



APPENDIX 4D AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



CountPlus
Quality Partnerships, Leading Advice

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For the Half-Year Ended **31 December 2022**

1 Company details

Name of entity	CountPlus Limited
ABN	11 126 990 832
Reporting period	For the half-year ended 31 December 2022
Previous period	For the half-year ended 31 December 2021

2 Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	8%	to	45,376
Loss from ordinary activities after tax attributable to the owners of CountPlus Limited	down	104%	to	(126)
Loss for the half-year attributable to the owners of CountPlus Limited	down	104%	to	(126)

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	25.30	28.62

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

4 Entities where control was gained or lost

Name of entity disposed	Ownership interest %	Date control lost
Cooma Accounting and Financial Services Pty Ltd	100	01/07/2022

There were no entities where control was gained during the year.

For the Half-Year Ended **31 December 2022**

5 Dividends

Current period	Amount per security Cents	Franked amount per security Cents
2022 Final Dividend paid on 12 October 2022	2.00	2.00
2023 Interim Dividend to be paid on 05 April 2023	1.50	1.50

The record date for determining entitlement to the 2023 interim dividend is 17 March 2023 and payable on 05 April 2023. The interim dividend is not provided for at 31 December 2022 and there is no dividend reinvestment plan in place for the group.

6 Details of associates

Name of associate	Reporting entity's percentage holding	
	Reporting period %	Previous period %
DMG Financial Holdings Pty Ltd	30.00%	30.00%
Hunter Financial Pty Ltd	40.00%	40.00%
OBM Financial Services Pty Ltd	40.00%	40.00%
One Hood Sweeney Pty Ltd	32.36%	32.36%
Rundles CountPlus Pty Ltd	40.00%	40.00%
Rundles Financial Planning Pty Ltd	20.00%	20.00%
Southern Cross Business Holdings Pty Ltd	49.00%	49.00%
WSC Group – Aust Pty Ltd	32.75%	–

WSC Group – Aust Pty Ltd was acquired on 1 August 2022.

7 Audit qualification or review

This report is based on the half-year Financial Report which have been reviewed by Grant Thornton Audit Pty Ltd.

For the Half-Year Ended **31 December 2022**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of CountPlus Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Ray Kellerman	Chairman
Alison Ledger	Independent Non-Executive Director
Andrew McGill	Independent Non-Executive Director
Carolyn Colley	Independent Non-Executive Director
Kate Hill	Independent Non-Executive Director
Hugh Humphrey	Managing Director and Chief Executive Officer – <i>Appointed 1 July 2022</i>

Principal activities

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

- ▶ **Accounting** the provision of accounting, audit and assurance, taxation, financial planning services and business and corporate advisory services;
- ▶ **Wealth** financial services provided by Australian Financial Services licence (AFSL) holders; and
- ▶ **Services** other services that support the accounting and wealth activities, including actuarial certificates and paraplanning services.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$(126,000) (31 December 2021: \$3,442,000). Earnings per share decreased to (0.11) cents from 3.08 cents in the prior comparable period, reflecting a decrease of 104%.

The loss in the Group has arisen from a once-off impairment charge of Goodwill and Acquired Client Relationships of \$1,424,000 and write-off of deferred consideration receivable of \$622,000 which were no longer considered recoverable. In-line with the rest of the industry, the Group has also been impacted within the accounting segment by resourcing challenges that have had an unfavourable impact on the cost base and staff production levels.

The management team has been focused on working with our member firms to improve the key financial, cultural and strategic drivers and grow organically, through working with our member firms, and inorganically by acquisitive activity.

The share buy-back program announced in June 2022 commenced during this reporting period with 1,420,269 shares brought back for \$1,013,000 to 31 December 2022.

Dividends

CountPlus' dividend policy is set at a range of between 60% to 90% of maintainable net profit after tax and minority interests, subject to market conditions and company performance.

CountPlus is committed to the following principles in determining the dividend policy:

- ▶ Payment of dividends out of operating cashflows; and
- ▶ Consideration of debt reduction, working capital and investments.

The Board is pleased to declare an interim dividend of 1.50 cents per share fully franked for the half-year ended 31 December 2022 (31 December 2021: 1.50 cents per share).

For the Half-Year Ended **31 December 2022**

Significant changes in the state of affairs

On 1 July 2022, the Company sold a 100% ownership interest in Cooma Accounting and Financial Services Pty Ltd ('Cooma Accounting') to MLJ Accounting Pty Ltd for \$1,502,000. The transaction is part of a restructure whereby, wholly owned subsidiary, Addvantage Financial Freedom Pty Ltd is best positioned for strategic opportunities by remaining within the Group. Cooma Accounting will now be solely owned by its Principals. The remaining accounting and financial planning subsidiary, based in Canberra, has become part of Twomeys Group Pty Ltd, which post transaction is a 54.91% owned subsidiary of CountPlus Limited.

On 4 July 2022, the Company's member firm, CountPlus One Pty Ltd, acquired the business of CDC Partners for \$600,000.

On 1 August 2022, the Company acquired 32.75% shareholding in WSC Group – Aust Pty Ltd for a total purchase consideration of \$3,050,000.

Events after reporting date

The Directors resolved to declare an interim dividend of 1.50 cents (fully franked) to be paid on 05 April 2023 (Record date 17 March 2023).

On 15 February 2023 Moggs Accounting + Advisory Ltd (Moggs), a subsidiary of the Group, has acquired Timothy Trevor Gubbins, a Shepparton-based accounting firm with recurring revenues of \$1,132,000. As part of the transaction, Timothy Gubbins, founder of the firm, is expected to remain with the business for a period of one year to help assist with an orderly transition. Consideration for the transaction is \$1,270,000.

On 24 February 2023, the Board of Directors resolved to wind up the business of Wealth Axis Holdings Pty Limited ("Wealth Axis"), a subsidiary of the Group. The Group remains committed to enhancing the range of services to its national network of member firms and its stated strategy to acquire and develop high quality, performing services businesses. Whilst Wealth Axis enhanced the range of services the Group provided to customers, it has been decided to absorb the key functions into the Group's existing subsidiaries, with the operations of Wealth Axis being discontinued. This will result in the cessation of trading losses incurred by the entity during this reporting period. Consequently, an impairment charge of \$1,424,000 has been recognised in relation to Wealth Axis' intangible assets which were no longer deemed recoverable at the end of the reporting period. Ignoring the impact of discontinuing the operations of Wealth Axis, the Group's reported Earnings before Interest, Tax and Amortisation was \$5,120,000 (PY: \$6,152,000).

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

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

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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

On behalf of the Directors,



Ray Kellerman
Chairman
27 February 2023
Sydney



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Auditor's Independence Declaration

To the Directors of CountPlus Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of CountPlus Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Thomas
Partner – Audit & Assurance

Sydney, 27 February 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

COUNTPLUS
HALF-YEAR REPORT 2023

For the Half-Year Ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue from contracts with customers	2.1	45,376	41,896
Direct costs		(21,745)	(20,977)
Contribution margin	2.1	23,631	20,919
Other income		977	1,895
Indirect salaries and employee benefits expense		(11,687)	(9,681)
Administrative expenses		(6,010)	(5,045)
Other operating expenses		(5,288)	(4,754)
Operating profit		1,623	3,334
Impairment of intangible assets		(1,424)	–
Share of net profits of associates accounted for using equity method	4.2	1,497	1,782
Net finance costs	2.1	(512)	(542)
Profit before income tax expense	2.1	1,184	4,574
Income tax (expense) / benefit		(326)	77
Profit after income tax for the half-year		858	4,651
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		14	8
Total comprehensive income for the half-year		872	4,659
Profit for the half-year is attributable to:			
Owners of CountPlus Limited		(126)	3,442
Non-controlling interest		984	1,209
		858	4,651
Total comprehensive income for the half-year is attributable to:			
Owners of CountPlus Limited		(112)	3,450
Non-controlling interest		984	1,209
		872	4,659
		Cents	Cents
Basic earnings per share	2.2	(0.11)	3.08
Diluted earnings per share	2.2	(0.11)	3.06

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

As at 31 December 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		21,010	21,540
Trade and other receivables		20,422	24,601
Contract assets		18,907	16,064
Loans and advances		110	57
Indemnity asset	3.1	245,900	237,953
Total current assets		306,349	300,215
Non-current assets			
Trade and other receivables		392	381
Contract assets		38,316	35,830
Investments in associates	4.2	25,356	22,214
Property, plant and equipment		3,596	3,617
Right-of-use assets		11,412	12,047
Intangible assets		49,845	52,338
Deferred tax assets		4,591	1,886
Total non-current assets		133,508	128,313
Total assets		439,857	428,528
Liabilities			
Current liabilities			
Trade and other payables		17,267	18,161
Contract liabilities		14,468	13,628
Interest bearing loans and borrowings		1,161	911
Lease liabilities		3,711	3,589
Current tax liabilities		1,529	2,726
Provisions		7,427	7,195
Remediation provision	3.2	245,909	237,962
Other liabilities		1,421	1,455
Total current liabilities		292,893	285,627
Non-current liabilities			
Contract liabilities		36,436	34,075
Interest bearing loans and borrowings		12,104	8,890
Lease liabilities		9,167	9,849
Provisions		1,494	1,446
Other liabilities		583	177
Total non-current liabilities		59,784	54,437
Total liabilities		352,677	340,064
Net assets		87,180	88,464
Equity			
Contributed equity	5.1	122,230	123,153
Reserves		(48,393)	(47,896)
(Accumulated losses) / retained earnings		(752)	96
Equity attributable to the owners of CountPlus Limited		73,085	75,353
Non-controlling interest		14,095	13,111
Total equity		87,180	88,464

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

Consolidated Statement of Changes in Equity

COUNTPLUS
HALF-YEAR REPORT 2023

For the Half-Year Ended 31 December 2022

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

	Issued Capital \$'000	Treasury Shares* \$'000	Share-Based Payment Reserve \$'000	Acquisition Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Losses \$'000	Total \$'000	Non-controlling interests (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2021	126,566	(3,413)	814	(48,548)	(33)	(4,217)	71,169	10,653	81,822
Profit after income tax benefit for the half-year	–	–	–	–	–	3,442	3,442	1,209	4,651
Other comprehensive income for the half-year, net of tax	–	–	–	–	8	–	8	–	8
Total comprehensive income for the half-year	–	–	–	–	8	3,442	3,450	1,209	4,659
Transactions with owners in their capacity as owners:									
Transactions with non-controlling interests (NCI)	–	–	–	–	–	2,076	2,076	1,805	3,881
Share-based payments for long-term incentives (LTI)	–	–	66	–	–	–	66	–	66
Dividends paid	–	–	–	–	–	(1,674)	(1,674)	(1,054)	(2,728)
Balance at 31 December 2021	126,566	(3,413)	880	(48,548)	(25)	(373)	75,087	12,613	87,700

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

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

Consolidated Statement of Cash Flows

COUNTPLUS
HALF-YEAR REPORT 2023

For the Half-Year Ended **31 December 2022**

	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	94,388	81,826
Payments to suppliers and employees (inclusive of goods and services tax)	(90,200)	(75,793)
Government grants received	–	97
	4,188	6,130
Interest received	162	12
Interest paid	(673)	(558)
Income taxes paid (net)	(2,429)	(1,447)
Net cash inflow from operating activities	1,248	4,137
Cash flows from investing activities		
Proceeds from sales equity partnership model	1,889	1,292
Proceeds from sales of associate ownership	58	–
Purchase of shares under the equity partnership model	(697)	(1,191)
Purchase of equipment and other non-current assets	(689)	(552)
Dividends / distributions received from associates	1,316	1,162
Payments for acquisition of associate	(2,436)	(2,182)
Payments for acquisition of subsidiary, net of cash acquired	–	(9,374)
Purchase of business assets	(356)	(1,405)
Proceeds from sale of business assets, net of cash disposed of	1,240	2,607
Payment for deferred consideration on acquisition of controlled entities and associates	(827)	(892)
Proceeds from deferred consideration on sale of controlled entities and associates	1,155	–
Net cash inflow / (outflow) from investing activities	653	(10,535)
Cash flows from financing activities		
Proceeds from borrowings	3,672	10,679
Repayment of borrowings	(152)	–
Repayment of lease liability (AASB16)	(1,557)	(1,456)
Purchase of shares under share buy-back programme	(1,013)	–
Payment of dividends to equity holders	(2,212)	(1,674)
Payment of dividends by controlled subsidiaries to non-controlling interests	(1,169)	(1,054)
Net cash (outflow) / inflow from financing activities	(2,431)	6,495
Net (decrease) / increase in cash and cash equivalents held	(530)	97
Cash and cash equivalents at beginning of period	21,540	26,239
Cash and cash equivalents at end of the period	21,010	26,336

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

For the Half-Year Ended 31 December 2022

1 Basis of Preparation

1.1 Basis of preparation

The half-year Financial Report is for the Group consisting of CountPlus Limited (the “Company”) and its subsidiaries. The half-year Financial Report is a general purpose financial report which do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The half-year Financial Report was authorised for issue on 27 February 2023 by the Board of Directors.

The half-year Financial Report is for the reporting period ended 31 December 2022 and has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Act 2001 and is in compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

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

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

1.2 New or amended Accounting Standards and Interpretations adopted

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

2 Financial Performance

2.1 Operating segments

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

Accounting which comprises the provision of accounting, audit and assurance, taxation, financial planning services and business and corporate advisory services.

Wealth which comprises of financial services provided by Australian Financial Services licence (AFSL) holders.

Services which comprises of services that support the activities of the accounting segment and wealth segment.

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

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

The information reported to the CODM is on a monthly basis. There is no aggregation of operating segments.

For the Half-Year Ended 31 December 2022

Segment performance

For the half-year ended 31 December 2022	Accounting \$'000	Wealth \$'000	Services \$'000	Total \$'000
Revenue	33,537	8,442	3,958	45,937
Intercompany revenue	(236)	–	(325)	(561)
Revenue from external parties	33,301	8,442	3,633	45,376
Timing of revenue recognition				
At a point in time	6,727	8,442	2,908	18,077
Transferred over time	26,574	–	725	27,299
Segment contribution margin	15,241	5,722	2,668	23,631
Other income	675	103	–	778
Expenses	(10,851)	(4,453)	(1,956)	(17,260)
Share of net profit of associate earnings	1,497	–	–	1,497
Segment EBITA	6,562	1,372	712	8,646

For the half-year ended 31 December 2021	Accounting \$'000	Wealth \$'000	Services \$'000	Total \$'000
Revenue	33,296	7,213	1,788	42,297
Intercompany revenue	(241)	–	(160)	(401)
Revenue from external parties	33,055	7,213	1,628	41,896
Timing of revenue recognition				
At a point in time	5,682	7,213	1,628	14,523
Transferred over time	27,373	–	–	27,373
Segment contribution margin	15,076	4,648	1,195	20,919
Other income	1,895	–	–	1,895
Expenses	(10,563)	(3,959)	(570)	(15,092)
Share of net profit of associate earnings	1,782	–	–	1,782
Segment EBITA	8,190	689	625	9,504

Reconciliation of Segment EBITA to profit before income tax

	31 December 2022 \$'000	31 December 2021 \$'000
Segment EBITA	8,646	9,504
Corporate office and other income and costs	(5,719)	(3,603)
Amortisation expense	(1,231)	(785)
Net finance costs	(512)	(542)
Profit before income tax	1,184	4,574

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

Corporate office costs include an impairment charge of \$1,424,000 (31 December 2021: \$nil) and a loss on deferred consideration of \$622,000 (31 December 2021: \$nil).

For the Half-Year Ended 31 December 2022

2.2 Earnings per share

	31 December 2022 \$'000	31 December 2021 \$'000
Profit after income tax	858	4,651
Non-controlling interest	(984)	(1,209)
Loss after income tax attributable to the owners of CountPlus Limited	(126)	3,442

	2022 Number	2021 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	110,686,112	111,610,249
Performance rights which are considered dilutive	1,214,609	935,832
Weighted average number of ordinary shares used in calculating diluted earnings per share	111,900,721	112,546,081

	2022 Cents	2021 Cents
Basic earnings per share	(0.11)	3.08
Diluted earnings per share	(0.11)	3.06

2.3 Dividends

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

	31 December 2022 \$'000	31 December 2021 \$'000
2.00 cents per shares (fully franked) dividend paid in respect of the six months to 30 June 2022	2,212	–
1.50 cents per shares (fully franked) dividend paid in respect of the six months to 30 June 2021	–	1,674

3 Indemnity asset and remediation provision

3.1 Indemnity asset

	31 December 2022 \$'000	30 June 2022 \$'000
Indemnity asset	245,900	237,953

Included in the Statement of Financial Position of Count Financial is a provision for remediation amounting to \$245,900,000. A corresponding indemnity asset has been recognised which represents an amount receivable pursuant to an indemnity deed granted by the Commonwealth Bank of Australia ('CBA'). The provision is for ongoing service fees charged to clients where no service was provided and for other advice issues. The provision relates to the purchase of Count Financial by CountPlus during the 2020 financial year.

The indemnity provided by CBA relates directly to the remediation provision and is reduced as clients are remediated. The indemnity limit at 31 December 2022 was \$520,000,000 (30 June 2022: \$300,000,000). The indemnity is subject to renegotiation if some of the underlying assumptions behind the provision are reassessed.

Recoveries of remediation amounts are expected to be assessable for tax purposes, and remediation payments are expected to be deductible for tax purposes.

For the Half-Year Ended **31 December 2022**

3.2 Remediation provision

	31 December 2022 \$'000	30 June 2022 \$'000
Current liabilities		
Remediation provision – ongoing service fees – Count Financial	243,781	237,209
Remediation provision – other advice issues – Count Financial	2,119	744
Remediation provision – Total Financial Solutions Australia	9	9
	245,909	237,962

Remediation provision – Count Financial

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

	31 December 2022 \$'000	30 June 2022 \$'000
Ongoing service fees – cost of remediation of clients	112,331	122,075
Ongoing service fees – interest on amounts payable to clients	131,450	115,134
Other advice issues	2,119	744
	245,900	237,953

Ongoing service fees

As at 31 December 2022, a total of \$266,429,000 payments have been made. The following key assumptions have been reflected in the remediation provision:

	31 December 2022	30 June 2022
Value of ongoing service fees charged	\$446,478,000	\$454,751,000
Number of years in which issues occurred	11 years	11 years
Interest calculation methodology	RBA cash rate plus 6% compounded monthly	RBA cash rate plus 6% compounded monthly
Value below which refunds will be made without investigation	\$3,000 (excluding interest)	\$3,000 (excluding interest)

For the Half-Year Ended 31 December 2022

4 Group Structure

4.1 Acquisitive and divestment transactions

The Group has made the following acquisitions and disposals during the period:

On 1 July 2022, the Company sold a 100% ownership interest in Cooma Accounting and Financial Services Pty Ltd ('Cooma Accounting') to MLJ Accounting Pty Ltd for \$1,502,000. The Group recognised a \$433,000 gain on disposal of subsidiary within other income, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The transaction is part of a restructure whereby, wholly owned subsidiary, Advantage Financial Freedom Pty Ltd is best positioned for strategic opportunities by remaining within the Group. Cooma Accounting will now be solely owned by its Principals. The remaining accounting and financial planning subsidiary, based in Canberra, has become part of Twomeys Group Pty Ltd, which post transaction is a 54.91% owned subsidiary of CountPlus Limited.

On 4 July 2022, the Company's member firm, CountPlus One Pty Ltd, acquired CDC Partners for \$600,000.

4.2 Investments in associates

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

Name of associate	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2022 %	30 June 2022 %
DMG Financial Holdings Pty Ltd	Australia	30.00%	30.00%
Hunter Financial Pty Ltd	Australia	40.00%	40.00%
OBM Financial Services Pty Ltd	Australia	40.00%	43.00%
One Hood Sweeney Pty Ltd	Australia	32.36%	32.36%
Rundles CountPlus Pty Ltd	Australia	40.00%	40.00%
Rundles Financial Planning Pty Ltd	Australia	20.00%	20.00%
Southern Cross Business Holdings Pty Ltd	Australia	49.00%	49.00%
WSC Group – Aust Pty Ltd	Australia	32.75%	–

On 1 August 2022, CountPlus Limited acquired a 32.75% shareholding in WSC Group – Aust Pty Ltd for a total purchase consideration of \$3,050,000, with initial cash payment of \$2,436,000 and the remainder deferred for 12 to 24 months subject to certain performance targets being met.

Movements during the year in equity accounted investment in associated companies

	31 December 2022 \$'000	30 June 2022 \$'000
Opening balance	22,214	18,236
Acquisitions	3,050	2,740
Disposal – partial	(89)	–
Share of associate company's profit after tax	1,497	3,516
Dividends and distributions	(1,316)	(2,358)
Completion adjustment of acquisition of associate	–	80
Closing balance	25,356	22,214

5 Capital Management

5.1 Contributed equity

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$'000	30 June 2022 \$'000
Issued capital	112,802,290	114,222,559	125,553	126,566
Treasury shares – issued capital held by company share trust	(2,543,213)	(2,612,310)	(3,323)	(3,413)
	110,259,077	111,610,249	122,230	123,153

For the Half-Year Ended 31 December 2022

On-Market share buy-back

On 13 July 2022, the Group commenced its share buy-back program announced in June 2022 to purchase up to 11,422,255 ordinary shares. Up to the reporting date, the Group has purchased 1,420,269 shares for \$1,013,000 at a weighted average cost per share of \$0.71.

Issue of ordinary shares

On 24 November 2022, 69,097 ordinary shares were issued to a key management personnel after vesting conditions from the 2018 Long-Term Incentive Plan were satisfied. There was no change to the total number of ordinary shares on issue as the shares were transferred from the company share trust.

5.2 Fair value measurement

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

Fair value hierarchy

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

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

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

Level 3 Unobservable inputs for the asset or liability.

At 31 December 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Contingent assets	-	-	8	8
Liabilities				
Contingent liabilities	-	-	(1,211)	(1,211)

At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Contingent assets	-	-	1,787	1,787
Liabilities				
Contingent liabilities	-	-	(1,127)	(1,127)

Consolidated	Total \$'000
Balance at 1 July 2022	(1,127)
Gains recognised in profit or loss	20
Net increase in deferred contingent cash consideration relating to acquisition of assets during the year	(904)
Discounting	31
Cash paid for settlement of deferred contingent cash consideration	769
Balance at 31 December 2022	(1,211)

The fair value of the financial assets and liabilities represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

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

The maximum potential payment for deferred consideration is \$1,971,000 (30 June 2022: \$1,514,000).

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

For the Half-Year Ended 31 December 2022

6 Other Information

6.1 Contingent liabilities

Class action lawsuit

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

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

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

The Group has no other contingent liabilities as at 31 December 2022 (30 June 2022: nil).

6.2 Events after the reporting period

The Directors resolved to declare an interim dividend of 1.50 cents (fully franked) to be paid on 05 April 2023 (Record date 17 March 2023).

On 15 February 2023 Moggs Accounting + Advisory Ltd (Moggs), a subsidiary of the Group, has acquired Timothy Trevor Gubbins, a Shepparton-based accounting firm with recurring revenues of \$1,132,000. As part of the transaction, Timothy Gubbins, founder of the firm, is expected to remain with the business for a period of one year to help assist with an orderly transition. Consideration for the transaction is \$1,270,000.

On 24 February 2023, the Board of Directors resolved to wind up the business of Wealth Axis Holdings Pty Limited ("Wealth Axis"), a subsidiary of the Group. The Group remains committed to enhancing the range of services to its national network of member firms and its stated strategy to acquire and develop high quality, performing services businesses. Whilst Wealth Axis enhanced the range of services the Group provided to customers, it has been decided to absorb the key functions into the Group's existing subsidiaries, with the operations of Wealth Axis being discontinued. This will result in the cessation of trading losses incurred by the entity during this reporting period. Consequently, an impairment charge of \$1,424,000 has been recognised in relation to Wealth Axis' intangible assets which were no longer deemed recoverable at the end of the reporting period. Ignoring the impact of discontinuing the operations of Wealth Axis, the Group's reported Earnings before Interest, Tax and Amortisation was \$5,120,000 (PY: \$6,152,000).

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

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

For the Half-Year Ended **31 December 2022**

In the opinion of the Directors of CountPlus Limited:

- ▶ the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ▶ the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- ▶ there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors,



Ray Kellerman
Chairman
27 February 2023
Sydney

to the members of **CountPlus Limited**

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Independent Auditor's Report

To the Members of CountPlus Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of CountPlus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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to the members of **CountPlus Limited**

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Thomas
Partner – Audit & Assurance

Sydney, 27 February 2023

For the Half-Year Ended **31 December 2022****DIRECTORS****Ray Kellerman**

Chairman

Alison Ledger

Independent Non-Executive Director

Andrew McGill

Independent Non-Executive Director

Carolyn Colley

Independent Non-Executive Director

Kate Hill

Independent Non-Executive Director

Hugh HumphreyManaging Director and Chief Executive Officer
*Appointed 1 July 2022***CHIEF EXECUTIVE OFFICER** **Hugh Humphrey**
*Appointed 1 July 2022***CHIEF FINANCIAL AND
OPERATING OFFICER** **Laurent Toussaint****COMPANY SECRETARY** **Laurent Toussaint****Narelle Wooden**
*Resigned 17 October 2022***Doug Richardson****PRINCIPAL REGISTERED
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