Appendix 4D and Interim Report

For the half-year ended 31 December 2023

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 2023 (**1H24**)
Previous corresponding reporting period	The half-year ended 31 December 2022 (**1H23**)

1. Results for announcement to the market

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

	1H24 $'000	1H23 $'000	% Change	Up/ (Down)
Revenue from operating activities	71,704	64,133	12	Up
(Loss)/profit from ordinary activities after tax attributable to members	(1,063)	1,221	187	(Down)
(Loss)/profit for the period attributable to members	(1,063)	1,221	187	(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 1 March 2024.

In addition, a Permitted Dividend of $3.97 million (being 10.0 cents per ordinary share), in accordance with the Count Scheme of Arrangement approved by shareholders on 23 January 2024. The Permitted Dividend is payable on 1 March 2024.

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

Interim dividend - 31 January 2024

Permitted dividend - 20 February 2024

(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 2023 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 2023.

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

	1H24	1H23
Net tangible asset backing per ordinary security	(28.92) cents	(15.48) cents

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

(a) Control gained over entities

On 3 July 2023, the Group completed the business acquisition of Atkinson Financial Planning, a Melbourne based advice firm through a newly incorporated subsidiary, Atkinson Saynor Private Wealth Pty Ltd (**ASPW**). The Group has a 55% controlling interest in ASPW with the remaining 45% interest owned by David Saynor (**Saynor**), a financial adviser who has worked in the business for 20 years. As part of the transaction, Saynor has commenced as Managing Director of ASPW, taking over from the founding principal Steven Atkinson who has been retained for 8 months to assist with the transition.

Total purchase consideration was a cash payment of $3.20 million settled on completion (Group share $1.76 million), followed by a deferred cash payment of $0.80 million (Group share $0.44 million), 12 months from completion date. In addition, there is a further earn-out cash payment of $0.30 million (Group share $0.17 million) subject to client growth performance hurdles to be made 8 months from completion date.

For further information on purchase consideration and assets acquired as part of the acquisition, refer to the note disclosure in the 31 December 2023 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**
2023 Final dividend (paid 27 September 2023)	3.5	1,318
2024 Interim dividend[2]	2.0	753
Permitted dividend[3]	10.0	3,974

1. All dividends are fully franked at a tax rate of 30%.
2. Record date for determining entitlement to the 2024 interim dividend is 31 January 2024 and payment date 1 March 2024.
3. Record date for determining entitlement to the Permitted Dividend is 20 February 2024 and payment date 1 March 2024.

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

Name of Entity	Percentage Held (%)		Share of Net Profit ($'000)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
McGregor Wealth Management Pty Ltd	35	35	53	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
19 February 2024

diverger

Diverger Limited

ABN 48 111 695 357

Interim Report - 31 December 2023

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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 2023 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 2023, 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 loss after tax of the Group for the half-year ended 31 December 2023 was $1.04 million (1H23: Profit $1.22 million), representing basic loss per share of (2.82) cents (1H23: 3.24 cents). The statutory loss for the period is attributed to the recognition and acceleration of various costs of circa $3.8 million that were triggered by the Scheme of Arrangement with Count Limited (**Count Scheme**), that was approved by shareholders at the scheme meeting held on 23 January 2024 as outlined in the Explanatory Memorandum issued to shareholders on 14 December 2023. These costs include post balance date adjusting events associated with legal, corporate advisers, directors and officers run-off insurance, staff retention as well as the acceleration of non-cash share-based payments expenses. A reconciliation to Underlying Profit (1H24: $4.25 million, up 45% on prior corresponding period), is provided on page 8.

The directors have declared an interim fully franked dividend of $0.75 million being 2.0 cps (1H23: 2.0cps). The interim dividend has a record date of 31 January 2024 and is to be paid on 1 March 2024.

In addition, the directors have declared a further fully franked Permitted Dividend of $3.97 million being 10.0cps which was contingent on the Count Scheme becoming effective. The Permitted Dividend has a record date of 20 February 2024 and is to be paid on 1 March 2024 in line with the associated consideration to be received by shareholders under the Count Scheme. For further information on the Count Scheme, refer to the Significant changes in the state of affairs section below and the Explanatory Memorandum.

Review of operations
Revenue from ordinary operating activities was $71.70 million for the half-year ended 31 December 2023, up from $64.13 million in the previous corresponding period, an increase of 12%.

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.**

In addition, directors consider that an Adjusted EPS measure (NPATA) is a useful guide to the overall performance of the Group, as it excludes the impact of non-cash amortisation and other fair-value adjustments which are included in Statutory EPS notwithstanding that the businesses to which such charges relate are earnings accretive on a cash and underlying basis.

Net Revenue[1] is defined as total revenue from operating activities less Adviser revenue share.

1. During FY2023, the Group revised the definition of Net Revenue which previously removed cost recoveries. The revision is more consistent with market convention.

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

- One-off non-operational items including: acquisition/divestment and recapitalisation costs, restructure costs, impairment charges, fair value adjustments, gains/losses on divestments and lease accounting under AASB16 Leases; and
- Non-cash amortisation charges.

NPATA is defined as Net Profit After Tax (NPAT), excluding:

- Amortisation; and
- Impairments and other non-cash fair-value adjustments.

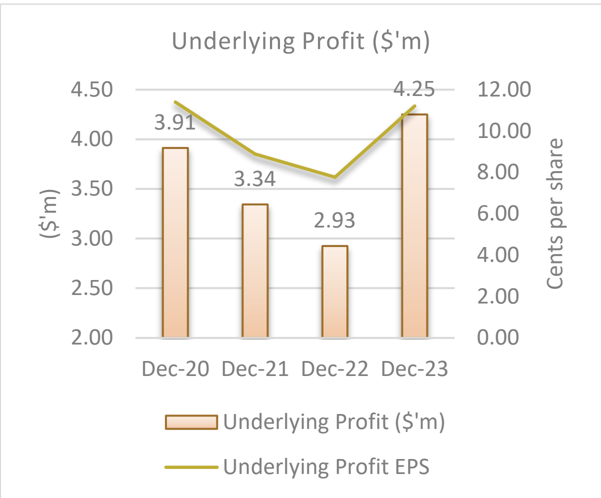
Net Revenue from ordinary operating activities was $22.66 million, an increase of 36% compared to the prior corresponding period (1H23: $16.70 million).

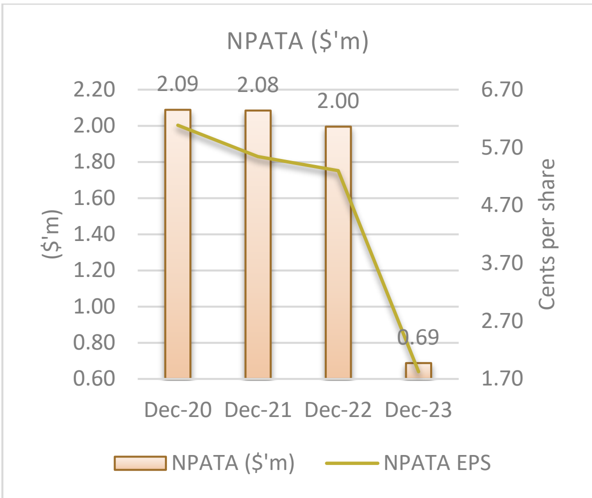
Underlying Profit of $4.25 million was up 45% compared to the prior corresponding period (1H23: $2.93 million).

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

Financial performance	**1H24 $'m**	1H23 $'m	Increase/ (decrease) %
Total revenue from operating activities	**71.70**	64.13	12
Net Revenue	**22.66**	16.70	36
Statutory net (loss)/profit after tax	**(1.04)**	1.22	(185)
Underlying Profit[1]	**4.25**	2.93	45
NPATA	**0.69**	2.00	(65)
NPATA EPS (cps)	**1.83**	5.30	(65)

1. Underlying Profit is an unaudited, non-IFRS measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items.





The reduction in NPATA in the current period is a result of the material costs associated with the Count Scheme, including the post balance date adjusting events resulting from costs recognised following the shareholder vote in favour of the Count Scheme on 23 January 2024. On an ongoing underlying basis, the Group has grown its earnings in the current period.

Reconciliation of key performance metrics

i) **Underlying Profit** - Normalisation adjustments have been applied as set out in the following reconciliation between the Group's Statutory EBITDA as disclosed on the Consolidated Statement of Comprehensive Income to Underlying Profit (Normalised EBITA) for the current and previous corresponding periods:

	1H24 $'m	1H23 $'m
Statutory EBITDA	**0.88**	2.75
Add/(deduct) normalisation adjustments[1]:		
Count Scheme related costs[2]	**2.39**	-
Count Scheme - acceleration of share-based payments[3]	**0.83**	-
Count Scheme related employee retention costs[4]	**0.55**	-
Reverse impact of AASB16 - Leases (deduct rent costs)[5]	**(0.40)**	(0.27)
Other acquisition and restructure costs[6]	**0.26**	0.34
Equity-accounted adjustments to gross up for interest and tax[7]	**0.04**	0.03
Write-back (reduction) of contingent consideration liability[8]	**(0.24)**	-
Write-back of call option – CAF[9]	**-**	0.13
Total normalisation adjustments	**3.43**	0.23
Normalised EBITDA	**4.31**	2.98
Less: Operating depreciation (ex AASB16)	**(0.06)**	(0.05)
Underlying Profit (Normalised EBITA)	**4.25**	2.93
Non-controlling interest (NCI) portion - Underlying Profit	0.10	-

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 material costs associated with the Count Scheme. Count Scheme costs include, legal advisers, independent expert, share registry, corporate adviser costs and directors & officers run-off insurance.
3. Performance rights issued to KMP and other members of the leadership team under the Company's incentive plan (Plan) are deemed to have vested under the change of control provisions of the Plan. The adjustment reflects the acceleration of the expense to 100% vested which was previously expensed with a lower probability and a longer vesting period. The expense recognised in the period was a post balance date adjusting event following the shareholder scheme meeting on 23 January 2024.
4. During the period, a number of staff received retention notices that upon meeting certain conditions including maintaining their employment post Count Scheme completion, will receive retention payments in the period following 1 May 2024. In addition, the MD and CFO have retention payments payable as outlined in the Explanatory Memorandum. The normalisation adjustment reflects the differential between the Group's short-term incentive accrual for the period had there been no Count Scheme and the total retentions payable. As at 31 December 2023, retention payments have been provided for in full as post balance date adjusting events.
5. For the purposes of measuring Underlying Profit, the Group removes the effect of AASB16 Leases which at a statutory level effectively reclasses rent costs to depreciation.
6. During the period, the Group incurred some non-recurring costs primarily associated with completing other M&A initiated in the prior year. In the prior year non-recurring costs were incurred for both completed and exploratory M&A opportunities.
7. Adjustments to gross up share of profits from equity-accounted investments for interest and tax 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.
8. During the period, it was assessed that the earn-out payment of $0.24 million that was part of the purchase consideration for McGregor Wealth Management completed 1 July 2022 which is based on a stretch target earnings hurdle for the 2024 financial year, is unlikely to be achieved and accordingly has been written back to Other income. The Group has assessed at balance date that the remaining 2nd tranche payment of $0.32 million remains probable and continues to recognise the associated liability on the Group's balance sheet.
9. 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. The amount written back of $125k, was the cash amount paid and equated to its fair value at the time of recognition.

ii) **NPATA** - Adjustments to Net Profit After Tax as disclosed on the Consolidated Statement of Comprehensive Income are applied to derive NPATA as follows for the current and previous years:

	1H24 $'m	1H23 $'m
Net (Loss)/Profit After Tax (attributable to members)	**(1.06)**	1.22
NPATA adjustments:		
Add: Amortisation	**0.96**	0.60
Add: Impairment & other fair value	**-**	0.13
Add: Unwind of non-cash interest on contingent consideration net of write-back	**(0.04)**	0.05
Add: Acceleration of non-cash share-based payments expense	**0.83**	-
NPATA	**0.69**	2.00
NPATA EPS (cps)	**1.83**	5.30

Analysis by segment

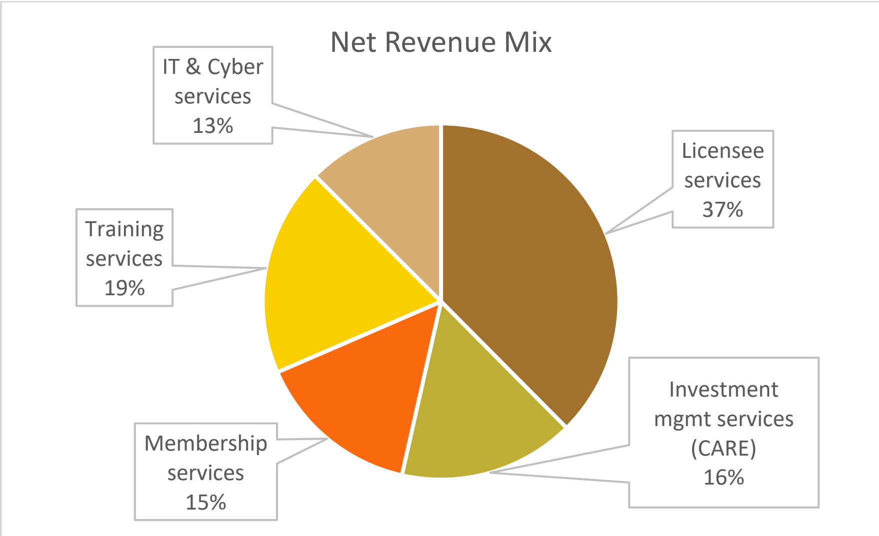
The Group continues to service its three operating divisions, **Wealth Solutions**, **Accounting Solutions** and **Technology Solutions.**

Segment performance is summarised below:

Segment Result	**1H24 $'m**	1H23 $'m	Increase/ (decrease) %
Net Revenue			
Wealth Solutions	**10.94**	9.15	20
Wealth Solutions - acquired[1]	**1.11**	0.04	>100
Accounting Solutions	**7.75**	7.50	3
Technology Solutions	**2.86**	-	100
Other - Corporate	**-**	0.01	(100)
	22.66	16.70	36
Underlying Profit			
Wealth Solutions	**2.61**	1.78	47
Wealth Solutions - acquired[1]	**0.34**	0.03	>100
Accounting Solutions	**2.95**	2.68	10
Technology Solutions - acquired	**0.28**	-	100
Divisional results[2]	**6.18**	4.49	38
Corporate overheads	**(1.93)**	(1.56)	24
Group Underlying Profit	**4.25**	2.93	45

1. 1H23 includes a partial EBITA contribution from AFSL Compliance Pty Ltd acquired on 1 December 2022. 1H24 comprises full period contributions from AFSL Compliance Pty Ltd and Atkinson Saynor Private Wealth Pty Ltd acquired effective 1 July 2023.
2. Underlying Profit from divisional operations represents contributions from the three divisions, Wealth Solutions, Accounting Solutions and Technology Solutions.

The total Net Revenue composition of the Group illustrated below demonstrates five core revenue streams that operate across the Group and their respective relativities. Net Revenue at a divisional level is split between the Wealth Solutions division, Accounting Solutions division and the Technology Solutions division at 53%/34%/13% 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%
  - Atkinson Saynor Private Wealth Pty Ltd (**ASPW**) - 55% acquired 1 July 2023

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	1H24 $'m	1H23 $'m	Increase/ (decrease) %
Revenue			
Full adviser (**AR**) gross fees	**50.05**	48.51	3
Full adviser fixed licensee fees	**3.10**	2.95	5
Less: Adviser revenue share	**(49.04)**	(47.43)	3
AR Net Revenue	**4.11**	4.03	2
Financial planning revenue[1]	**0.77**	-	100
Limited adviser subscription revenue (**LAR**)	**0.32**	0.37	(14)
Self-License services (**SL**)	**0.42**	0.12	>100
Expense recoveries	**1.35**	1.11	22
Other revenue	**1.44**	0.37	>100
Total Licensee Services	**8.41**	6.00	40
CARE investment management fees	**3.64**	3.19	14
Net Revenue	**12.05**	9.19	31
Segment result - Underlying Profit	**2.95**	1.81	63

1. Atkinson Saynor Private Wealth acquired effective 1 July 2023.

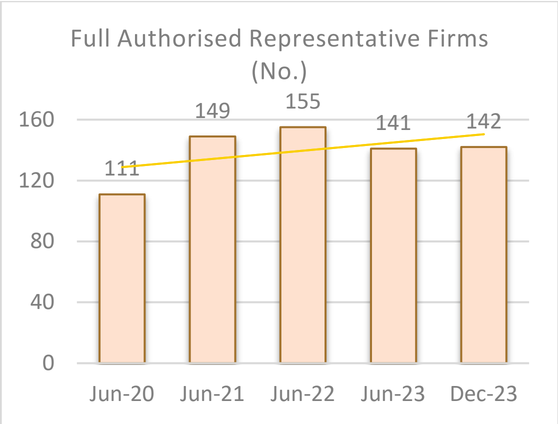
The Wealth Solutions division performed strongly with Net Revenue growth of 31% and Underlying Profit growth of 63%.

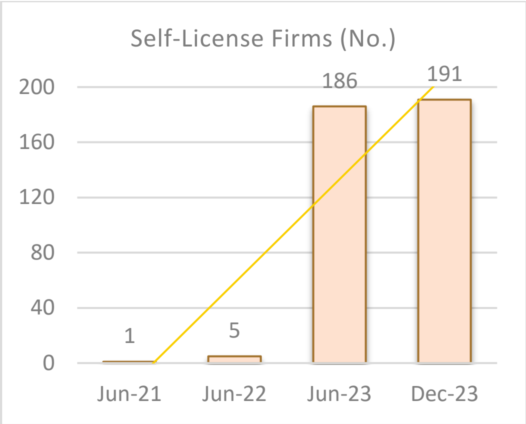
Net Revenue from ARs remained relatively level with the prior corresponding period notwithstanding a small reduction in the average number of firms authorised by one of the Group's AFSLs, down to 142 firms compared to 146 average firms in the prior corresponding period. Average Net AR fees received by the Group continue to increase, up by 2% to $57k per firm.

On 3 July 2023, the Group completed the business acquisition of Atkinson Financial Planning, a Melbourne based advice firm through a newly incorporated subsidiary, Atkinson Saynor Private Wealth Pty Ltd (**ASPW**). The investment represents a strategy of partnering with the advice industry on succession and growth solutions. The Group has a controlling 55% equity interest with the remaining 45% interest owned by David Saynor (**Saynor**), a financial adviser who has worked in the business for 20 years taking over as successor from the founding principal Steve Atkinson. ASPW has performed in line with the initial business plan for the period.

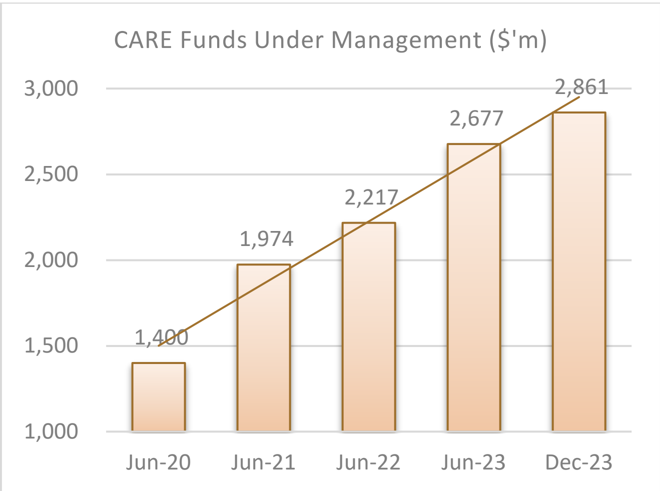
Self-license services were $0.42 million for the period derived primarily through AFSLC acquired 1 December 2022. The combined number of self-licensed firms of AFSLC and DivergerX has continued to grow, up by 15% to 191 firms (1H23: 166).

Subscription revenue from Limited Authorised Representatives (**LARs**) fell by 14% to $0.32 million compared to the prior corresponding period in line with the decrease in the number of LARs on license to 157 (1H23: 185). The reduction in LARs has been occurring over the past 3+ years since the additional education requirements imposed by ASIC which forced accountants to assess the value in retaining a limited licence. Whilst it is likely that there will be continued attrition, it is more gradual than previous periods. LAR revenue forms 1% of total 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 2023 up 16% to $2.86 billion compared to the prior corresponding period (1H23: $2.47 billion) which has derived a corresponding 14% increase in CARE revenue. Whilst inflows have been consistent, markets were impacted in the first few months of the 2024 financial year and stabilised during November and December 2023 when investment markets performed strongly, with the ASX200 climbing to 7951, 5.3%, above the 30 June 2023 close. Similarly, the S&P 500 closed at 4770, 7.2% above its 30 June 2023 close. Both markets are key indicators to the performance of the CARE portfolios and have resulted in a net market movement of $116.6 million for the current period.



MWM, the Group's 35% equity-accounted investment, continues to build with a 29% increase in share of profits (EBITA) of $0.09 million for the period (1H23 $0.07 million).

Other revenue consists of contributions for adviser conferences, education partnerships, referral fees as well as a growing back-office services stream provided to ARs through the Group's outsourcing partners. Back-office service revenue grew to $0.45 million, up from $0.28 million in the prior corresponding period.

Underlying Profit for Wealth Solutions increased by 63% to $2.95 million (1H23: $1.81 million). The strong result is a combination of continued growth in all core revenue streams and tightly managed costs including the non-replacement of some staff that had left since the prior corresponding period as well as full period contributions from acquisitions ASPW and AFSLC. The division has performed with an improved operating margin (Normalised EBITA/Net Revenue) of 24% compared to the prior corresponding period of 20%. On a like-for-like basis without the uplift of acquisitions made part way through the prior period, Underlying Profit grew organically by 47% for the existing businesses.

2. Accounting Solutions

The Group's Accounting Solutions division is comprised of:

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

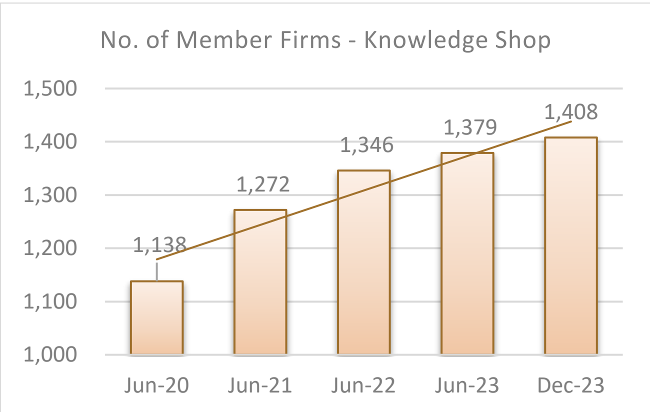
The Group's Accounting Solutions division provides two primary support services to accounting firms and wealth advisers, consisting of a membership subscription service and a training business, delivered through a combination of online and face-to-face formats.

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

Accounting Solutions	1H24 $'m	1H23 $'m	Increase/ (decrease) %
Revenue			
Membership subscription	**3.41**	3.22	6
Training	**4.33**	4.25	2
Other	**0.01**	0.02	(50)
Net Revenue	**7.75**	7.49	3
Underlying Profit - Accounting Solutions	**2.95**	2.68	10

The Accounting Solutions division performed in line with expectations for the period with Net Revenue up 3% to $7.75 million and Underlying Profit up 10% to $2.95 million.

Membership subscription revenue from Knowledge Shop increased by 6% to $3.41 million compared to the prior corresponding period in line with the continued growth in the number of members to 1,408.



Training revenue through the Group's two training businesses Knowledge Shop and TaxBanter, grew modestly by 2% to $4.33 million compared to the prior corresponding period. Whilst face-to-face training fell by 1% compared to the prior corresponding period, online training increased by 9% to $1.1m. This increase is in line with the continued adaption to a hybrid working environment.

Underlying Profit for Accounting Solutions increased by 10% to $2.95 million compared to the prior corresponding period. The result reflects the modest revenue growth while operating margin (Normalised EBITA/Net Revenue) increased to 38%, up from 36% with costs tightly managed over the period.

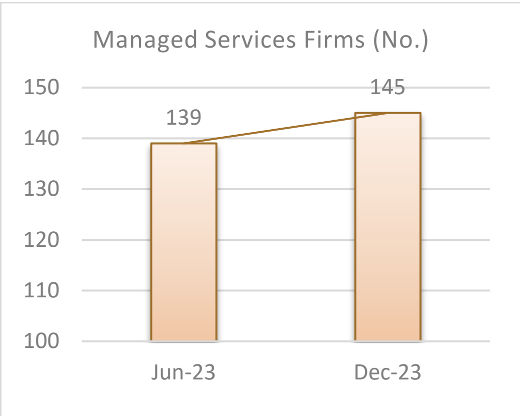
3. Technology Solutions

The Group's Technology Solutions division is comprised of:

- Priority Networking Pty Ltd (**PNET**) - 100% acquired effective 1 January 2023.

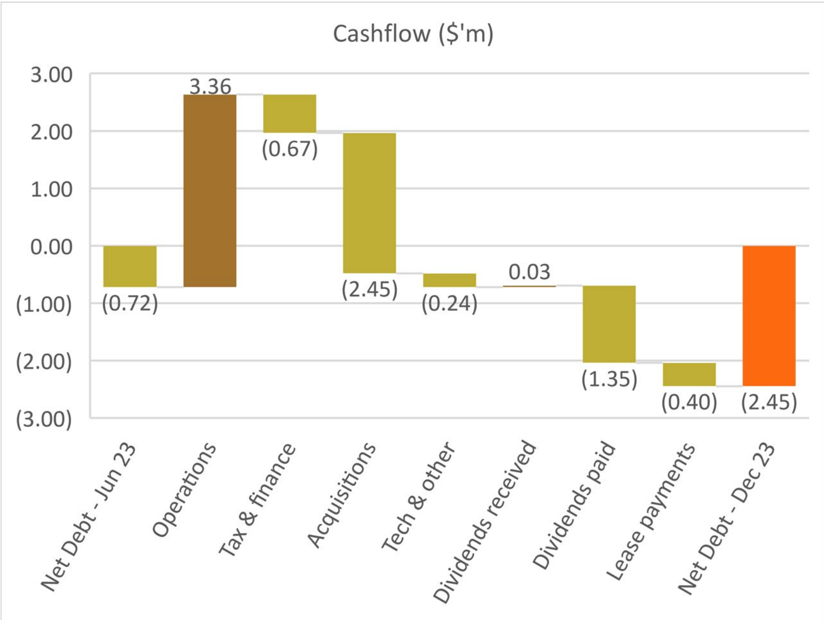
PNET has performed in line with expectations for the period and has an emerging pipeline of clients that have been generated from the Group's network of firms which is expected to grow and positively impact earnings in future periods.

	1H24 $'m	1H23 $'m	Increase %
Managed service fees & consulting	**1.40**	-	100
Hardware & software	**1.45**	-	100
Other	**0.01**	-	100
Net Revenue	**2.86**	-	100
Segment result - Underlying Profit	**0.28**	-	100



Cashflow and capital management

The Group generally maintains a strong alignment between operating cashflows and earnings, with very low credit risk as most income streams are cash settled in advance or as services are delivered. However, for the current period, the Group has recognised a substantial amount of Count Scheme related post balance date provisions as well as the acceleration of non-cash share-based payments which has generated a material difference between reported earnings and cashflow. The provisions in relation to the Count Scheme recognised at balance date, are expected to be settled in the second half of the financial year.



Cash generated from operations (pre-tax and interest costs) of $3.36 million, up from $2.76 million in the prior corresponding period was driven by the continued growth in scale of the Group inclusive of acquisitions made part way through FY23. Net cash inflow from operating activities (post-tax and interest costs) of $2.69 million up from $0.70 million included a positive timing difference of tax payments in the current period (reducing by $1.54 million) compared to the prior corresponding period.

Net cash outflows from investing activities during the period were $2.66 million comprising:

- On 1 July 2023, the Group paid $1.76 million for the first tranche payment towards the 55% equity interest in ASPW;
- On 15 December 2023, the Group paid $0.69 million for the second tranche payment for AFSLC;
- Investments of $0.24 million in property, plant and equipment, and intangible assets with the spend on intangible assets primarily relating to ongoing investment in technology; and
- Dividends from associates of $0.03 million.

Net cash outflows from financing activities during the period were $0.01 million (after drawing $1.74 million down on the Group's finance facility) comprising:

- A final dividend of $1.32 million for FY23 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;
- Payment for principal of lease liabilities of $0.41 million relating to leased premises; and
- Dividends to minority interests (ASPW) of $0.03 million.

Significant changes in the state of affairs

On 22 September 2023, the Company entered into a Scheme Implementation Agreement (**SIA**) which was later revised on 17 November 2023 (**Amending Deed**) with Count Limited (**CUP**).

Under the terms of the Amending Deed, CUP agreed to acquire 100% of the fully diluted share capital of the Company by way of scheme of arrangement (**Count Scheme**).

Consideration is made up of cash and scrip with the flexibility to elect all cash or all scrip subject to scale back provisions. The default consideration for the Count Scheme comprises:

- Cash consideration: $0.40 per ordinary share adjusted for a Permitted Dividend; plus
- Scrip consideration: 1.44 CUP shares per 1 Company share.

Shareholders were given the opportunity to elect all cash or scrip which are subject to scale back provisions. Maximum cash consideration elections comprise $1.20 cash per Company share, less Permitted Dividend subject to an aggregate cap of $15,907,873. Maximum scrip consideration comprises 2.16 CUP shares per Company share, less Permitted Dividend, subject to an aggregate cap of 57,268,344 CUP consideration shares.

On 23 January 2024, shareholders voted at a shareholder meeting in favour of the Count Scheme which is expected to be completed on 1 March 2024 after the final scale back calculations resulting from shareholder elections.

Following completion of the Count Scheme, the Company Board will resign and the Managing Director and Chief Financial Officer of the Company are not anticipated to have ongoing roles in the combined group. CUP has commenced consultation with other Diverger employees which will continue following completion of transaction to assess if there remains opportunities for them in the combined business.

In addition, the Company will delist from the Australian Securities Exchange (**ASX**) and become a wholly owned subsidiary of the CUP group.

Events occurring after balance date

As above, on 23 January 2024, shareholders voted in favour of the Count Scheme. As a result, there are a number of financial impacts which have been classified as adjusting events given they relate to pre-existing conditions at balance date however were confirmed following the outcome of the shareholder meeting. These adjusting items include:

- Vesting of performance rights under the provisions of the Employee Share Plan approved 18 November 2021. On 15 February 2024, 2,064,000 performance rights were converted on a 1 for 1 basis to ordinary shares of the Company with a total expense recognised during the period of $0.96 million;
- Corporate adviser success fees, $1.00 million (total costs paid during the period, nil); and
- Legal, share registry and directors and officers run-off insurance costs. Total costs incurred $1.22 million (total costs paid during the period, $0.60 million).

On 18 January 2024, directors declared an interim dividend for the current period of $0.75 million (2.0 cents per ordinary share), with a record date 31 January 2024 and payment date 1 March 2024. In addition, a Permitted Dividend under the Count Scheme was also declared subject to approval of the Count Scheme (approved 23 January 2024), of $3.97 million (10.0 cents per ordinary share) with a record date 20 February, payable 1 March 2024. Ordinary shares that have been converted from performance rights are eligible for the Permitted Dividend under the Count Scheme however not the interim dividend.

On 23 January 2024, the Group made a cash payment of $0.45 million to the vendors of Priority Networking Pty Ltd for the first contingent payment (Tranche 2) under the share sale and purchase agreement dated 17 January 2023. Payment was made upon achieving the required performance hurdle of achieving EBITA greater than $0.45 million in the 12-month period ending 31 December 2023. A further potential earn-out payment of up to $0.45 million remains in place upon achieving EBITA of $0.75 million for the 12-month period to 31 December 2024. The earn-out is reduced to nil on a sliding scale between the EBITA range of $0.60 million and $0.75 million.

Outlook
Directors and management confirm that all operating business units within the Group remain financially sound. Upon completion of the Count Scheme, it is expected that the Count Board and management will continue to support and develop the Group as well as deliver on value accretion as outlined in the Explanatory Memorandum issued to shareholders on 14 December 2023.

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
19 February 2024

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DECLARATION OF INDEPENDENCE BY MATINA MOFFITT TO THE DIRECTORS OF DIVERGER LIMITED

As lead auditor for the review of Diverger Limited for the half-year ended 31 December 2023, 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.

M. Moffitt

Matina Moffitt
Partner

Sydney, 19 February 2024

	Note	31 December 2023 $'000	31 December 2022 $'000
Total revenue from operating activities			
Revenue from contracts with customers		**70,336**	62,991
Expense recoveries		**1,350**	1,108
Other revenue		**18**	34
	1, 2	**71,704**	64,133
Less:			
Adviser revenue share		**(49,042)**	(47,434)
Net Revenue		**22,662**	16,699
Other direct costs	3	**(6,550)**	(4,051)
Gross Margin		**16,112**	12,648
Expenses from ordinary operations			
Salaries and employee benefits expenses	3	**(9,993)**	(7,612)
Occupancy expenses		**(106)**	(71)
Professional fees and consultants	3	**(2,662)**	(929)
Corporate costs - Directors, ASX, Registry and Co-Sec	3	**(308)**	(240)
IT expenses		**(450)**	(403)
Marketing expenses		**(35)**	(78)
Administration expenses	3	**(837)**	(272)
Other expenses		**(179)**	(159)
Share-based payments expense		**(955)**	(55)
Gain on disposal of other assets		**-**	9
Impairment expense		**-**	(125)
Total expenses from ordinary operations		**(15,525)**	(9,935)
Other income		**238**	-
Share of net profit of associates using the equity method		**53**	37
Statutory EBITDA		**878**	2,750
Finance income		**6**	19
Finance costs	3	**(448)**	(140)
Depreciation	3	**(417)**	(252)
Amortisation	3	**(955)**	(598)
(Loss)/profit before income tax		**(936)**	1,779
Income tax expense		**(107)**	(558)
Total comprehensive (loss)/income for the year		**(1,043)**	1,221
Total comprehensive (loss)/income for the year is attributable to:			
Non-controlling interests		**20**	-
Owners of the Company		**(1,063)**	1,221
		(1,043)	1,221

	Note	31 December 2023	31 December 2022
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per share (cents)		(2.82)	3.24
Diluted (loss)/earnings per share (cents)		(2.68)	3.13

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

	Note	31 December 2023 $'000	30 June 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	**395**	385
Receivables		**3,502**	3,132
Other current assets	6	**956**	1,956
Current tax receivable		**-**	157
Total current assets		**4,853**	5,630
Non-current assets			
Plant and equipment		**168**	202
Right of use assets		**915**	1,042
Intangible assets		**53,728**	49,453
Equity-accounted investments	7	**1,104**	1,138
Deferred tax assets		**2,057**	1,275
Total non-current assets		**57,972**	53,110
TOTAL ASSETS		**62,825**	58,740
LIABILITIES			
Current liabilities			
Trade and other payables	8	**5,553**	5,240
Provisions and employee benefits	9	**3,664**	1,553
Borrowings	5	**2,841**	-
Lease liabilities		**647**	642
Deferred revenue		**256**	1,402
Provision for contingent consideration	10	**2,468**	1,558
Current tax liability		**548**	-
Total current liabilities		**15,977**	10,395
Non-current liabilities			
Provisions and employee benefits	9	**370**	476
Borrowings	5	**-**	1,105
Lease liabilities		**382**	535
Provision for contingent consideration	10	**889**	1,419
Deferred tax liabilities		**6,494**	6,104
Total non-current liabilities		**8,135**	9,639
TOTAL LIABILITIES		**24,112**	20,034
NET ASSETS		**38,713**	38,706
EQUITY			
Contributed equity	11	**31,028**	29,751
Retained earnings		**6,083**	8,126
Reserves		**169**	829
Equity attributable to owners of the Company		**37,280**	38,706
Non-controlling interests		**1,433**	-
TOTAL EQUITY		**38,713**	38,706
Net tangible assets per share (cents)		**(28.92)**	(18.48)

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 2023	**29,751**	**8,126**	**829**	**38,706**	**-**	**38,706**
(Loss)/profit for the half-year	-	(1,063)	-	**(1,063)**	20	**(1,043)**
Other comprehensive income	-	-	-	**-**	-	**-**
Total comprehensive (loss)/income for the half-year	-	(1,063)	-	**(1,063)**	20	**(1,043)**
Transactions with owners in their capacity as owners:						
Share based payments	-	-	955	**955**	-	**955**
Dividends paid	-	(1,318)	-	**(1,318)**	(27)	**(1,345)**
Issued ordinary shares upon vesting of performance rights	1,277	-	(1,277)	**-**	-	**-**
Forfeiture of options transferred to retained earnings - HUB24	-	338	(338)	**-**	-	**-**
Non-controlling interest recognised in business combinations	-	-	-	**-**	1,440	**1,440**
Balance at 31 December 2023	**31,028**	**6,083**	**169**	**37,280**	**1,433**	**38,713**
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**
Other comprehensive income	-	-	-	**-**	-	**-**
Total comprehensive income for the half-year	-	1,221	-	**1,221**	-	**1,221**
Transactions with owners in their capacity as owners:						
Share based payments	-	-	55	**55**	-	**55**
Dividends paid	-	(1,319)	-	**(1,319)**	-	**(1,319)**
Balance at 31 December 2022	**29,751**	**7,268**	**736**	**37,755**	**-**	**37,755**

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

	31 December 2023 $'000	31 December 2022 $'000
Cash flows from operating activities		
Fees and adviser revenue received	**77,184**	70,660
Payments to advisers, suppliers and employees	**(73,829)**	(67,899)
Cash generated from operations	**3,355**	2,761
Interest received	**6**	19
Finance costs paid	**(216)**	(88)
Income taxes paid	**(459)**	(1,996)
Net cash inflow from operating activities	**2,686**	696
Cash flows from investing activities		
Payments for acquisition of subsidiary and deferred consideration	**(2,445)**	(1,370)
Payments for investment in associates	**-**	(735)
Payments for property, plant and equipment, and software platforms	**(245)**	(155)
Payments for other intangible assets	**-**	(62)
Dividends received from associates	**28**	-
Net cash outflow from investing activities	**(2,662)**	(2,322)
Cash flows from financing activities		
Net proceeds from borrowings	**1,736**	2,516
Loans payments received/(advanced to) external parties	**9**	(1,428)
Principal payments to lease liabilities	**(414)**	(125)
Dividend paid to shareholders	**(1,318)**	(1,319)
Dividend paid to minority interest	**(27)**	-
Net cash outflow from financing activities	**(14)**	(356)
Net increase / (decrease) in cash and cash equivalents	**10**	(1,982)
Cash and cash equivalents at the beginning of the half-year	**385**	2,527
Cash and cash equivalents at the end of the half-year	**395**	545

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, the Managing Director and the Chief Financial Officer.

The Group's reporting segments are based on business solutions primarily to wealth and accounting sectors as well as aligned Technology Solutions.

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

- **Wealth Solutions** - licencing options, operating systems and managed accounts to wealth advisers to enable them to provide services such as financial planning, risk insurance advice, self-managed superannuation administration and managed accounts. This segment comprises DWA Managed Accounts (**CARE**), GPS Wealth, Merit Wealth, Merit Referral Services, Paragem, McGregor Wealth Management (**MWM**), AFSL Compliance (**AFSLC**) and DivergerX.
- **Accounting Solutions** - provides professional support, help desk and training primarily to the accounting sector and more recently to the wealth sector. This segment comprises Knowledge Shop and TaxBanter.
- **Technology Solutions** - This segment consists of Priority Networking (**PNET**) effective 1 January 2023. PNET provides managed services (MSP or outsourced IT services) and supply and installation of technology hardware and software subscriptions to a range of industries including both the accounting and wealth sectors.
- **Corporate** - includes all head office and corporate costs.

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

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

The basis of accounting used for reporting by operating segments is consistent with that disclosed in the Group's 2023 Annual Report.

1. SEGMENT INFORMATION (CONTINUED)

(c) Segment results

The segment information provided on reportable segments for the half-year ended 31 December 2023 is as follows:

Consolidated Half-year to 31 December 2023	Wealth Solutions $'000	Accounting Solutions $'000	Technology Solutions $'000	Corporate $'000	Total $'000
Revenue from operating activities					
Full adviser gross fees	50,045	-	-	-	**50,045**
CARE investment management fees	3,641	-	-	-	**3,641**
Licensee & self-licence fees	3,841	-	-	-	**3,841**
Financial planning revenue	766	-	-	-	**766**
Other fees & referral income	1,444	2	-	-	**1,446**
Expense recoveries	1,350	-	-	-	**1,350**
Accounting membership	-	3,414	-	-	**3,414**
Training	-	4,332	-	-	**4,332**
Managed service fees & IT consulting	-	-	1,400	-	**1,400**
Hardware & software sales	-	-	1,451	-	**1,451**
Other revenue	-	5	12	1	**18**
Total revenue from operating activities	**61,087**	**7,753**	**2,863**	**1**	**71,704**
Less: Adviser revenue share	(49,042)	-	-	-	**(49,042)**
Net Revenue	**12,045**	**7,753**	**2,863**	**1**	**22,662**
Normalised EBITA (non IFRS)	**2,949**	**2,950**	**285**	**(1,934)**	**4,250**
Reconciliation to IFRS Net loss before tax (Normalisation adjustments)					
Count Scheme related costs	-	-	-	(2,396)	**(2,396)**
Count Scheme related employee retention	-	-	-	(551)	**(551)**
Count Scheme - acceleration of share-based	-	-	-	(831)	**(831)**
Other acquisition & restructure costs	(63)	(23)	-	(174)	**(260)**
Deferred consideration write-back - MWM	238	-	-	-	**238**
Equity-accounted adjustments	(39)	-	-	-	**(39)**
Adjustment for AASB16 Leases (rent costs)	78	-	69	254	**401**
Depreciation expense (ex AASB16 Leases)	18	9	16	23	**66**
Statutory EBITDA					**878**
Interest revenue					**6**
Finance costs					**(448)**
Depreciation					**(417)**
Amortisation					**(955)**
Loss before income tax					**(936)**
Significant items of segment expenses					
Adviser revenue share & other direct costs	53,953	513	1,126	-	**55,592**
Salaries and employee benefits	3,187	3,780	1,296	1,730	**9,993**
Professional fees and consultants	298	15	13	2,336	**2,662**

1. SEGMENT INFORMATION (CONTINUED)

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 from operating activities				
Full adviser gross fees	48,513	-	-	**48,513**
CARE investment management fees	3,185	-	-	**3,185**
Licensee & self-licence fees	3,437	-	-	**3,437**
Other fees & referral income	381	7	-	**388**
Expense recoveries	1,108	-	-	**1,108**
Accounting membership	-	3,215	-	**3,215**
Training	-	4,253	-	**4,253**
Other revenue	2	20	12	**34**
Total revenue from operating activities	**56,626**	**7,495**	**12**	**64,133**
Less: Adviser revenue share	(47,434)	-	-	**(47,434)**
Net Revenue	**9,192**	**7,495**	**12**	**16,699**
Normalised EBITA (non IFRS)	**1,807**	**2,678**	**(1,560)**	**2,925**
Reconciliation to IFRS Net profit before tax (Normalisation adjustments)				
Acquisition and restructuring costs	(36)	-	(305)	**(341)**
Write-back of call option	-	-	(125)	**(125)**
Equity-accounted adjustments	(31)	-	-	**(31)**
Adjustment for AASB16 Leases (rent costs)	36	-	235	**271**
Depreciation expense (ex AASB16 Leases)	18	6	27	**51**
Statutory EBITDA				**2,750**
Interest revenue				**19**
Finance costs				**(140)**
Depreciation				**(252)**
Amortisation				**(598)**
Profit before income tax				**1,779**
Significant items of segment expenses				
Adviser revenue share & other direct costs	51,005	480	-	**51,485**
Salaries and employee benefits	2,930	3,875	807	**7,612**
Professional fees and consultants	403	10	516	**929**

2. REVENUE

	Note	31 December 2023 $'000	31 December 2022 $'000
Revenue from contracts with customers			
Wealth Solutions revenue		**59,737**	55,516
Accounting Solutions revenue		**7,748**	7,475
Technology Solutions revenue		**2,851**	-
Revenue from contracts with customers		**70,336**	62,991
Other revenue			
Other revenue – Wealth Solutions		**1,350**	1,110
Other revenue – Accounting Solutions		**5**	20
Other revenue – Technology Solutions		**12**	-
Other revenue - Corporate		**1**	12
Other revenue		**1,368**	1,142
Total revenue from operating activities	1	**71,704**	64,133
Disaggregation of revenue			
The disaggregation of revenue from contracts with customers is as follows:			
Timing of revenue			
Services recognised over time		**10,896**	9,838
Services recognised at a point in time		**60,808**	54,295
Total revenue from operating activities	1	**71,704**	64,133

Net Revenue is defined as total revenue from operating activities less Adviser revenue share. During 2023, the Group revised the definition of Net Revenue which previously removed cost recovery revenue. This revision is more consistent with market convention.

	Note	31 December 2023 $'000	31 December 2022 $'000
Net Revenue reconciliation			
Total revenue from operating activities		**71,704**	64,133
Less: adviser revenue share		**(49,042)**	(47,434)
Net Revenue	1	**22,662**	16,699

3. OTHER EXPENSE ITEMS

	31 December 2023 $'000	31 December 2022 $'000
Profit before income tax has been determined after the following items:		
Other direct costs		
Adviser systems	**1,132**	1,003
ASIC levy	**389**	239
Professional indemnity insurance	**663**	684
Other direct operating expenses Wealth Solutions	**2,727**	1,645
Training, membership and direct costs Accounting Solutions	**513**	480
Hardware and software direct costs Technology Solutions	**1,126**	-
	6,550	4,051
Salaries and employee benefits expenses		
Salaries and wages	**6,093**	5,620
Defined contribution superannuation expense	**721**	581
Other employee benefits & related expenses	**2,464**	1,411
Count Scheme - employee retention costs	**715**	-
	9,993	7,612
Professional fees and consultants		
Audit, tax and accounting services	**163**	159
Consulting services & investment committee	**339**	630
Legal costs	**232**	140
Count Scheme - corporate advisory and other consulting	**1,179**	-
Count Scheme - legal costs	**749**	-
	2,662	929
Corporate costs		
ASX and share registry costs	**50**	58
Company secretarial costs	**38**	35
Directors' fees	**155**	147
Count Scheme - share registry costs	**65**	-
	308	240
Administration expenses		
Bank charges	**72**	75
Insurance (excluding professional indemnity)	**132**	105
Postage, printing, stationery and telephones	**59**	36
Allowance for credit losses	**135**	40
Subscriptions and other	**36**	16
Count Scheme - directors & officers run-off insurance	**403**	-
	837	272

3. OTHER EXPENSE ITEMS (CONTINUED)

	31 December 2023 $'000	31 December 2022 $'000
Profit before income tax has been determined after the following items:		
Finance costs		
Bank loans, overdrafts and other	**217**	54
Finance leases - AASB 16 (non-cash)	**30**	35
Notional interest on contingent consideration (non-cash)	**201**	51
	448	140
Depreciation		
Furniture, fittings, office & computer equipment	**54**	50
Finance leases - AASB 16	**363**	202
	417	252
Amortisation		
Leasehold improvements, software platforms & other intangibles	**177**	109
Client lists and relationships - controlled entities	**719**	424
Client lists and relationships - equity-accounted investments	**59**	65
	955	598

4. CASH AND CASH EQUIVALENTS

	31 December 2023 $'000	30 June 2023 $'000
Cash at bank and on hand	**395**	385

5. BORROWINGS

	31 December 2023 $'000	30 June 2023 $'000
Westpac Banking Corporation facility	**2,841**	1,105
Total borrowings[1]	**2,841**	1,105

1. As at 31 December 2023, the Group has Net-Debt of $2.45m (30 June 2023: Net-Debt of $0.72m). Borrowings are classified as a current liability due to the expectation that the facility will be refinanced upon the completion of the Count Scheme.

The Group has finance facilities with Westpac Banking Corporation (WBC) that were executed on 14 August 2023 as follows:

- Two bank bill business loans and other operational facilities to a limit of $16,384,472:
  - Bank bill business loan $5,962,189
  - Acquisition facility $10,000,000
  - Credit card and bank guarantees $422,283
- Term - expires 31 August 2026
- Security - General Security Agreement over all assets and undertaking of the Company and wholly owned subsidiaries with Guarantee and Indemnities
- Covenants:
  - Equity ratio - Shareholder funds/Total assets to be greater than 40%
  - 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 2023 $'000	30 June 2023 $'000
Loan facilities		
Bank loan facilities	**16,384**	10,000
Notional amortised balance	**14,722**	5,962
Debt facility drawn	**(2,841)**	(1,105)
Unused loan facility	**11,881**	4,857

The amount of the facility utilised at balance date should be read in conjunction with surplus funds on balance sheet to derive Net-Debt:

	31 December 2023 $'000	30 June 2023 $'000
Net-Debt		
Cash on balance sheet	**395**	385
Debt facility drawn	**(2,841)**	(1,105)
Net-Debt	**(2,446)**	(720)

6. OTHER CURRENT ASSETS

	31 December 2023 $'000	30 June 2023 $'000
Prepayments	**887**	1,767
Inventory	**69**	189
	956	1,956

7. EQUITY-ACCOUNTED INVESTMENTS

(a) Details of equity-accounted investments

The Group has a 35% equity interest in McGregor Wealth Management Pty Ltd (**MWM**), a leading financial planning firm licensed through GPS Wealth Ltd, a wholly owned subsidiary of the Group.

(b) Movements in carrying amounts

	31 December 2023 $'000	30 June 2023 $'000
Carrying amount at the beginning of the financial year	**1,138**	-
Acquisition of MWM	**-**	1,181
Share of profit after tax	**53**	74
Amortisation of separately identifiable intangible assets	**(59)**	(117)
Dividends received	**(28)**	-
Carrying amount based on share in net assets of associate	**1,104**	1,138

8. TRADE AND OTHER PAYABLES

	31 December 2023 $'000	30 June 2023 $'000
Trade payables	**1,107**	1,254
Other payables and accruals[1]	**3,566**	3,986
Count Scheme - retention bonuses	**715**	-
Count Scheme - share registry costs and legal fees	**165**	-
	5,553	5,240

1. For the half-year ended 31 December 2023, Other payables and accruals includes $1.14 million for ASIC levy for the year-ended 30 June 2023, which will be invoiced by ASIC after January 2024. The remaining accrual balances are attributable to operating expenditure incurred.

9. PROVISIONS AND EMPLOYEE BENEFITS

	31 December 2023 $'000	30 June 2023 $'000
Current		
Provision for annual leave	**1,019**	1,033
Provision for long service leave	**645**	457
Provision for claims	**47**	63
Provision for ASIC levy[1]	**550**	-
Count Scheme - provision for corporate advisory costs	**1,000**	-
Count Scheme - provision for directors & officers run-off insurance	**403**	-
	3,664	1,553
Non-current		
Provision for long service leave	**370**	476
	370	476

1. Half-year prorated estimation of the ASIC levy incurred for the 30 June 2024 financial year, which will be invoiced by ASIC after January 2025.

10. 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 records 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, payable beyond a 12-month period.

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

	31 December 2023 $'000	30 June 2023 $'000
Current		
Provision for contingent consideration	**2,468**	1,558
Non-current		
Provision for contingent consideration	**889**	1,419
	3,357	2,977
At 1 July	**2,977**	74[6]
Additions during the year at fair value	**1,101**[1]	2,717[3,4,5]
Notional interest on deferred consideration	**201**	260
Fair value adjustments	**(237)**[2]	-
Payments	**(685)**	(74)[6]
Closing balance	**3,357**	2,977

1. ASPW fair value of contingent consideration at acquisition date $1.10 million payable across 2 tranches subject to performance hurdles with final payment 3 July 2024.
2. During the period, the Group assessed that the performance hurdle for the final earn-out payment of $0.24 million for MWM payable 30 June 2024 is not likely to be achieved and accordingly have written back the carrying amount to Other Income. The Group continues to recognise the 2nd tranche contingent payment of $0.32 million payable 30 June 2024.
3. MWM fair value of contingent consideration at acquisition date $0.51 million payable across 2 tranches subject to performance hurdles with final payment 30 June 2024.
4. AFSLC fair value of contingent consideration at acquisition date $1.68 million payable across 3 tranches subject to performance hurdles with final payment 1 December 2025.
5. PNET fair value of contingent consideration at acquisition date $0.79 million payable across 2 tranches subject to performance hurdles with the final payment 31 December 2024.
6. Deferred amounts payable under an adviser referral arrangement with a Sydney based private licensee business, The Wealth Network.

11. CONTRIBUTED EQUITY

Movements in ordinary share capital	Number of shares	$'000
1 July 2023	37,674,103	29,751
Issued ordinary shares upon vesting of performance rights (post balance date adjusted)	2,064,000[1]	1,277
31 December 2023 (Adjusted)	**39,738,103**	**31,028**
1 July 2022	37,674,103	29,751
31 December 2022	37,674,103	29,751

1. On 15 February 2024, ordinary shares were issued upon vesting of performance rights held by KMP and some senior employees. The issue of shares has been classified as a post balance date adjusting event related to the Count Scheme.

12. DIVIDENDS

	31 December 2023 $'000	31 December 2022 $'000
Dividends paid to members during the period	**1,318**	1,319
	1,318	1,319

A final fully franked dividend for the year ended 30 June 2023 of 3.5 cents per ordinary share was paid on 27 September 2023.

The directors have declared an interim fully franked dividend of $0.75 million being 2.0cps (1H23: 2.0cps). The interim dividend has a record date of 31 January 2024 and is to be paid on 1 March 2024. Performance rights holders are not entitled to the interim dividend.

In addition, the directors have declared a further fully franked Permitted Dividend of $3.97 million being 10cps, in accordance with the Scheme of Arrangement with Count Limited (**Count Scheme**) that was approved by shareholders at the scheme meeting held on 23 January 2024 as outlined in the Explanatory Memorandum issued to shareholders on 14 December 2023. The Permitted Dividend has a record date of 20 February 2024 and is to be paid on 1 March 2024 in line with the associated consideration to be received by shareholders under the Count Scheme.

13. BUSINESS COMBINATIONS

On 3 July 2023, the Group completed the business acquisition of Atkinson Financial Planning, a Melbourne based advice firm through a newly incorporated subsidiary, Atkinson Saynor Private Wealth Pty Ltd (**ASPW**). The Group has a 55% controlling interest in ASPW with the remaining 45% interest owned by David Saynor (**Saynor**), a financial adviser who has worked in the business for 20 years. As part of the transaction, Saynor has commenced as Managing Director of ASPW, taking over from the founding principal Steven Atkinson who has been retained for 8 months to assist with the transition.

Total purchase consideration was a cash payment of $3.20 million settled on completion (Group share $1.76 million), followed by a deferred cash payment of $0.80 million (Group share $0.44 million), 12 months from completion date. In addition, there is a further earn-out cash payment of $0.30 million (Group share $0.17 million) subject to client growth performance hurdles to be made 8 months from completion.

The results of ASPW are consolidated into the Group's financial statements based on the Group's controlling interest, with a separate amount reflected as non-controlling interest in both the Condensed Statement of Comprehensive Income and Condensed Statement of Financial Position.

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

(a) Purchase consideration:

	Fair Value $'000
Cash	3,200
Deferred consideration[1]	800
Contingent consideration[1]	300
	4,300

1. Deferred and contingent consideration is expected to be settled within first 12 months.

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

	3 July 2023 $'000
Employee entitlements	(17)
Net identifiable liabilities acquired	**(17)**
Separately identifiable intangible asset - client list	2,045
Goodwill	2,886
Deferred tax liability	(614)
Net assets acquired	**4,300**

(c) Revenue and profit contribution:

The acquired subsidiary contributed revenues of $0.77 million and net profit before tax of $0.11 million on a consolidated basis to the Group for the period effective 1 July 2023 to 31 December 2023. The accounting policies of the newly acquired subsidiary are consistent with the Group's accounting policies.

14. SIGNIFICANT EVENTS OCCURRING AFTER BALANCE DATE

On 23 January 2024, shareholders voted in favour of the Count Scheme. As a result, there are a number of financial impacts which have been classified as adjusting events given they relate to pre-existing conditions at balance date however were confirmed following the outcome of the shareholder meeting. These adjusting items include:

- Vesting of performance rights under the provisions of the Employee Share Plan approved 18 November 2021. On 15 February 2024, 2,064,000 performance rights were converted on a 1 for 1 basis to ordinary shares of the Company with a total expense recognised of $0.96 million;
- Corporate adviser success fees, $1.00 million (total costs paid during the period, nil); and
- Legal, share registry and directors and officers run-off insurance costs. Total costs incurred $1.22 million (total costs paid during the period, $0.60 million).

On 18 January 2024, directors declared an interim dividend for the current period of $0.75 million (2.0 cents per ordinary share), with a record date 31 January 2024 and payment date 1 March 2024. In addition, a Permitted Dividend under the Count Scheme was also declared subject to approval of the Count Scheme (approved 23 January 2024), of $3.97 million (10.0 cents per ordinary share) with a record date 20 February, payable 1 March 2024. Ordinary shares that have been converted from performance rights are eligible for the Permitted Dividend under the Count Scheme but not the interim dividend.

On 23 January 2024, the Group made a cash payment of $0.45 million to the vendors of Priority Networking Pty Ltd for the first contingent payment (Tranche 2) under the share sale and purchase agreement dated 17 January 2023. Payment was made upon achieving the required performance hurdle of achieving EBITA greater than $0.45 million in the 12-month period ending 31 December 2023. A further potential earn-out payment of up to $0.45 million remains in place upon achieving EBITA of $0.75 million for the 12-month period to 31 December 2024. The earn-out is reduced to nil on a sliding scale between the EBITA range of $0.60 million and $0.75 million.

15. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed financial report for the interim half-year reporting period ended 31 December 2023 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 2023 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 (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 2023, the consolidated entity had total net current liabilities of $11.12 million (30 June 2023: net current liabilities $4.77 million). For the 6 months ending 31 December 2023, the consolidated entity had net cash inflow from operating activities of $2.69 million (31 December 2022: $0.70 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:

- The increased net current liability position has increased more than on a "business as usual" basis in the current period due to the recognition of expected payments resulting from the Count Scheme. Upon completion of the Count Scheme, CUP will re-finance the Diverger Limited's facility under a consolidated facility approved by its financier (Westpac), that has allowed for integration costs and other ongoing commitments and plans.
- The Group has a Net-Debt position of $2.45 million with capacity to draw an additional $11.88 million on its finance facility at balance date to cover any short-term commitments. A detailed cashflow forecast for the second half of the financial year incorporating all Count Scheme related costs has provided the Directors comfort that the existing facility has sufficient capacity to meet all commitments if required.
- There are a number of accounting treatments that have contributed towards the net liability that include:
  - Classification of borrowings to a current liability (Net Debt: $2.45 million) in light of the expected CUP refinancing;
  - Deferred revenue of $0.26 million (30 June 2023: $1.40 million) is included in current liabilities representing revenue received in advance predominantly for training programs and education partnerships which are delivered after balance date. This amount has no net cash outflow effect; and
  - Employee entitlements of $2.71 million recognised as a current liability are not all expected to be settled in the next 12 months.
- Contingent consideration current liability of $2.47 million in some contracts have increased financial performance targets before they become payable which in substance become self-funding if payable.
- Management project continued growth in profitability and continuing positive cashflow.

15. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)

Equity-accounted investments

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.

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.

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 19 to 37 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 2023 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
19 February 2024

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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 2023, 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 2023 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 2023 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

M.Moffitt

Matina Moffitt
Director

Sydney, 19 February 2024