, the Group received the final deferred cash proceeds of $0.45 million for the disposal of Panthercorp, divested 1 February 2021.

Outlook

Looking forward to the next phase of growth, the directors are of the view that the Company is well positioned to take advantage of the attractive growth and investment opportunities in the wealth and accounting sectors in the near term. It is the Company's goal to become the leading non institutional provider of services to financial advisers and accountants by 2025.

Directors confirm their intent to pursue this change in scale, capability and associated growth in shareholder value which is at the forefront of the Company's reset strategic plan and will be pursued via three strategic priorities:

1. Triple Net Revenue.
2. Grow client base in the high margin Accounting Solutions business by 40%.
3. Grow EBITA margin in Wealth Solutions to 40% (on Net Revenue).

To achieve these strategic priorities will depend on both increased organic and inorganic results. The Company continues to explore merger and acquisition options to accelerate growth, however none have met Board criteria for investment to date.

Rounding of amounts

The parent entity and the consolidated entities have applied the relief available under ASIC Corporations (Rounding in financial/directors' reports) Instrument 2016/191 and accordingly, the amounts in the condensed 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).

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 auditor's review for the half-year is provided with this report.

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

Kevin White

Kevin White
Chairman
Sydney
24 February 2022

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

As lead auditor for the review of Diverger Limited for the half-year ended 31 December 2021, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Tim Aman
Partner

BDO Audit Pty Ltd

Sydney, 24 February 2022

	Note	Half-year 2021 $'000	2020 $'000
Revenue from continuing operations			
Services		**59,703**	37,026
Expense recoveries		**214**	1,417
Other revenue		**50**	521
	1	**59,967**	38,964
Other income		**-**	407
Expenses from continuing operations			
Adviser revenue share		**(44,970)**	(24,281)
Other direct costs		**(2,639)**	(3,407)
Salaries and employee benefits expense		**(6,882)**	(6,101)
Occupancy expenses		**(228)**	(178)
Professional fees and consultants		**(916)**	(1,202)
Administration expense		**(245)**	(211)
Corporate costs		**(195)**	(221)
IT expenses		**(357)**	(257)
Marketing expenses		**(56)**	(86)
Other expenses		**(67)**	(63)
Finance costs		**(41)**	(161)
Depreciation and amortisation		**(634)**	(605)
Share based payments expense		**(87)**	-
Impairment of intangible assets		**-**	(28)
Profit before income tax		**2,650**	2,570
Income tax expense		**(870)**	(523)
Profit from continuing operations for the half-year		**1,780**	2,047
Loss from discontinued operations after tax	**5**	**-**	(241)
Profit for the half-year		**1,780**	1,806
Total comprehensive income for the half-year		**1,780**	1,806
Profit for the half-year is attributable to:			
Non-controlling interests		**220**	323
Owners of the Company		**1,560**	1,483
		1,780	1,806
Total comprehensive income for the half-year is attributable to:			
Non-controlling interests		**220**	323
Owners of the Company		**1,560**	1,483
		1,780	1,806

Earnings per share for profit attributable to the ordinary equity holders of the Company:	**Cents**	Cents
Basic earnings per share from continuing operations	**4.15**	5.05
Diluted earnings per share from continuing operations	**4.12**	5.05
Basic earnings per share	**4.15**	4.32
Diluted earnings per share	**4.12**	4.32

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

	Note	31 December 2021 $'000	30 June 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**3,660**	2,259
Receivables		**2,677**	3,869
Other current assets		**818**	1,269
Total current assets		**7,155**	7,397
Non-current assets			
Plant and equipment		**89**	96
Right of use assets		**86**	168
Intangible assets		**44,134**	44,248
Deferred tax assets		**1,273**	1,154
Total non-current assets		**45,582**	45,666
TOTAL ASSETS		**52,737**	53,063
LIABILITIES			
Current liabilities			
Trade and other payables		**3,941**	3,157
Provisions and employee benefits	4	**1,547**	2,968
Current tax liability		**966**	1,438
Lease liabilities		**72**	116
Deferred consideration payable		**52**	-
Deferred revenue		**966**	905
Total current liabilities		**7,544**	8,584
Non-current liabilities			
Provisions and employee benefits	4	**431**	382
Lease liabilities		**68**	102
Deferred tax liabilities		**5,294**	5,362
Total non-current liabilities		**5,793**	5,846
TOTAL LIABILITIES		**13,337**	14,430
NET ASSETS		**39,400**	38,633
EQUITY			
Contributed equity	3	**29,751**	29,751
Retained earnings		**5,928**	5,308
Reserves		**425**	338
Equity attributable to owners of the Company		**36,104**	35,397
Non-controlling interests		**3,296**	3,236
TOTAL EQUITY		**39,400**	38,633
Net tangible assets per share (cents)		**(2.12)**	(4.19)

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

Consolidated	Ordinary shares $'000	Retained earnings $'000	Reserves $'000	Owners of the parent $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2021	**29,751**	**5,308**	**338**	**35,397**	**3,236**	**38,633**
Profit for the half-year	-	1,560	-	**1,560**	220	**1,780**
Share based payments			87	**87**	-	**87**
Other comprehensive income	-	-	-	**-**	-	**-**
Total comprehensive income for the half-year	-	1,560	87	**1,647**	220	**1,867**
Transactions with owners in their capacity as owners:						
Dividends paid	-	(940)	-	**(940)**	(160)	**(1,100)**
Balance at 31 December 2021	**29,751**	**5,928**	**425**	**36,104**	**3,296**	**39,400**
Balance at 1 July 2020	**26,234**	**5,939**	**-**	**32,173**	**3,515**	**35,688**
Profit for the half-year	-	1,483	-	**1,483**	323	**1,806**
Other comprehensive income	-	-	-	**-**	-	**-**
Total comprehensive income for the half-year	-	1,483	-	**1,483**	323	**1,806**
Transactions with owners in their capacity as owners:						
Disposal - NCI Law Central	-	-	-	**-**	13	**13**
Share buy-back	(136)	-	-	**(136)**	-	**(136)**
Dividends paid	-	(857)	-	**(857)**	(319)	**(1,176)**
Special dividend payable	-	(1,714)	-	**(1,714)**	-	**(1,714)**
Balance at 31 December 2020	**26,098**	**4,851**	**-**	**30,949**	**3,532**	**34,481**

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

	Half-year	
	2021	2020
	$'000	$'000
Cash flows from operating activities		
Fees and adviser revenue received	**67,266**	45,422
Payments to advisers, suppliers and employees	**(62,676)**	(39,849)
Cash generated from operations	**4,590**	5,573
Interest received	**7**	15
Finance costs paid	**(41)**	(124)
Income taxes paid	**(1,528)**	(804)
Net cash inflow from operating activities	**3,028**	4,660
Cash flows from investing activities		
Proceeds from disposal of subsidiary net of cash	**-**	153
Proceeds from the disposal of equity accounted investments	**-**	5,474
Payments for property, plant and equipment and software platforms	**(301)**	(121)
Payments for other intangible assets	**(78)**	-
Dividends received from associates	**-**	591
Net cash (outflow)/inflow from investing activities	**(379)**	6,097
Cash flows from financing activities		
Repayments of borrowings	**-**	(8,522)
Loans advanced to external parties	**(70)**	-
Principal payments to lease liabilities	**(78)**	(173)
Payments under share buy-back plan	**-**	(136)
Dividend paid to shareholders	**(940)**	(857)
Dividend paid to minority interest	**(160)**	(319)
Net cash (outflow) from financing activities	**(1,248)**	(10,007)
Net increase in cash and cash equivalents	**1,401**	750
Cash and cash equivalents at the beginning of the half-year	**2,259**	1,104
Cash and cash equivalents at the end of the half-year	**3,660**	1,854
Less cash held by discontinued operations	**-**	(21)
Cash and cash equivalents at the end of the half-year – continuing operations	**3,660**	1,833

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

1. Segment information

(i) 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, Managing Director, Chief Financial Officer and the divisional managers.

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

The Group's reportable segments are as follows:

- **Wealth Solutions** - provides dealer group services, operating systems, managed accounts and self-licencing options 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 GPS Wealth, DWA Managed Accounts (CARE Managed Accounts), Merit Wealth, SMSF Expert, Hayes Knight Referral Services, Easton Wealth Protection and Paragem from 1 February 2021;
- **Accounting Solutions** - provides professional support, help desk and training to the accounting and wealth sectors. This segment comprises Knowledge Shop, Taxbytes and TaxBanter. Previous businesses reported as part of this segment were Panthercorp (divested 1 February 2021), Law Central (divested 14 December 2020) and HKNSW (divested 8 October 2020). No share of profits from HKNSW were recognised during the prior corresponding period; and
- **Corporate** which comprises the parent entity (Diverger Limited) and includes head office and corporate costs.

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

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

The basis of accounting used for reporting by operating segments is consistent with that disclosed in the Group's 2021 Annual Report.

1. Segment information (continued)

(iii) Segment results

The segment information provided on reportable segments for the half-year ended 31 December 2021 is as follows:

Consolidated Half-year 2021	Wealth Solutions $'000	Accounting Solutions $'000	Corporate $'000	Total $'000
Revenue from continuing operations				
Full adviser gross revenue	46,343	-	-	**46,343**
Subscription services & fixed licensee fees	3,210	3,059	-	**6,269**
CARE & other platform income	2,810	-	-	**2,810**
Training	-	4,149	-	**4,149**
Other fees & referral income	114	18	-	**132**
Expense recoveries	214	-	-	**214**
Other revenue & interest income	17	33	-	**50**
Total revenue from ordinary operating activities	**52,708**	**7,259**	**-**	**59,967**
Timing of revenue				
Over-time	6,020	3,059	-	**9,079**
At a point in time	46,688	4,200	-	**50,888**
	52,708	**7,259**	**-**	**59,967**
Net Revenue				
Revenue from continuing operations	52,708	7,259	-	**59,967**
Less: Adviser revenue share	(44,970)	-	-	**(44,970)**
Less: Expense recoveries	(214)	-	-	**(214)**
Net Revenue	**7,524**	**7,259**	**-**	**14,783**
Normalised EBITA – (non IFRS)				
Continuing	1,857	2,857	(1,370)	**3,344**
Discontinued	-	-	-	**-**
Normalised EBITA – (non IFRS)	**1,857**	**2,857**	**(1,370)**	**3,344**
Normalisation adjustments				
Merger and acquisition costs	-	-	(41)	**(41)**
Diverger Limited rebranding	-	-	(36)	**(36)**
Professional fees - employee share plan	-	-	(57)	**(57)**
Impact of AASB16 - Leases	(2)	-	-	**(2)**
Statutory EBITA				**3,208**
Interest revenue				**7**
Finance costs				**(41)**
Amortisation				**(524)**
Net profit before tax				**2,650**
Significant segment expenses				
Adviser revenue share	44,970	-	-	**44,970**
Other direct costs	2,038	601	-	**2,639**
Salaries and employee benefits	2,451	3,386	1,045	**6,882**
Professional fees and consultants	592	38	286	**916**

1. Segment information (continued)

The segment information provided on reportable segments for the half-year ended 31 December 2020 is as follows:

Consolidated Half-year 2020	Wealth Solutions $'000	Accounting Solutions $'000	Corporate $'000	Total $'000
Revenue from continuing operations				
Full adviser gross revenue	25,254	-	-	**25,254**
Subscription services & fixed licensee fees	2,395	2,698	-	**5,093**
CARE & other platform income	2,235	-	-	**2,235**
Training	-	4,361	-	**4,361**
Other fees & referral income	52	31	-	**83**
Expense recoveries	1,417	-	-	**1,417**
Other revenue & interest income	141	380	-	**521**
Total revenue from ordinary operating activities	**31,494**	**7,470**	**-**	**38,964**
Timing of revenue				
Over-time	4,630	2,697	-	**7,327**
At a point in time	26,864	4,773	-	**31,637**
	31,494	**7,470**	**-**	**38,964**
Net Revenue				
Revenue from continuing operations	31,494	7,470	-	**38,964**
Less: Adviser revenue share	(24,281)	-	-	**(24,281)**
Less: Expense recoveries	(1,417)	-	-	**(1,417)**
Net Revenue	**5,796**	**7,470**	**-**	**13,266**
Normalised EBITA – (non IFRS)				
Continuing	1,413	3,062	(950)	**3,525**
Discontinued	-	388	-	**388**
Normalised EBITA – (non IFRS)	**1,413**	**3,450**	**(950)**	**3,913**
Normalisation adjustments				
Restructuring, acquisition & disposal costs	-	(6)	(633)	**(639)**
Reverse impact of AASB16 - Leases	(5)	4	-	**(1)**
Provision for prior period revenue adjustment	(100)	-	-	**(100)**
Impairment of intangible asset	(28)	(500)	-	**(528)**
Write back of deferred consideration	-	371	-	**371**
Profit on disposal of subsidiaries	-	-	36	**36**
Statutory EBITA				**3,052**
Interest revenue				**15**
Finance costs				**(161)**
Amortisation				**(459)**
Statutory EBITA from discontinued operations				**123**
Net profit before tax				**2,570**
Significant segment expenses				
Adviser revenue share	24,281	-	-	**24,281**
Other direct costs	2,966	441	-	**3,407**
Salaries and employee benefits	1,799	3,593	709	**6,101**
Professional fees and consultants	404	59	739	**1,202**

2. Dividends

	Half-year	
	2021 $'000	2020 $'000
Dividends paid to members during the period were as follows:	**940**	857
	940	857

A final fully franked dividend for the year ended 30 June 2021 of 2.5 cents per ordinary share was paid on 24 September 2021.

An interim dividend of 1.5 cents per ordinary share for 2022 has been declared with the record date being 19 April 2022 and payment date 26 April 2022. Based on the number of shares at balance date plus shares issued up until the date of this report, the anticipated dividend amount is $0.56 million.

3. Equity securities issued

Movements in ordinary share capital	**Number of shares**	**$'000**
1 July 2021	37,612,804[1]	29,751
31 December 2021	**37,612,804**	**29,751**
1 July 2020	34,459,471	26,234
Share buy-back[1]	(180,000)	(136)
31 December 2020	34,279,471	26,098

1. The movement between 31 December 2020 and the opening balance at 1 July 2021 is due to 3,333,333 ordinary shares being issued to HUB24 Limited as consideration for the acquisition of Paragem Pty Ltd.
2. The 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.

4. Provisions and employee entitlements

	31 December 2021 $'000	30 June 2021 $'000
Current		
Provision for annual leave	**788**	816
Provision for long service leave	**421**	432
Provision for ASIC levy	**276**[2]	1,720[1]
Provision for client claims	**62**	-
	1,547	2,968
Non-current		
Provision for long service leave	**431**	382
	431	382

1. Provision of estimated 2021 levy recognised at 30 June 2021, transferred to trade creditors upon ASIC issuing its final costing for the 2021 levy and a final invoice due to be received. The revised total levy amount payable for 2021 is $0.64 million.
2. Half year prorated estimation of the ASIC levy payable for the June 2022 year which will be invoiced by ASIC after January 2023.

4. Provisions and employee entitlements (continued)

ASIC Levy Provision
For the 30 June 2021 ASIC levy, a provision for $1.72 million was recognised at 30 June 2021 based on the prevailing indicative rate issued by ASIC at that time ($3,138 per adviser), multiplied by the number of actual advisers the Group had registered on the ASIC Financial Advisers Register (**FAR**) at 30 June 2021. Final costings for the 2021 financial year were issued by ASIC on 30 August 2021 with a revised ASIC levy rate of $1,142 per adviser which revises the amount payable to $0.64 million. An adjustment of $1.08 million has been made in the current period to "Other direct costs". The associated liability for the 2021 financial year has been transferred from the provision to trade payables at balance date. A similar corresponding reduction in accrued "Expense recoveries" revenue was made at the same time which largely offset the impact on Total comprehensive income for the half-year.

For the 30 June 2022 levy, the liability to be incurred will be calculated on the number of advisers registered on the FAR at 30 June 2022. Based on the present number of advisers registered on the FAR through one of the Group's licencing options and using the final 2021 ASIC levy rate, a future liability is likely to be incurred of approximately $0.55 million. As at 31 December 2021, the Group has recognised a portion of this anticipated liability on a prorata basis to align with the adviser service period.

The Group operates a full cost recovery process from its advisers for the ASIC levy which has been recognised in accrued revenue in line with the liability.

5. Discontinued operations

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

Entity	**Business segment**	**Effective date of disposal**	**Completion date**	**Half-year 2022 NPAT $'000**	Half-year 2021 NPAT $'000
Panthercorp	Accounting Solutions	1 February 2021	1 February 2021	-	(259)[1]
Law Central	Accounting Solutions	14 December 2020	14 December 2020	-	18
HKNSW	Accounting Solutions	30 June 2020	8 October 2020	-	-
First Financial	Wealth Solutions	3 June 2020	3 August 2020	-	-
EWA Finance	Wealth Solutions	30 April 2020	26 August 2020	-	-
Total				**-**	**(241)**

1. Panthercorp 2021 includes $0.50 million impairment charge.

6. Significant events occurring after balance date

(a) TaxBanter
On 13 January 2022, a put option was exercised by the minority shareholder 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.

(b) Panthercorp deferred consideration
On 3 February 2022, the Group received the final deferred cash proceeds of $0.45 million for the disposal of Panthercorp, divested 1 February 2021.

(c) COVID-19
The impact of COVID-19 is ongoing and while the Group has not suffered any material adverse impacts up to 31 December 2021, it is not practicable to estimate the potential impact positive or negative, after the reporting date.

7. Fair value of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities as disclosed in the condensed consolidated statement of financial position and notes to the condensed consolidated financial statements approximate their fair values.

The Group had recorded contingent consideration at fair value which is a level 3 financial liability within the fair value hierarchy.

The Group applies a 12.5% discount rate to expected future cash flows relating to contingent consideration where material.

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

	Half-year	
	2021 $'000	2020 $'000
At 1 July	-	468
Fair value adjustment	-	(345)[1]
Payments	-	-
At 31 December	-	123

1. Contingent consideration for TaxBanter of $446k (present value of $500k expected amount payable August 2021) was recognised at date of acquisition 23 January 2020. At 31 December 2020, the amount was reassessed to $123k which was contingent on achieving average revenue growth targets over financial years 2020 and 2021. The final amount payable was assessed to be $23k which was settled in February 2021.

8. Basis of preparation of half-year report

This condensed financial report for the interim half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Diverger Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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).

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

As at 31 December 2021, the consolidated entity had total net current liabilities of $0.39 million, (30 June 2021: net current liabilities $1.19 million). For the 6 months ending 31 December 2021, the consolidated entity had net cash inflow from operating activities of $3.03 million, (31 December 2020: $4.66 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:

(i) The Group has access to a $10.0 million finance facility which remains undrawn and available as at 31 December 2021;
(ii) The Group has reported deferred revenue of $0.97 million in current liabilities as at 31 December 2021 (30 June 2021 $0.91 million). Deferred revenue has no anticipated cash outflow effect.
(iii) Management project continued profitability and positive cashflow in the 2nd half of the 2022 financial year.

9. New and amended accounting standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), that are mandatory for the current reporting period.

10. Comparative figures

The accounting policies applied are consistent with those applied for the previous year except where stated otherwise. In order to align with current year's presentation, particularly with regard to the presentation of discontinued operations, certain changes have been made to the comparative figures. These reclassifications have no effect on profit for the half year period.

The directors declare that the condensed consolidated financial statements and notes of the consolidated entity set out on pages 14 to 25 in accordance with the *Corporations Act 2001*:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001,* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2021 and of its performance for the half-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 is made in accordance with a resolution of the directors.

Kevin White
Chairman
Sydney
24 February 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Diverger Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Diverger Limited (the 'Company') and its subsidiaries (the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, 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 the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and

(ii) 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 and its financial 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.

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 24 February 2022