Appendix 4D and Interim Report

For the half-year ended 31 December 2022

DIVERGER 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 2022 (**1H23**)
Previous corresponding reporting period	The half-year ended 31 December 2021 (**1H22**)

1. Results for announcement to the market

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

	1H23 $'000	1H22 $'000	% Change	Up/ (Down)
Revenue from ordinary activities	64,152	59,967	7	Up
Profit from ordinary activities after tax attributable to members	1,221	1,560	(22)	Down
Profit for the period attributable to members	1,221	1,560	(22)	Down

(b) The amount per security and franked amount per security of final and interim dividends

An interim dividend has been declared of $0.75 million (being 2.0 cents per ordinary share), payable on 28 April 2023.

(c) The record date for determining entitlements to dividends (if any)

Interim dividend – 11 April 2023.

(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 2022 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 2022.

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

	1H23	1H22
Net tangible asset backing per ordinary security	(15.48) cents	(2.12) cents

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

(a) Control gained over entities

On 1 December 2022, the Group completed the acquisition of 100% of the issued share capital of AFSL Compliance Pty Ltd (**AFSLC**). AFSLC was established in 2010 and provides support to advice firms that hold their own Australian Financial Services License or are looking to obtain their own license. The acquisition of AFSLC is consistent with the Company's strategy to expand its capability to deliver services to that market and provides the Group with an established client base of 160 self-licensed advice firms.

For information on purchase consideration and assets acquired as part of the acquisition, refer to the note disclosure in the 31 December 2022 Interim Financial Report.

(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**
2022 Final dividend (paid 27 September 2022)	3.5	1,319
2023 Interim dividend[2,3]	2.0	753

1. All dividends are fully franked at a tax rate of 30%.
2. Record date for determining entitlement to the 2023 interim dividend is 11 April 2023.
3. The 2023 interim dividend is payable on 28 April 2023.

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

	Percentage Held (%)		**Share of Net Profit ($'000)**	
Name of Entity	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
McGregor Wealth Management Pty Ltd	35	-	37	-

(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.

Peter Brook - Chairman
Sydney
23 February 2023

Diverger Limited

ABN 48 111 695 357

Interim Report – 31 December 2022

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 2022 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 2022, 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:

Peter Brook
Nathan Jacobsen
Grahame Evans
Carl Scarcella
Anthony McDonald

Results and dividends

The net profit after tax of the Group for the half-year ended 31 December 2022 was $1.22 million (1H22: $1.78 million), representing basic earnings per share of 3.24 cents (1H22: 4.15 cents).

The directors have declared an interim fully franked dividend of $0.75 million (2.0cps, up from 1.5cps in the previous corresponding period). The increased dividend is consistent with the Group's Capital Management Policy and represents a pay-out ratio at the lower end of the nominated range recognising the need for ongoing planned investments. The interim dividend has a record date of 11 April 2023 and is to be paid on 28 April 2023.

Review of operations
Revenue from ordinary operating activities was $64.15 million for the half-year ended 31 December 2022, up from $59.97 million in the previous corresponding period, an increase of 7%.

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.**

Net Revenue is defined as revenue from ordinary operating activities adjusted for:

- Add: Share of EBITA from associates
- Less: Adviser revenue share; and
- Less: 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)

Net Revenue from ordinary operating activities was $15.68 million, an increase of 6% compared to the prior corresponding period (1H22: $14.78 million).

Underlying Profit of $2.93 million was down 13% compared to the prior corresponding period (1H22: $3.34 million).

The lower result is attributed to a combination of factors affecting revenue growth and the Group's cost base.

Whilst revenue continued to grow during the period, prevailing market conditions contributed to a lower rate of revenue growth in some core services in both the Wealth Solutions and Accounting Solutions divisions. Specific factors which negatively impacted revenue growth included:

- The downturn in financial markets which reduced the revenue earned from the CARE portfolios;
- A slowing of Knowledge Shop membership growth as accountants responded to an inflationary cost environment;
- A temporary disruption in the marketing of Knowledge Shop services whilst transitioning to a new business development team; and
- The attrition of licensed advisers, particularly in the GPS network, largely caused by advisers retiring or selling their businesses prior to the final deadline for FASEA ethics exam.

Factors contributing to higher operating costs across both divisions were:

- A planned investment in capability to drive and support the achievement of the FY25 targets outlined in the 15 November 2022 open house presentation, with the compensating revenue growth expected to be delivered in subsequent periods;
- Reinstatement of a post COVID-19 cost activity base, leading to material increases in conference, training, travel and entertainment costs previously deferred;
- Higher employment costs driven by the competition for talent, reflecting the low unemployment environment and the need to retain key staff during this period; and
- The non-continuation of some one-off benefits recognised in the prior corresponding period including reversal of accruals relating to a reduced ASIC levy.

Directors anticipate that many of these factors that have affected earnings will moderate in the 2nd half of the financial year which, in the absence of any significant market disruption, will result in a stronger 2nd half and forward earnings run rate.

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

Financial performance	**1H23 $'000**	1H22 $'000	Increase/ (decrease) %
Revenue			
Revenue from ordinary operating activities	**64,152**	59,967	7
Add: Share of EBITA from associates	**68**	-	
Less: Adviser revenue share	**(47,434)**	(44,970)	
Less: Expense recovery revenue	**(1,108)**	(214)	
Net Revenue	**15,678**	14,783	6
Underlying Profit[1]	**2,925**	3,344	(13)
Statutory net profit after tax[2]	**1,221**	1,780	(31)

1. 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.
2. Statutory net profit after tax (NPAT) includes profit attributable to non-controlling Interests in the prior period. Profit attributable to members is $1.22 million (1H22: $1.56 million).

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:

	1H23 $'000	1H22 $'000
Normalised EBITA for the half-year	**2,925**	3,344
Add/(deduct) normalisation adjustments[1]:		
Restructuring and acquisition costs	**(341)[2]**	(134)[2]
Write back of call option - CAF	**(125)[3]**	-
Equity-accounted adjustments for interest, tax and amortisation	**(31)[4]**	-
Reverse impact of AASB16 - Leases	**70**	(2)
Statutory EBITA for the half-year	**2,498**	3,208
Add/(deduct):		
Net interest (expense less interest received)	**(48)**	(32)
Notional interest on deferred consideration and leases	**(73)**	(2)
Amortisation of intangible assets	**(598)**	(524)
Statutory profit before tax for the half-year	**1,779**	2,650
Income tax expense	**(558)**	(870)
Statutory profit from operations for the half-year[5]	**1,221**	1,780
Net profit after tax attributable to non-controlling interests	**-**	220
NPAT attributable to owners of the Company	**1,221**	1,560

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 primarily associated with both completed and exploratory M&A. In the prior period costs were incurred in exploring strategic opportunities as well as restructure costs for rebranding and implementation of the employee share scheme.
3. On 23 June 2022 a Call Option Deed was entered into with Thorney Holdings which expired on 23 November 2022. The Call Option provided for an option over 39.16 million shares or 19.9% of the share capital of Centrepoint Alliance Limited (CAF) held by Thorney Holdings for 32.5 cents per ordinary share. The Deed contained additional provisions directly linked to the Non-Binding Indicative Offer made to CAF on the same day. The option was not exercised by the expiry date and as such, has been expensed through the statement of comprehensive income in the current period. The amount written back of $125k, was the cash amount paid and equated to its fair value at the time of recognition.
4. Adjustments to gross up share of profits from equity-accounted investments for interest, tax and amortisation have been applied to the Group's equity investment in McGregor Wealth Management to derive share of EBITA that can be compared to wholly owned businesses on a like for like basis.
5. Statutory profit from operations is Net Profit After Tax (NPAT) for the half-year.

Analysis by segment

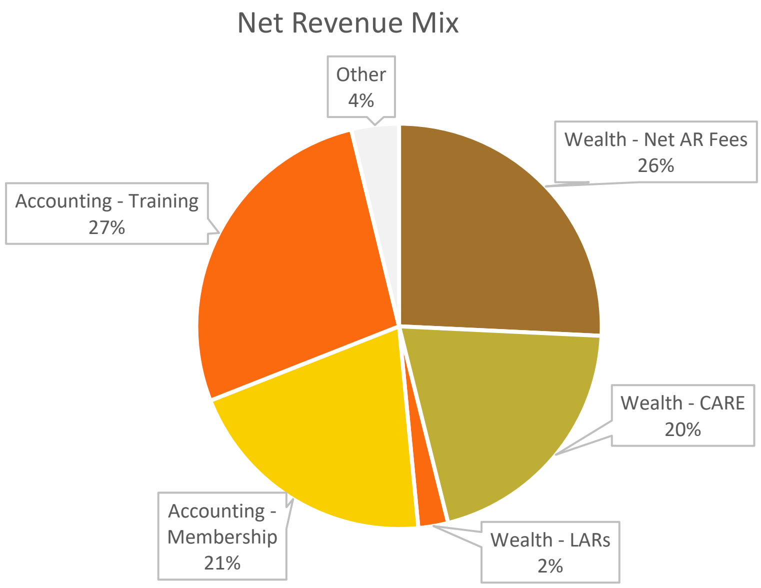
The Group continues to service the wealth and accounting sectors through its two operating divisions, **Wealth Solutions** and **Accounting Solutions.**

Segment performance is summarised below:

Segment Result	**1H23 $'000**	1H22 $'000	Increase/ (decrease) %
Net Revenue			
Wealth Solutions	**8,159**	7,524	8
Accounting Solutions	**7,495**	7,259	3
Other	**24**	-	-
	15,678	14,783	6
Underlying Profit			
Wealth Solutions	**1,807**	1,857	(3)
Accounting Solutions	**2,678**	2,857	(6)
Divisional results[1]	**4,485**	4,714	**(5)**
Corporate overheads	**(1,560)**	(1,370)	(14)
Underlying Profit	**2,925**	3,344	**(13)**
Normalisations	**(427)**	(136)	-
Statutory EBITA	**2,498**	3,208	**(22)**

1. Underlying Profit from divisional operations represents contributions from the two divisions, Wealth Solutions and Accounting Solutions. Divisional Underlying Profit includes a part EBITA contribution from AFSL Compliance Pty Ltd of $26k, that was acquired 1 December 2022 which has been integrated as part of the Wealth Solutions division.

The total Net Revenue composition of the Group illustrated below demonstrates four core revenue streams that operate across both divisions and their respective relativities. Net Revenue at a divisional level is split between the Wealth Solutions division and the Accounting Solutions division 52% and 48% respectively. At a total level, 90+% of Net Revenue is considered to be of recurring nature.



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%
  - Paragem Pty Limited (**Paragem**) - 100%
- DWA Managed Accounts Pty Ltd (**CARE Managed Accounts**) - 100%
- Self-License Services:
  - AFSL Compliance Pty Ltd (**AFSLC**) - 100%
  - DivergerX Pty Ltd (**DivergerX**) - 100%
- Equity investments into practices:
  - McGregor Wealth Management Pty Ltd (**MWM**) - 35%

The Group's Wealth Solutions division provides a range of services to a large network of advisers comprised of full authorised representatives (**ARs**), self-licensed firms (**SLs**) and limited authorised representatives (**LARs**).

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

Wealth Solutions	**1H23 $'000**	1H22 $'000	Increase/ (decrease) %
Revenue			
Gross revenue from ARs	**48,513**	46,343	5
Subscription revenue from ARs	**2,951**	2,664	11
Less: Adviser revenue share	**(47,434)**	(44,970)	(5)
Net AR revenue	**4,030**	4,037	-
Self-license consulting fees	**115**	1	100
Subscription revenue from LARs	**371**	546	(32)
CARE Managed Accounts	**3,185**	2,810	13
Share of EBITA from associates	**68**	-	100
Other	**390**	130	200
Net Revenue	**8,159**	7,524	8
Underlying Profit – Wealth Solutions	**1,807**	1,857	(3)

The Wealth Solutions division experienced Net Revenue growth of 8% and Underlying Profit in line with the prior corresponding period.

Net Revenue from ARs remained level with the prior corresponding period. Whilst there has been continued improvement in most key performance metrics in this part of the business, there was a reduction in the number of firms compared to the prior corresponding period, declining from 155 to 145 firms. This was driven primarily through the final ethics exam deadline of the FASEA education reforms and some movement to self-licensing with Diverger, rather than movements to competitors.

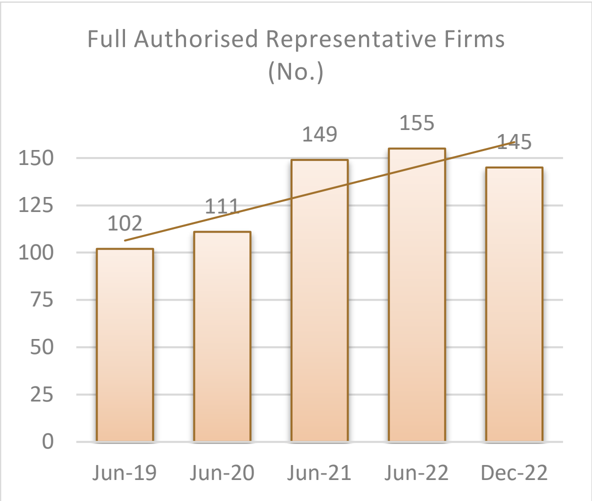
Overall, the average gross fees generated by the Group's licensed firms increased by 9% to $0.67 million per firm, indicating the continuing strong demand for advice as well as an increasing quality of the Group's licensed planning firms. Average Net AR fees received by the Group increased by 5% to $55k per firm as the Group continued to harmonise fee structures across the 3 licensees.

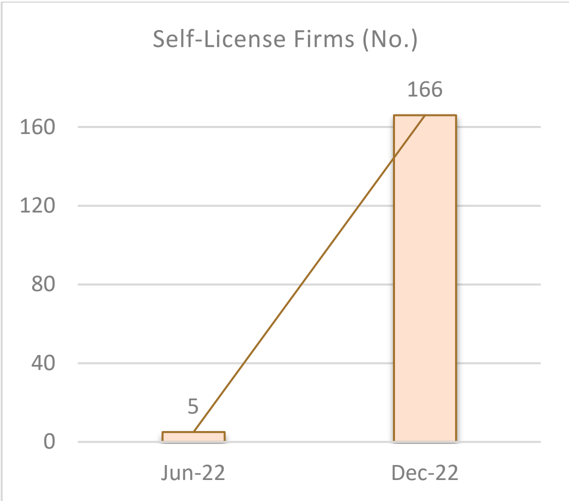
During the last financial year, the Group launched a self-license offer through its internally developed brand, DivergerX which provides support to self-licensed firms for the establishment and ongoing operation of an Australian Financial Services License (**AFSL**).

On 1 December 2022, the Group acquired AFSL Compliance Pty Ltd (**AFSLC**) consistent with a strategy to expand the Group's capability to deliver services to the self-licensed market. AFSLC provides the Group with an established client base of 160 self-licensed advice firms and annualised consulting fees of $0.70 million.

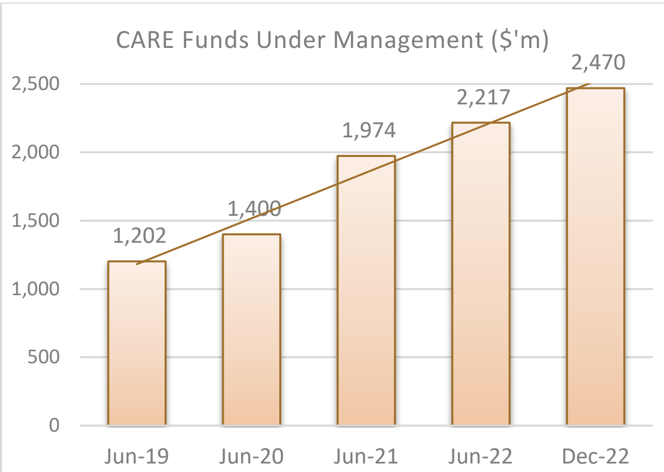
During the period, self-license consulting fees were $0.12 million including 1 month of fees contributed from AFSLC. On a current annualised basis, total self-license consulting fees including AFSLC are in the range of $0.80 million and are expected to continue to grow as the financial services industry continues to transform and more advice firms become self-licensed.

Subscription revenue from Limited Authorised Representatives (**LARs**) fell by 32% to $0.37 million compared to the prior corresponding period in line the decrease in the number of LARs on license to 185 (Dec 21: 229). The reduction in LARs was expected, and has occurred over the past 3 years as a direct result of the FASEA education requirements which has forced accountants industry wide to reassess the value of retaining a limited license. LAR revenue forms 2% of total Group Net Revenue and therefore the impact of any continued decline is relatively minor.





CARE Managed Accounts continued to grow with funds under management at 31 December 2022 up 8% to $2.47 billion compared to the prior corresponding period (1H22: $2.28 billion). This has produced a corresponding 13% increase in CARE revenue. Inflows continued to be positive despite volatility in bonds, stocks, property and infrastructure markets during 2022 with the unwinding of extremely loose monetary and fiscal policy, the invasion of the Ukraine which forced energy prices higher, overhanging supply chain issues and inflation all influencing movements across these asset markets. Whilst the calendar year market movements closed in negative territory for all asset classes apart from cash, a strong second half resulted in the ASX 200 and the MSCI World recovering some of the early calendar year losses.



MWM, the Group's 35% equity-accounted investment, acquired 1 July 2022 delivered a share of profits (EBITA) of $68k for the period. The result is lower than expected and is reflective of an initial period of restructuring within the practice to address resource gaps that emerged. The business is now performing in line with expectations and share of earnings are expected to continue to grow over the second half of the financial year.
Other revenue consists of education partnerships, referral fees as well as back-office services provided to ARs through the Group's outsourcing partners.

Underlying Profit for Wealth Solutions decreased by 3% to $1.81 million compared to the prior corresponding period. Whilst divisional revenue did grow by 8%, EBITA margin in the current period of 22% reflects the reinstatement of certain costs which had been deferred due to COVID-19 including staff resourcing as well as adviser training and conferences. Staff costs were also impacted by the low employment environment which has necessitated a general increase in wages to attract and retain talent.

However, forward EBITA margins are expected to continue to improve over the medium term through higher revenue growth, a higher margin service mix and with the assistance of technology.

2. Accounting Solutions

The Group's Accounting Solutions division is comprised of:

- Knowledge Shop Pty Ltd (**Knowledge Shop**) - 100%
- TaxBanter Pty Ltd (**TaxBanter**) - 100%

  Note: Tax Bytes Pty Ltd (**Taxbytes**) merged with TaxBanter in FY22.

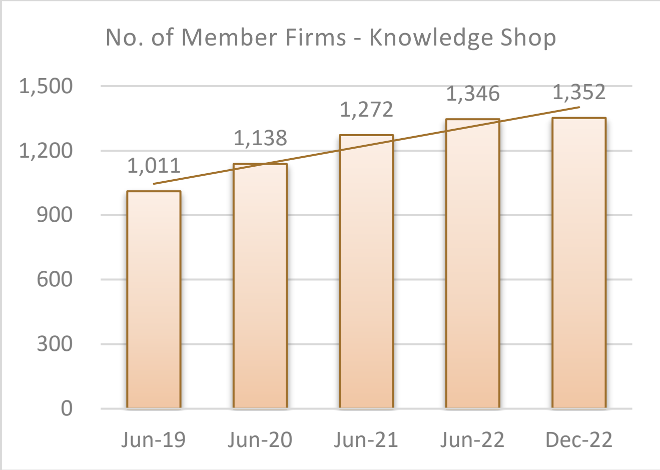
The Group's Accounting Solutions division provides two primary support services to accounting firms and wealth advisers, consisting of a membership subscription service and a training business, delivered through a combination of online and face-to-face formats.

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

Accounting Solutions	**1H23 $'000**	1H22 $'000	Increase/ (decrease) %
Revenue			
Membership subscription	**3,215**	3,059	5
Training	**4,253**	4,149	3
Other	**27**	51	(47)
Net Revenue	**7,495**	7,259	3
Underlying Profit – Accounting Solutions	**2,678**	2,857	(6)

The Accounting Solutions division performed behind expectations for the 1st half of the year, through a combination of a slower rate of revenue growth compared to previous periods as well as investment in additional resources. This has resulted in a what is expected to be a temporary decrease in operating EBITA margin to 36% down from 39% in the prior corresponding period.

Membership subscription revenue from Knowledge Shop increased by 5% to $3.22 million compared to the prior corresponding period in line with the continued growth in the number of members to 1,352. Membership grew at a slower rate than prior periods in part due to the transition to a new business development team resulting in some lost momentum. This team is now in place. Membership growth was also impacted by accountants deferring expenditure in response to a rising cost environment.

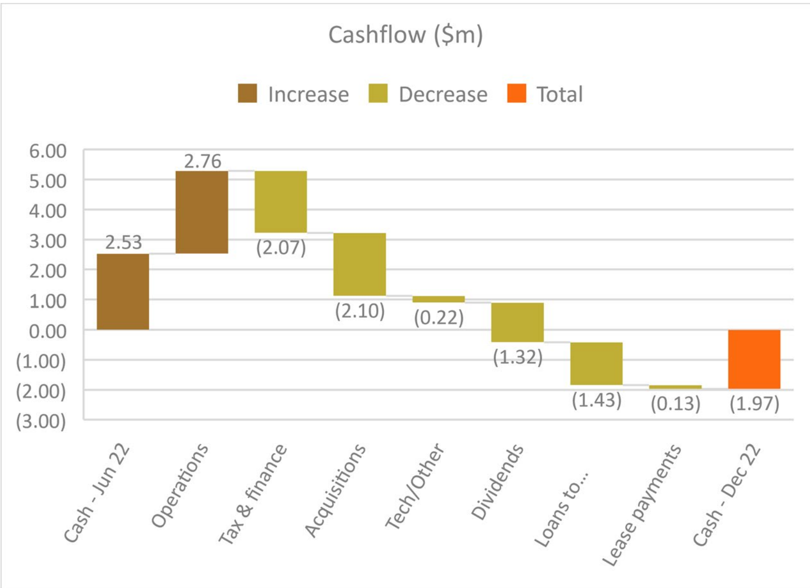


Training revenue through the Group's two training brands Knowledge Shop and TaxBanter, grew modestly by 3% to $4.25 million compared to the prior corresponding period. Whilst the result was relatively level compared to the prior period, there are signs that growth momentum is returning following more than two years of continued disruption related to COVID-19 on face-to-face events. Over the current period, the training businesses have had to realign to the hybrid working environment of our clients post COVID-19 which has required continuing adaption of our delivery and fee models in relation to inhouse training where audiences are spread between in-office and home. This realignment is ongoing but making good progress as evidenced through the return to revenue growth after two years.

Underlying Profit for Accounting Solutions decreased by 6% ($179k) to $2.67 million compared to the prior corresponding period. The result reflects the modest revenue growth referred to above which was more than offset by costs associated with investment in additional resources to drive and support higher revenue and profit growth in future periods. Staff costs associated with technical training and business development increased by 7% or $262k compared to the prior corresponding period reflecting an investment in increased capacity for growth as well as the impact of wage inflation in the current low unemployment environment.

Cashflow and capital management

The Group maintains a strong alignment of operating cashflows to earnings, with very low credit risk as most income streams are cash settled in advance or as services are delivered.



Cash generated from operations of $2.76 million closely aligned to earnings for the period, down from $4.59 million in the prior corresponding period which had benefited from positive timing of cashflows. Net cash inflow from operating activities of $0.70 million included $2.00 million of income taxes paid relating to both current year instalments and a final payment for the 2022 financial year.

Net cash outflows from investing activities during the period were $2.32 million comprising:

- On 1 July 2022, the Group paid $0.74 million for the first tranche payment toward the 35% equity interest in MWM;
- On 1 December 2022, the Group paid $1.37 million for the first tranche payment for **AFSLC**; and
- Investments of $0.19 million in intangible assets, primarily relating to technology and other referral agreements, and $0.02 million in other equipment.

Net cash outflows from financing activities during the period were $0.36 million (after drawing $2.52 million down on the Group's finance facility) comprising payments for:

- A final dividend of $1.32 million for the 2022 year paid to members in line with the Group's Capital Management Policy to pay between 40% - 60% of Adjusted NPAT (**NPATA**). NPATA is statutory NPAT adjusted for amortisation and other fair value adjustments;
- Short-term loans to advisers of $1.43 million. The Group has provided finance on commercial terms to a small number of quality advice firms; and
- Payment for principal of lease liabilities of $0.13 million relating to leased premises.

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 Priority Networking Pty Ltd

On 17 January 2023, the Group (through a wholly owned subsidiary Diverger Distribution Services Pty Ltd), completed the acquisition of a 100% equity interest in Priority Networking Pty Ltd (**PNET**), with an effective date of 1 January 2023.

PNET is a national provider of technology support (including cyber protection) to approximately 130 businesses. The acquisition enables Diverger to expand the services it provides to its network of circa 3,500 accounting and advice firms to include technology infrastructure and cyber protection services whilst also enhancing organisational technology capability, a key enabler of the Group's growth strategy.

Approximate Net Revenue and EBITA on an annualised basis are $3.20 million and $0.45 million respectively.

Purchase consideration consists of:

- Upfront cash payment $1.79 million;
- Tranche 2 - $0.45 million cash to be paid 12 months after completion date on the condition that EBITA in the first 12 months does not fall below $0.45 million. The payment is reduced to nil on a sliding scale between EBITA of $0.45 - $0.40 million; and
- Tranche 3 Earnout - $0.45 million based on EBITA in the second 12-month period following completion is greater than or equal to $0.75 million. The earnout is reduced to nil on a straight-line basis on EBITA between $0.75 - $0.60 million.

Outlook

Directors and management confirm Diverger remains committed to achieving the FY25 targets outlined at the Group's open house investor presentation on 15 November 2022 which include:

• Net Revenue	\$40m – \$45m
• Underlying EBITA margin	24% – 28%
• Underlying EBITA	\$10.5m – \$12.5m
• Adjusted EPS[1]	18 – 22cps

1. Adjusted for amortisation, impairment and other non-cash fair value adjustments.

These FY25 growth targets include both continued organic growth and strategic inorganic investments.

It is expected there will be an earnings skew to the second half of the current financial year resulting from both continued growth in revenue streams and returns on recent investments in resources, as well as the full period benefit of recent acquisitions AFSLC and PNET. Whilst it is expected that there will be an earnings skew, Directors note the current uncertain market conditions that may impact the rate of growth in the short term and expect that the underlying earnings outlook is likely to be flat relative to FY22.

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

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 (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.

Peter Brook - Chairman
Sydney
23 February 2023

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Australia

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 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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
Director

BDO Australia Ltd

Sydney, 23 February 2023

	Note	31 December 2022 $'000	31 December 2021 $'000
Revenue			
Services		**62,991**	59,703
Expense recoveries		**1,108**	214
Other revenue		**53**	50
	1, 2	**64,152**	59,967
Share of net profits of associates accounted for using equity method		**37**	-
Expenses			
Adviser revenue share		**(47,434)**	(44,970)
Other direct costs		**(4,051)**	(2,639)
Salaries and employee benefits expense		**(7,612)**	(6,882)
Occupancy expenses		**(71)**	(228)
Professional fees and consultants		**(929)**	(916)
Administration expense		**(272)**	(245)
Corporate costs		**(240)**	(195)
IT expenses		**(403)**	(357)
Marketing expenses		**(78)**	(56)
Other expenses		**(159)**	(67)
Finance costs		**(140)**	(41)
Depreciation and amortisation		**(850)**	(634)
Share-based payments expense		**(55)**	(87)
Gain on disposal of other assets		**9**	-
Fair value adjustment – call option	5	**(125)**	-
Profit before income tax		**1,779**	2,650
Income tax expense		**(558)**	(870)
Net profit after income tax for the half-year		**1,221**	1,780
Total comprehensive income for the half-year		**1,221**	1,780
Total comprehensive income for the half-year is attributable to:			
Non-controlling interests		**-**	220
Owners of the Company		**1,221**	1,560
		1,221	1,780

Earnings per share for profit attributable to the owners of the Company:	**Cents**	Cents
Basic earnings per share	**3.24**	4.15
Diluted earnings per share	**3.13**	4.12

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

	Note	31 December 2022 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3	**545**	2,527
Receivables		**3,676**	3,134
Other current assets	5	**763**	1,397
Current tax receivable		**429**	-
Total current assets		**5,413**	7,058
Non-current assets			
Plant and equipment		**172**	199
Right of use assets		**1,142**	1,344
Intangible assets		**47,124**	43,766
Equity-accounted investments	6	**1,197**	-
Deferred tax assets		**1,188**	1,426
Total non-current assets		**50,823**	46,735
TOTAL ASSETS		**56,236**	53,793
LIABILITIES			
Current liabilities			
Trade and other payables		**3,993**	5,922
Provisions and employee benefits	7	**1,554**	1,274
Borrowings	4	**2,516**	-
Lease liabilities		**535**	450
Deferred revenue		**754**	635
Provision for contingent consideration	8	**1,272**	74
Current tax liability		**-**	1,140
Total current liabilities		**10,624**	9,495
Non-current liabilities			
Provisions and employee benefits	7	**415**	416
Lease liabilities		**748**	957
Provision for contingent consideration	8	**827**	-
Deferred tax liabilities		**5,867**	5,127
Total non-current liabilities		**7,857**	6,500
TOTAL LIABILITIES		**18,481**	15,995
NET ASSETS		**37,755**	37,798
EQUITY			
Contributed equity	9	**29,751**	29,751
Retained earnings		**7,268**	7,366
Reserves		**736**	681
TOTAL EQUITY		**37,755**	37,798
Net tangible assets per share (cents)		**(15.48)**	(9.60)

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

	Ordinary shares $'000	Retained earnings $'000	Reserves $'000	Owners of the parent $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2022	**29,751**	**7,366**	**681**	**37,798**	**-**	**37,798**
Profit for the half-year	-	1,221	-	**1,221**	-	**1,221**
Share based payments	-	-	55	**55**	-	**55**
Other comprehensive income	-	-	-	**-**	-	**-**
Total comprehensive income for the half-year	-	1,221	55	**1,276**	-	**1,276**
Transactions with owners in their capacity as owners:						
Dividends paid	-	(1,319)	-	**(1,319)**	-	**(1,319)**
Balance at 31 December 2022	**29,751**	**7,268**	**736**	**37,755**	**-**	**37,755**
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**

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

	31 December 2022 $'000	31 December 2021 $'000
Cash flows from operating activities		
Fees and adviser revenue received	**70,660**	67,266
Payments to advisers, suppliers and employees	**(67,899)**	(62,676)
Cash generated from operations	**2,761**	4,590
Interest received	**19**	7
Finance costs paid	**(88)**	(41)
Income taxes paid	**(1,996)**	(1,528)
Net cash inflow from operating activities	**696**	3,028
Cash flows from investing activities		
Payments for acquisition of subsidiary	**(1,370)**	-
Payments for investment in associates	**(735)**	-
Payments for property, plant and equipment, and software platforms	**(155)**	(301)
Payments for other intangible assets	**(62)**	(78)
Net cash outflow from investing activities	**(2,322)**	(379)
Cash flows from financing activities		
Net proceeds from borrowings	**2,516**	-
Loans advanced to external parties	**(1,428)**	(70)
Principal payments to lease liabilities	**(125)**	(78)
Dividend paid to shareholders	**(1,319)**	(940)
Dividend paid to minority interest	**-**	(160)
Net cash outflow from financing activities	**(356)**	(1,248)
Net (decrease) / increase in cash and cash equivalents	**(1,982)**	1,401
Cash and cash equivalents at the beginning of the half-year	**2,527**	2,259
Cash and cash equivalents at the end of the half-year	**545**	3,660

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

1. Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers (**CODMs**). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors, 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. Within each of the Group's reporting segments, no one customer exceeds 10% of combined revenue.

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 3 licensees, GPS Wealth, Merit Wealth, and Paragem as well as other operating entities, DWA Managed Accounts (CARE Managed Accounts), AFSL Compliance from 1 December 2022 and equity-accounted investment, McGregor Wealth Management;
- **Accounting Solutions** - provides professional support, help desk and training to the accounting and wealth sectors. This segment comprises Knowledge Shop and TaxBanter; and
- **Corporate** - 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.

(b) 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 2022 Annual Report.

1. Segment information (continued)

(c) Segment results

The segment information provided on reportable segments for the half-year ended 31 December 2022 is as follows:

Consolidated Half-year to 31 December 2022	Wealth Solutions $'000	Accounting Solutions $'000	Corporate $'000	Total $'000
Revenue				
Full adviser gross revenue	48,513	-	-	**48,513**
Subscription services & fixed licensee fees	3,322	3,215	-	**6,537**
Self-license consulting fees	115	-	-	**115**
CARE revenue	3,185	-	-	**3,185**
Training	-	4,253	-	**4,253**
Expense recoveries	1,108	-	-	**1,108**
Other fees & referral income	381	7	-	**388**
Other revenue & interest income	9	20	24	**53**
Total revenue from ordinary operating activities	**56,633**	**7,495**	**24**	**64,152**
Timing of revenue				
Over-time	6,623	3,215	-	**9,838**
At a point in time	50,010	4,280	24	**54,314**
	56,633	**7,495**	**24**	**64,152**
Net Revenue				
Total revenue from ordinary operating activities	56,633	7,495	24	**64,152**
Add: Share of EBITA from associates	68	-	-	**68**
Less: Adviser revenue share	(47,434)	-	-	**(47,434)**
Less: Expense recoveries	(1,108)	-	-	**(1,108)**
Net Revenue	**8,159**	**7,495**	**24**	**15,678**
Normalised EBITA	**1,807**	**2,678**	**(1,560)**	**2,925**
Normalisation adjustments				
Restructuring, acquisition & disposal costs	(36)	-	(430)	**(466)**
Equity-accounted adjustments	(31)	-	-	**(31)**
Impact of AASB16 - Leases	58	-	12	**70**
Statutory EBITA				**2,498**
Interest revenue				**19**
Finance costs				**(140)**
Amortisation				**(598)**
Profit before tax				**1,779**
Significant segment expenses				
Adviser revenue share	47,434	-	-	**47,434**
Other direct costs	3,571	480	-	**4,051**
Salaries and employee benefits	2,930	3,875	807	**7,612**
Professional fees and consultants	403	10	516	**929**

1. Segment information (continued)

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

Consolidated Half-year to 31 December 2021	Wealth Solutions $'000	Accounting Solutions $'000	Corporate $'000	Total $'000
Revenue				
Full adviser gross revenue	46,343	-	-	**46,343**
Subscription services & fixed licensee fees	3,210	3,059	-	**6,269**
Self-license consulting fees	1	-	-	**1**
CARE revenue	2,810	-	-	**2,810**
Training	-	4,149	-	**4,149**
Expense recoveries	214	-	-	**214**
Other fees & referral income	113	18	-	**131**
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				
Total revenue from ordinary operating activities	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	**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)**
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**

2. Revenue

	Note	31 December 2022 $'000	31 December 2021 $'000
Wealth Solutions revenue		**56,624**	52,691
Accounting Solutions revenue		**7,475**	7,226
Revenue with contracts with customers		**64,099**	59,917
Other revenue & interest income		**53**	50
Total revenue from ordinary operating activities	1	**64,152**	59,967
Disaggregation of revenue from contracts with customers is as follows:			
Timing of revenue			
Services recognised over time		**9,838**	9,079
Services recognised at a point in time		**54,261**	50,838
Revenue from contracts with customers		**64,099**	59,917

3. Cash and cash equivalents

	31 December 2022 $'000	30 June 2022 $'000
Cash at bank and on hand	**545**	2,527

4. Borrowings

	31 December 2022 $'000	30 June 2022 $'000
Westpac Banking Corporation facility	**2,516**	-
Total borrowings[1]	**2,516**	-

1. As at 31 December 2022, the Group has a Net Debt of $1.97m (30 June 2022: Net Cash of $2.53m)

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

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

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the current and previous corresponding reporting periods. Under the terms of the facility, covenant ratios are applied on a Group EBITDA basis.

	31 December 2022 $'000	30 June 2022 $'000
Loan facilities		
Bank loan facilities	**10,000**	10,000
Notional amortised balance	**6,233**	7,078
Amount utilised	**(2,516)**	-
Unused loan facility	**3,717**	**7,078**

5. Other current assets

	31 December 2022 $'000	30 June 2022 $'000
Prepayments	**763**	1,262
Call Option – 19.99% Centrepoint Alliance Limited ordinary shares[1]	**-**	125
Other current assets	**-**	10
	763	1,397

1. On 23 June 2022 a Call Option Deed was entered into with Thorney Holdings which expired 23 November 2022. The Call Option provided for an option over 39.16 million shares or 19.9% of the share capital of Centrepoint Alliance Limited (CAF) held by Thorney Holdings for 32.5 cents per ordinary share. The Deed contained additional provisions directly linked to the Non-Binding Indicative Offer made to CAF on the same day. The option was not exercised by the expiry date and as such, has been expensed through the statement of comprehensive income in the current period. The amount written back of $125k, was the cash amount paid and equated to its fair value at the time of recognition.

6. Equity-accounted investment in associates

(a) Details of equity-accounted investments

On 1 July 2022, the Group executed agreements to acquire a 35% equity interest in McGregor Wealth Management Pty Ltd (**MWM**), a leading financial planning practice licensed through GPS Wealth Limited (AFSL 254 544, a wholly owned subsidiary of the Group).

The Group's strategic intent is to be a market leading provider of services to advisers. The investment in MWM forms part of a broader strategy to invest in a number of practices and provide additional resources that assist in their next phase of growth. Investment in growing adviser practices enhances the contribution of the Wealth Solutions division through increased share of earnings and recurring cash dividends.

Purchase consideration for MWM consists of an initial cash consideration of $0.74 million, followed by deferred consideration up to $0.56 million during the first 18 months, subject to agreed earnings targets.

Details of the purchase consideration and net assets acquired are as follows:

Purchase consideration:	**Fair Value $'000**
Cash	735
Contingent consideration[1]	490
	1,225

1. Contingent consideration is recognised at the present value of expected future cash payments assuming the achievement of all performance hurdles.

(b) Movements in carrying amounts

	31 December 2022 $'000	30 June 2022 $'000
Carrying amount at the beginning of the financial year	**-**	-
Acquisition of MWM	**1,225**	-
Share in profit after tax	**37**	-
Amortisation of separately identifiable intangible assets	**(65)**	-
Carrying amount based on share in net assets of associate	**1,197**	-

(c) Share of associates' profits or losses

	31 December 2022 $'000	30 June 2022 $'000
Profit before income tax	**49**	-
Income tax expense	**(12)**	-
Profit after tax	**37**	-

6. Equity-accounted investment in associates (continued)

(d) Summarised financial information for associates

The table below provides summarised financial information for MWM. The information disclosed reflects the amounts presented in the financial statements of MWM for the period of ownership and not the Group's share of those amounts, or separately identifiable intangibles recognised as part of the equity-accounted investment.

	31 December 2022 $'000	30 June 2022 $'000
Summarised statement of financial position		
Current assets	**259**	-
Non-current assets	**1,771**	-
Current liabilities	**(98)**	-
Non-current liabilities	**(1,381)**	-
Net assets	**551**	-
Summarised statement of comprehensive income		
Revenue	**858**	-
Profit from operations after income tax	**106**	-

7. Provisions and employee entitlements

	31 December 2022 $'000	30 June 2022 $'000
Current		
Provision for annual leave	**886**	886
Provision for long service leave	**427**	388
Provision for ASIC levy[1]	**241**	-
	1,554	1,274
Non-current		
Provision for long service leave	**415**	416
	415	416

1. Half-year prorated estimation of the ASIC levy incurred for the 30 June 2023 financial year, which will be invoiced by ASIC after January 2024. All amounts of $0.53 million, payable for the 2022 financial year are recognised in Trade and other payables.

8. 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:

	31 December 2022 $'000	30 June 2022 $'000
Current		
Provision for contingent consideration	**1,272**	74
Non-current		
Provision for contingent consideration	**827**	-
	2,099	74
At 1 July	**74**	-
Additions during the year at fair value	**2,026**[2]	74[1]
Notional interest on deferred consideration	**51**	-
Payments	**(52)**	-
At 31 December	**2,099**	74

1. Deferred amounts payable under an adviser referral arrangement with a Sydney based private licensee business, The Wealth Network.
2. Contingent consideration for AFSL Compliance Pty Ltd ($1.54m) and McGregor Wealth Management Pty Ltd ($0.49m), refer Notes 11 and 6.

9. Equity securities issued

Movements in ordinary share capital	**Number of shares**	**$'000**
1 July 2022	37,612,804	29,751
Employee share plan	61,299	-
31 December 2022	**37,674,103**	**29,751**
1 July 2021	37,612,804	29,751
31 December 2021	37,612,804	29,751

10. Dividends

	31 December 2022 $'000	31 December 2021 $'000
Dividends paid to members during the period were as follows:	**1,319**	940
	1,319	940

A final fully franked dividend for the year ended 30 June 2022 of 3.5 cents per ordinary share was paid on 27 September 2022.

An interim fully franked dividend of 2.0 cents per ordinary share for 2023 has been declared with the record date being 11 April 2023 and payment date 28 April 2023. Based on the number of shares at balance date plus shares issued up until the date of this report, the anticipated dividend amount is $0.75 million. The dividend is consistent with the Group's Capital Management Policy and represents a pay-out ratio at the lower end of the nominated range recognising the need for ongoing planned investments.

11. Business combinations

On 1 December 2022, the Group completed the acquisition of 100% of the issued share capital of AFSL Compliance Pty Ltd (**AFSLC**). AFSLC was established in 2010 and provides support to advice firms that hold their own Australian Financial Services License or are looking to obtain their own license. The acquisition of AFSLC provides the Group with an established client base of 160 self-licensed advice firms and deeper capability in consulting services to that market.

The purchase consideration includes an initial upfront $1.37 million settled on completion. A further two equal payments of $0.69 million will be paid at 12 and 24 months from completion, subject to AFSLC achieving revenue performance targets. In addition, a third earn-out incentive of up to $0.60 million, is payable subject to the business meeting an agreed uplift in earnings in the 3rd year.

Details of the purchase consideration and net assets acquired are as follows:

(a) Purchase consideration:

	Fair Value $'000
Cash	1,370
Contingent consideration[1]	1,536
	2,906

1. Contingent consideration is recognised at the present value of expected future cash payments assuming the achievement of all performance hurdles.

(b) The assets and liabilities recognised as a result of the acquisition are as follows:

	30 November 2022 $'000
Trade debtors	14
Tax receivable	17
Other liabilities	(11)
Net identifiable liabilities acquired	**20**
Goodwill	865
Deferred tax liability	(865)
Separately identifiable intangible asset - Client list	2,886
Net assets acquired	**2,906**

(c) Revenue and profit contribution:

The acquired subsidiary contributed revenues of $0.04 million and net profit before tax of $0.03 million to the Group for the 1 month to 31 December 2022. If the acquisition had occurred on 1 July 2022, consolidated proforma revenue and net profit before tax for the 6-month period ended 31 December 2022 would have been $0.28 million and $0.20 million respectively. The accounting policies of the newly acquired subsidiary are consistent with the Group's accounting policies.

12. Significant events occurring after balance date

Acquisition of Priority Networking Pty Ltd

On 17 January 2023, the Group completed the acquisition of a 100% equity interest in Priority Networking Pty Ltd (**PNET**), with an effective date of 1 January 2023.

PNET is a national provider of technology support (including cyber protection) to approximately 130 businesses. The acquisition enables the Group to expand the services it provides to its network of circa 3,500 accounting and advice firms to include technology infrastructure and cyber protection services whilst also enhancing organisational technology capability, a key enabler of the Group's growth strategy.

Approximate Net Revenue and net profit before tax on an annualised basis is $3.20 million and $0.45 million respectively.

Purchase consideration consists of:

- Upfront cash payment $1.79 million;
- Tranche 2 - $0.45 million cash to be paid 12 months after completion date on the condition that EBITA in the first 12 months does not fall below $0.45 million. The payment is reduced to nil on a sliding scale between EBITA of $0.45 - $0.40 million; and
- Tranche 3 Earnout - $0.45 million based on EBITA in the second 12-month period following completion is greater than or equal to $0.75 million. The earnout is reduced to nil on a straight-line basis on EBITA between $0.75 - $0.60 million.

Based on preliminary unaudited completion accounts that will be subject to final purchase price allocations, details of the purchase consideration and net assets acquired are as follows:

(a) Purchase consideration:

	Fair Value $'000
Cash	1,790
Contingent consideration[1]	734
	2,524

1. Contingent consideration is recognised at the present value of expected future cash payments assuming the achievement of all performance hurdles.

(b) The assets and liabilities recognised as a result of the acquisition are as follows:

	31 December 2022 $'000
Cash	319
Trade debtors	246
Stock	110
Fixed assets and leasehold	57
Deferred tax asset	82
Trade and other payables	(374)
Employee entitlements	(304)
Bank loan	(53)
Provision for tax	(11)
Net identifiable assets acquired	**72**
Intangibles	2,884
Deferred tax liability	(432)
Net assets acquired	**2,524**

13. Basis of preparation of half-year report

This condensed financial report for the interim half-year reporting period ended 31 December 2022 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 2022 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 2022, the consolidated entity had total net current liabilities of $5.21 million (30 June 2022: net current liabilities $2.44 million). For the 6 months ending 31 December 2022, the consolidated entity had net cash inflow from operating activities of $0.70 million (31 December 2021: $3.03 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:

(a) The Group has classified its finance facility drawn to $2.52 million at 31 December 2022 as a current liability due to the facility term expiring within the next 12-month period. A renewal and extension of facility limits to fund growth investments is presently in progress and expected to be in place prior to expiration of the current facility which $3.72 million remains undrawn and available as at 31 December 2022;

(b) The Group has reported deferred revenue of $0.75 million in current liabilities as at 31 December 2022 (30 June 2022: $0.64 million). Deferred revenue has no anticipated cash outflow effect; and

(c) Management project continued profitability and positive cashflow in the 2nd half of the 2023 financial year.

14. Equity-accounted investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting, after initial recognition at cost.

The Group's share of its associates' profits or losses are recognised in profit or loss. The cumulative profit or loss movements are adjusted against the carrying amount of the investment. Dividends from associates are recognised as reduction in the carrying amount of the investment.

15. 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.

16. 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 17 to 30 in accordance with the *Corporations Act 2001*:

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

(b) give a true and fair view of the financial position of the consolidated entity as at 31 December 2022 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.

Peter Brook - Chairman
Sydney
23 February 2023

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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 2022, the condensed consolidated statement of profit or loss and other 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 2022 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 2022 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, 23 February 2023