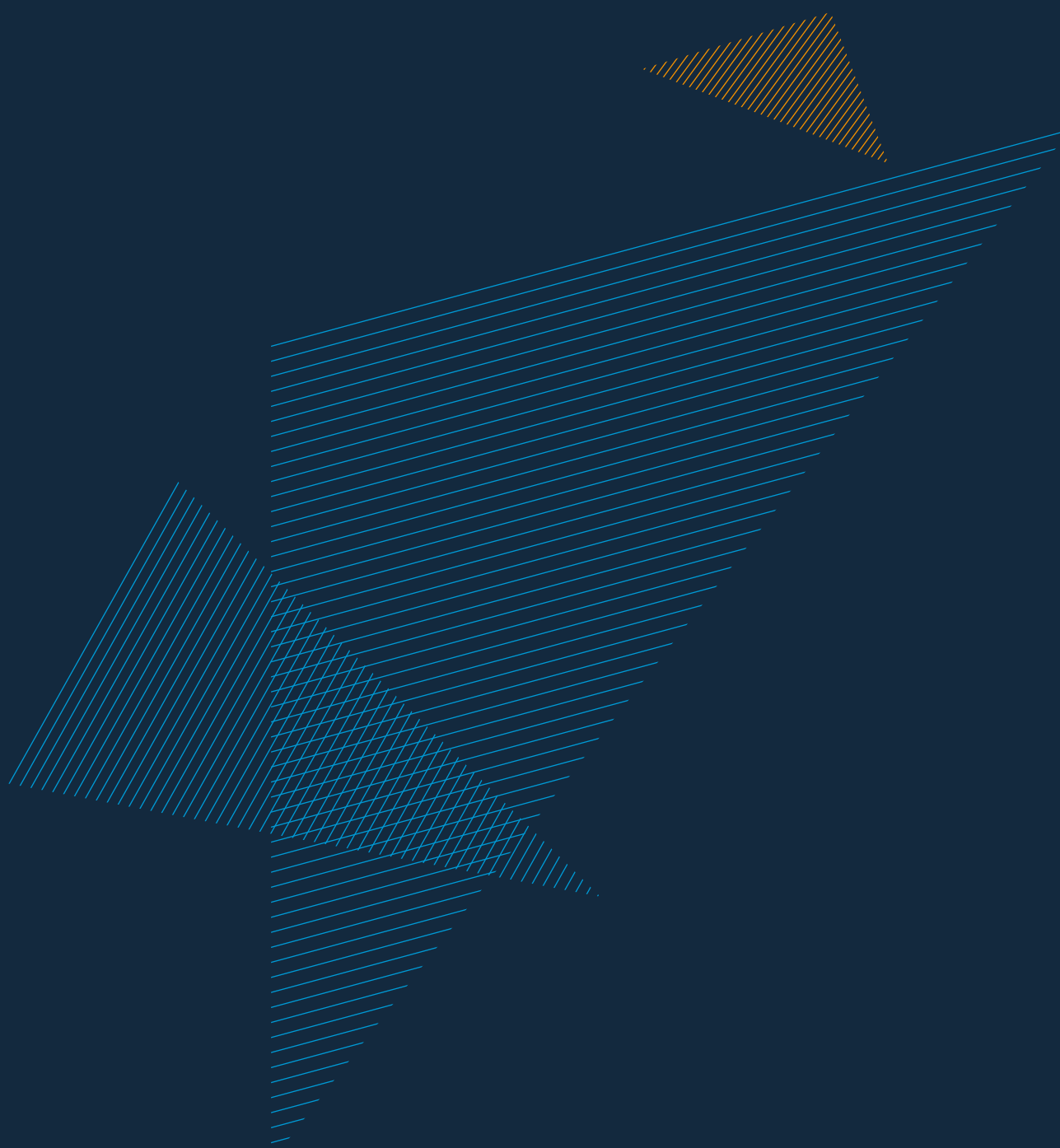




CountPlus
Quality Partnerships, Leading Advice

APPENDIX 4D AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021





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APPENDIX 4D

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

1 Company details

Name of entity	CountPlus Limited
ABN	11 126 990 832
Reporting period	For the half-year ended 31 December 2021
Previous period	For the half-year ended 31 December 2020

2 Results for announcement to the market

					\$'000
Revenues from ordinary activities	down	1%	to		41,896
Profit from ordinary activities after tax attributable to the owners of CountPlus Limited	down	16%	to		3,442
Profit for the half-year attributable to the owners of CountPlus Limited	down	16%	to		3,442

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	28.62	36.07

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 entities acquired	Ownership %	Date of acquisition
4Front Holdings Pty Ltd	51	01/07/2021
Wealth Axis Holdings Pty Ltd	51	20/08/2021
Accurium Holdings Pty Ltd	85	01/11/2021

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

APPENDIX 4D

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

5 Dividends

Current period	Amount per security Cents	Franked amount per security Cents
2021 Final Dividend paid on 13 October 2021	1.50	1.50
2022 Half-year Dividend to be paid on 6 April 2022	1.50	1.50

The record date for determining entitlement to the 2022 half-year dividend is 18 March 2022 and payable on 6 April 2022. The half-year dividend is not provided for at 31 December 2021 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 %
Southern Cross Business Holdings Pty Ltd	49.00	–
One Hood Sweeney Pty Ltd	32.36	32.36
Hunter Financial Planning Pty Ltd	40.00	40.00
OBM Financial Services Pty Ltd	40.00	40.00
Rundles CountPlus Pty Ltd	40.00	40.00
DMG Financial Holdings Pty Ltd	30.00	30.00
Rundles Financial Planning Pty Ltd	20.00	20.00

Southern Cross Business Holdings Pty Ltd was acquired on 1 July 2021.

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.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

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 2021.

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
Matthew Rowe	Managing Director and Chief Executive Officer – <i>Resigned 24 February 2022</i>

Principal activities

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

- ▶ Accounting, auditing and assurance, taxation, financial planning services and business and corporate advisory services;
- ▶ Financial Advice being the operator of Financial Advice licence business; and
- ▶ Related services being actuarial certificates for self-managed super funds and paraplanning services.

Review of operations

The net profit for the Group after income tax attributable to owners of CountPlus amounted to \$3,442,000 (31 December 2020: \$4,082,000). Earnings per share decreased to 3.08 cents from 3.66 cents in the prior comparable period, reflecting a decrease of 16%, in line with the change in net profit.

Underlying net profit after tax ('NPAT') is presented in the table below to reflect the underlying performance of the business. Underlying NPAT attributable to owners of CountPlus was \$3,321,000 for the half-year, an 142% increase on the prior comparable period. The prior comparable period benefited from increased government grant income and grandfathered commissions which ceased as at 31 December 2020.

	31 December 2021 \$'000	31 December 2020 \$'000	Change \$'000	Change %
Net profit after tax	4,651	5,547	(896)	(16%)
Minority interest	(1,209)	(1,465)	256	17%
NPAT attributable to owners of CountPlus	3,442	4,082	(640)	(16%)
Less: Cessation of grandfathered commissions	–	(1,099)	(1,099)	(100%)
Less: Government grant income	(121)	(1,610)	(1,489)	(92%)
Underlying NPAT attributable to owners of CountPlus	3,321	1,373	1,948	142%

COVID-19

There continues to be uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. CountPlus' clientele is comprised of small, Australian-based businesses from a broad cross-section of industries, however, work from home requirements and other general disruptions have continued to impact financial results during the six months to 31 December 2021.

CountPlus subsidiaries and associates received \$170,000 in COVID-19 related Government grants, on a profit before tax basis, in the current reporting period (HY21: \$2,700,000).

Going forward, the Group is unable to determine if COVID-19 will have a material impact on its operations. The Group is managing the downside risk presented by COVID-19 via tight management of costs, a focus on working capital management and targeted deployment of capital and resources.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

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 a half-year dividend of 1.50 cents per share fully franked for the half-year ended 31 December 2021 (31 December 2020: 1.25 cents per share).

Significant changes in the state of affairs

On 1 July 2021, the company acquired a 51% ownership interest in 4Front Holdings Pty Ltd. As part of this transaction, the Company's 100% owned subsidiary, Cooper Reeves Pty Ltd, was merged into 4Front Holdings Pty Ltd. The transfer of the Company's ownership interest in Cooper Reeves Pty Ltd is the consideration paid in this transaction.

On 1 July 2021, the Company acquired 49% shareholding in Southern Cross Business Holdings Pty Ltd, a leading accounting firm located in Victoria for a total purchase consideration of \$2.741M.

On 30 July 2021, the Company sold the Audit and Corporate Finance business units of member firm Bentleys (WA) Pty Ltd to Hall Chadwick (WA) Pty Ltd for \$3.935M.

On 20 August 2021, the Company acquired a 51% shareholding in Wealth Axis Holdings Pty Ltd, a provider of paraplanning and administration support services to Financial Advice firms for \$1.328M. The acquisition was the first step in building out the Company's Core Related strategy of investing in activities that enhance operational capacity within member firms.

On 20 August 2021, the Company's member firm, Unite Advisory Pty Ltd, merged with the business of Bentley, Brett & Vincent (BBV) for \$1.659M. Unite Advisory also completed a 25% equity sell down to Key Management Personnel under the CountPlus 'Owner, Driver – Partner' model in for \$0.875M. CountPlus retains a 75% shareholding in Unite Advisory.

On 1 November 2021, the Company acquired 85% shareholding in Accurium Holdings Pty Ltd, Australia's largest supplier of Self-Managed Superannuation Fund (SMSF) actuarial certificates from Challenger Limited for \$7.737M. This is the Company's second acquisition in building out its Core Related strategy of investing in activities that enhance operational capacity within member firms.

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 \$300M.

Events after reporting date

As announced on 17 February 2022, Mr Matthew Rowe's contract will not be renewed when it ends on 24 February 2022. Mr Laurent Toussaint, current CFO of CountPlus, will assume the role of interim CEO with effect from 24 February 2022.

On 24 February 2022, the banking facility with Westpac of \$25.0M was extended for four years until 21 December 2025. Also, the Directors resolved to declare a half-year dividend of 1.50 cents (fully franked) to be paid on 6 April 2022 (Record date 18 March 2022).

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
24 February 2022
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 audit of CountPlus Limited for the half-year ended 31 December 2021, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink that reads "S M Thomas".

S M Thomas
Partner – Audit & Assurance

Sydney, 24 February 2022

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

	Note	31 December 2021 \$'000	31 December 2020 \$'000
Revenue from contracts with customers	2	41,896	42,278
Other income		1,895	2,951
Expenses			
Salaries and employee benefits expense		(28,092)	(27,311)
Depreciation expense		(2,175)	(2,054)
Premises expenses		(774)	(874)
Acquisition related expenses		(298)	(153)
Amortisation expense		(785)	(674)
Share based payment expense		(66)	(97)
Other operating expenses		(8,267)	(7,618)
Total expenses		(40,457)	(38,781)
Operating profit		3,334	6,448
Finance income		16	37
Finance costs		(558)	(541)
Net Finance costs		(542)	(504)
Share of net profits of associates accounted for using equity method	9	1,782	1,753
Profit before income tax		4,574	7,697
Income tax benefit / (expense)		77	(2,150)
Profit after income tax for the half-year		4,651	5,547
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		8	(23)
Total comprehensive income for the half-year		4,659	5,524
Profit for the half-year is attributable to:			
Owners of CountPlus Limited		3,442	4,082
Non-controlling interest		1,209	1,465
		4,651	5,547
Total comprehensive income for the half-year is attributable to:			
Owners of CountPlus Limited		3,450	4,059
Non-controlling interest		1,209	1,465
		4,659	5,524
		Cents	Cents
Basic earnings per share	5	3.08	3.66
Diluted earnings per share	5	3.06	3.63

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		26,336	26,239
Trade and other receivables		18,878	19,514
Contract assets		16,218	12,926
Loans and advances		1,799	236
Indemnity asset	3	273,205	259,810
		336,436	318,725
Assets of disposal groups classified as held for sale		-	2,726
Total current assets		336,436	321,451
Non-current assets			
Trade and other receivables		564	490
Contract assets		32,642	21,839
Investments in associates	9	21,597	18,236
Property, plant and equipment		4,069	4,006
Right-of-use assets		12,127	13,103
Intangible assets		51,906	36,514
Deferred tax assets		1,017	1,024
Total non-current assets		123,922	95,212
Total assets		460,358	416,663
Liabilities			
Current liabilities			
Trade and other payables		15,602	14,201
Contract liabilities		12,143	10,332
Interest bearing loans and borrowings		12,650	2,610
Lease liabilities		3,441	3,439
Current tax liabilities		1,702	1,403
Provisions		6,744	6,797
Remediation provision	3	273,222	259,827
Other liabilities		1,630	1,116
Total current liabilities		327,134	299,725
Non-current liabilities			
Contract liabilities		31,400	20,668
Interest bearing loans and borrowings		2,209	1,718
Lease liabilities		10,148	10,994
Provisions		1,044	966
Other liabilities		723	770
Total non-current liabilities		45,524	35,116
Total liabilities		372,658	334,841
Net assets		87,700	81,822
Equity			
Contributed equity	4	123,153	123,153
Reserves		(47,693)	(47,767)
Accumulated losses		(373)	(4,217)
Equity attributable to the owners of CountPlus Limited		75,087	71,169
Non-controlling interest		12,613	10,653
Total equity		87,700	81,822

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

Consolidated	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

Consolidated	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 2020	126,566	(3,501)	645	(48,548)	(10)	(6,435)	68,717	9,395	78,112
Profit after income tax expense for the half-year	-	-	-	-	-	4,082	4,082	1,465	5,547
Other comprehensive income for the half-year, net of tax	-	-	-	-	(23)	-	(23)	-	(23)
Total comprehensive income for the half-year	-	-	-	-	(23)	4,082	4,059	1,465	5,524
Transactions with owners in their capacity as owners:									
Transactions with non-controlling interests (NCI)	-	-	-	-	-	154	154	1,154	1,308
Reallocation of employee share reserve	-	-	24	-	-	-	24	-	24
Share based payments for long term incentives (LTI)	-	-	97	-	-	-	97	-	97
Dividends paid	-	-	-	-	-	(1,394)	(1,394)	(950)	(2,344)
Transfer of treasury shares	-	88	(41)	-	-	(47)	-	-	-
Balance at 31 December 2020	126,566	(3,413)	725	(48,548)	(33)	(3,640)	71,657	11,064	82,721

* The company has formed a trust to hold shares in the company for the purpose of providing shares to employees under incentive plans. Shares held by the trust are disclosed as Treasury shares and deducted from contributed equity.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	81,826	73,379
Payments to suppliers and employees (inclusive of GST)	(75,793)	(67,146)
Government grants received	97	2,309
	6,130	8,542
Interest received	12	27
Interest and other finance costs paid	(558)	(542)
Income taxes paid (net)	(1,447)	(1,924)
Net cash from operating activities	4,137	6,103
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(9,374)	–
Acquisition of associate	(2,182)	–
Proceeds from sale of business assets	2,607	–
Payment for purchase of business units and associates	(1,405)	(1,747)
Proceeds from sales under the 'Owner, Driver – Partner' model	1,292	856
Payment for shares under the 'Owner, Driver – Partner' model	(1,191)	–
Payment for deferred consideration on acquisition of controlled entities	(892)	(284)
Payments for property, plant and equipment	(552)	(438)
Dividends received	1,162	708
Net cash used in investing activities	(10,535)	(905)
Cash flows from financing activities		
Proceeds from borrowings	10,679	424
Dividends paid	(1,674)	(1,394)
Repayment of lease liabilities	(1,456)	(1,482)
Payment of dividends by controlled subsidiaries to non-controlling interests	(1,054)	(950)
Net cash used in financing activities	6,495	(3,402)
Net increase in cash and cash equivalents	97	1,796
Cash and cash equivalents at the beginning of the financial half-year	26,239	25,842
Cash and cash equivalents at the end of the financial half-year	26,336	27,638

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

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

1 Basis of preparation of half-year financial report

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 2021 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 24 February 2022 by the Board of Directors.

The half-year Financial Report is for the reporting period ended 31 December 2021 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 7.

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 Operating segments

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

Core Firms	which comprises the provision of accounting, audit and assurance, taxation, Financial planning services and business and corporate advisory services.
Financial Advice	which comprises of Financial Advice services provided by Australian Financial Services licence (AFSL) holders.
Core Related	which comprises of services that support the activities of the Core Firms.

The CODM primarily uses the measure of EBITA (Earnings Before Interest, Tax and Amortisation) to assess the performance of the operating segments.

As a result of the Core Related acquisitions during the period (Wealth Axis and Accurium), the identifiable operating segments and key reporting metrics have been revised. These acquired businesses have formed a new segment called ‘Core Related’ which will include businesses that support the activities of our Core Firms as well as external clients. The benefits obtained by the Group in utilising these Core Related businesses will flow in the segment note to the entities receiving these services. Separately, the results of the Core Firms and Financial Advice segment will now be reported on an entity basis, as opposed to the revenue stream basis that occurred previously. The key operating metric of EBITA is used as this most accurately reflects the operating performance of these segments. The revised operating segments will form the key economic drivers of the future growth of the Group.

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

Segment performance

Consolidated – 31 December 2021	Core Firms \$'000	Financial Advice \$'000	Core Related \$'000	Total \$'000
Gross 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
Over time	27,373	–	–	27,373
Segment contribution margin	15,076	4,648	1,195	20,919
Other income	1,895	–	–	1,895
Operating expenses	(10,563)	(3,959)	(570)	(15,092)
Segment EBITA	6,408	689	625	7,722

Consolidated – 31 December 2020	Core Firms \$'000	Financial Advice \$'000	Core Related \$'000	Total \$'000
Gross revenue	34,228	8,223	–	42,451
Intercompany revenue	(173)	–	–	(173)
Revenue from external parties	34,055	8,223	–	42,278
Timing of revenue recognition				
At a point in time	6,356	8,223	–	14,579
Over time	27,699	–	–	27,699
Segment contribution margin	16,894	5,907	–	22,801
Other income	2,435	–	–	2,435
Operating expenses	(10,427)	(4,298)	–	(14,725)
Segment EBITA	8,902	1,609	–	10,511

Reconciliation of Segment EBITA to profit before income tax

	31 December 2021 \$'000	31 December 2020 \$'000
Segment EBITA	7,722	10,511
Share of net profit of associates	1,782	1,753
Corporate office and other income and costs	(3,603)	(3,389)
Amortisation expense	(785)	(674)
Net finance costs	(542)	(504)
Profit before income tax	4,574	7,697

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

Other income includes \$97,000 of Government grant income in the current reporting period (2021: \$2,309,000).

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

3 Remediation provision

	31 December 2021 \$'000	30 June 2021 \$'000
Current liabilities		
Remediation provision – ongoing service fees – Count Financial	272,377	258,082
Remediation provision – other advice issues – Count Financial	828	1,728
Remediation provision – Total Financial Solutions Australia	17	17
	273,222	259,827

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 2021 \$'000	30 June 2021 \$'000
Ongoing service fees – cost of remediation of clients	137,408	129,040
Ongoing service fees – interest on amounts payable to clients	134,969	129,042
Other advice issues	828	1,728
	273,205	259,810

Ongoing service fees

The following key assumptions have been reflected in the remediation provision:

Value of ongoing service fees charged	\$449,300,000 (30 June 2021: \$451,575,000)
Number of years in which issues occurred	11 years (30 June 2021: 11 years)
Refund rate	24% (30 June 2021: 24%)
Interest calculation methodology	RBA cash rate plus 6% compounded monthly (30 June 2021: RBA cash rate plus 6% compounded monthly)
Value below which refunds will be made without investigation	\$3,000 (excluding interest) (30 June 2021: \$2,000 (excluding interest))

We anticipate that ongoing service fee client remediation may be completed by December 2022.

Indemnity asset

	31 December 2021 \$'000	30 June 2021 \$'000
Indemnity asset	273,205	259,810

Included in the Statement of Financial Position of Count Financial is a provision for remediation amounting to \$273,205,000. A corresponding indemnity asset has been recognised which represents an amount receivable pursuant to an indemnity deed granted by the Commonwealth Bank of Australia. 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 of \$300,000,000 (30 June 2021: \$300,000,000) provided by Commonwealth Bank of Australia (CBA) relates directly to the remediation provision. 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.

4 Contributed equity

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$'000	30 June 2021 \$'000
Issued capital	114,222,559	114,222,559	126,566	126,566
Treasury shares – Issued capital held by Company share trust	(2,612,310)	(2,612,310)	(3,413)	(3,413)
	111,610,249	111,610,249	123,153	123,153

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

5 Earnings per share

	31 December 2021 \$'000	31 December 2020 \$'000
Profit after income tax	4,651	5,547
Non-controlling interest	(1,209)	(1,465)
Profit after income tax attributable to the owners of CountPlus Limited	3,442	4,082
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	111,610,249	111,556,811
Performance rights which are considered dilutive	935,832	776,671
Weighted average number of ordinary shares used in calculating diluted earnings per share	112,546,081	112,333,482
	Cents	Cents
Basic earnings per share	3.08	3.66
Diluted earnings per share	3.06	3.63

6 Dividends

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

	31 December 2021 \$'000	31 December 2020 \$'000
1.50 cents per shares (100% franked) dividend paid in respect of the six months to 30 June 2021	1,674	–
1.25 cents per shares (100% franked) dividend paid in respect of the six months to 30 June 2020	–	1,394

7 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

Consolidated – 31 December 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets and (liabilities)				
Contingent cash consideration receivable	–	–	630	630
Contingent cash consideration payable	–	–	(1,300)	(1,300)
Total financial assets and (liabilities)	–	–	(670)	(670)
Consolidated – 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities				
Contingent cash consideration payable	–	–	(1,266)	(1,266)
Total financial liabilities	–	–	(1,266)	(1,266)

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
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Consolidated	Total \$'000
Balance at 1 July 2021	(1,266)
Gains recognised in profit or loss	24
Net additions to deferred cash consideration for acquisition of assets during the year	(320)
Cash paid for settlement of deferred cash consideration	892
Balance at 31 December 2021	(670)

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 \$1,300,000 (30 June 2021: \$1,266,000).

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.

8 Business combinations

Material Acquisition

Acquisition of Accurium Holdings Pty Ltd

On 1 November 2021, the Company acquired 85% of the ordinary shares of Accurium Holdings Pty Ltd ('Accurium') from Challenger Limited for net cash consideration of \$7.737M. Key management personnel of Accurium acquired 15% under the Company's OD-P model. Accurium is Australia's largest supplier of Self-Managed Superannuation Fund (SMSF) actuarial certificates, with circa 45% market share. It was acquired as part of the Company's Core Related strategy of investing in entities that are concerned with inputs/outputs (downstream) within member firms which enhance operational capacity.

At reporting date, the purchase price accounting ('PPA') is provisional with the valuation of the acquired intangibles on-going. This valuation will be completed in the second half of the financial year. Accurium has contributed \$1,119,000 in revenue and \$425,000 in profit after tax to the Group from the acquisition date to 31 December 2021.

Provisional goodwill recognised of \$5.727M represents the expected benefits and synergies to be realised by the Group through the offerings of Accurium to the Group's Core Firms. Details of the provisional acquisition accounting included in the reported results is as follows:

	\$'000
Purchase consideration	7,737
Non-controlling interest	355
Less: net assets acquired	(2,365)
Acquired Goodwill	5,727

Other Acquisitions

The Group has made the following other acquisitions during the period:

On 1 July 2021, the company acquired a 51% ownership interest in 4Front Holdings Pty Ltd. As part of this transaction, the Company's 100% owned subsidiary, Cooper Reeves Pty Ltd, was merged into 4Front Holdings Pty Ltd. The transfer of the Company's ownership interest in Cooper Reeves Pty Ltd is the consideration paid in this transaction.

On 20 August 2021, the Company acquired a 51% shareholding in Wealth Axis, a provider of paraplanning and administration support services to Financial Advice firms for \$1.328M. The acquisition was the first step in building out the Company Core Related strategy of investing in activities that enhance operational capacity within member firms.

On 20 August 2021, the Company's member firm, Unite Advisory Pty Ltd, merged with the business of Bentley, Brett & Vincent (BBV) for \$1.659M. Unite Advisory also completed a 25% equity sell down to Key Management Personnel under the the CountPlus 'Owner, Driver - Partner' model in for \$0.875M. The Company retains a 75% shareholding in Unite Advisory.

	\$'000
Purchase consideration	6,233
Non-controlling interest	619
Less: net assets acquired	(1,814)
Acquired Goodwill	5,038

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9 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 2021 %	30 June 2021 %
Southern Cross Business Holdings Pty Ltd	Australia	49.00%	–
One Hood Sweeney Pty Ltd	Australia	32.36%	32.36%
Hunter Financial Planning Pty Ltd	Australia	40.00%	40.00%
OBM Financial Services Pty Ltd	Australia	40.00%	40.00%
Rundles CountPlus Pty Ltd	Australia	40.00%	40.00%
DMG Financial Holdings Pty Ltd	Australia	30.00%	30.00%
Rundles Financial Planning Pty Ltd	Australia	20.00%	20.00%

On 1 July 2021, CountPlus Limited's acquired 49% shareholding in Southern Cross Business Holdings Pty Ltd, a leading accounting firm located in Victoria for a total purchase consideration of \$2.741M, with initial cash payment of \$2.234M and the remainder deferred for 12 months subject to certain performance targets being met.

Movements during the year in equity accounted investment in associated companies

	31 December 2021 \$'000	30 June 2021 \$'000
Opening balance	18,236	17,629
Acquisitions	2,741	–
Share of associate company's profit after tax	1,782	2,498
Dividends and distributions	(1,162)	(1,822)
Completion adjustment of acquisition of associate	–	(69)
Closing balance	21,597	18,236

10 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 relates 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 \$300M.

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 2021 (30 June 2021: nil).

11 Events after the reporting period

As announced on 17 February 2022, Mr Matthew Rowe's contract will not be renewed when it ends on 24 February 2022. Mr Laurent Toussaint, current CFO of CountPlus, will assume the role of interim CEO with effect from 24 February 2022.

On 24 February 2022, the banking facility with Westpac of \$25.0M was extended for four years until 21 December 2025. Also, the Directors resolved to declare a half-year dividend of 1.50 cents (fully franked) to be paid on 6 April 2022 (Record date 18 March 2022).

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

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

In the Directors' opinion:

- ▶ 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 2021 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
24 February 2022
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF
COUNTPLUS LIMITED



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

Independent Auditor's Review Report

To the Members of CountPlus Limited

Report on the review of 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 2021, 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 2021 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.

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.

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF
COUNTPLUS LIMITED



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 2021 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.

A handwritten signature in black ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink that reads "S M Thomas".

S M Thomas
Partner – Audit & Assurance

Sydney, 24 February 2022

CORPORATE DIRECTORY

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

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

INTERIM CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER **Laurent Toussaint**

COMPANY SECRETARY **Laurent Toussaint**
Narelle Wooden
Doug Richardson

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA Level 8
1 Chifley Square
Sydney NSW 2000
Telephone +61 2 8218 8778

SHARE REGISTRY **Computershare Investor Services Pty Ltd**
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone +61 2 8234 5000

INDEPENDENT AUDITOR **Grant Thornton Audit Pty Ltd**
Level 17, 383 Kent Street
Sydney NSW 2000
Telephone +61 2 8297 2400

SOLICITOR **Baker McKenzie**
Level 46, Tower One
International Towers Sydney
100 Barangaroo Avenue
Barangaroo NSW 2000
Telephone +61 2 9225 0200

BANKER **Westpac Banking Corporation**

STOCK EXCHANGE LISTING CountPlus Limited shares are listed on the Australian Securities Exchange (ASX code: CUP)

WEBSITE ADDRESS **www.countplus.com.au**

ACN **126 990 832**



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