

Appendix 4D - Half-year report for period ended 31 December 2021 (previous corresponding period: 31 December 2020)

INVESTSMART GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN: 62 111 772 359

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This information should be read in conjunction with the attached Interim Financial Report, the Annual Report for the year ended 30 June 2021 and quarterly business update for the period ended 31 December 2021.

	31-Dec-21	31-Dec-20	Increase/decrease over previous corresponding period
Revenue from ordinary activities (\$'000)	4,640	4,460	4%
Profit/(loss) from ordinary activities (\$'000)	(709)	(530)	-34%
Net profit/(loss) attributable to members (\$'000)	(709)	(530)	-34%
Net tangible assets (cents per ordinary share)^	4.08	3.71	

^Net tangible assets includes lease right-of-use assets and lease liabilities

Commentary on results for the period

Operating profit for the half-year ended 31 December 2021 and 31 December 2020 is reconciled to loss after tax as follows:

	2021 \$	2020 \$
Income		
Funds management fees	1,245,195	576,423
Subscription income	2,625,863	2,409,455
Commissions income - insurance*	746,505	731,972
Commissions income - funds	-	594,225
Other income	22,241	37,797
Total operating income	4,639,804	4,349,872
Commissions rebates	230,423	222,622
Employment expenses	2,488,343	2,336,387
Marketing costs	488,048	315,756
Operating expenses	1,447,833	1,376,677
Total operating expenses	4,654,647	4,251,442
Net profit/(loss) from operating activities	(14,843)	98,430
Other non-operating income^	-	110,473
Unrealised loss on call option^^	(96,000)	-
Employee benefit expense and restructure costs^^^	(202,591)	(203,639)
Contingent payments^^^^	(236,529)	(98,194)
Amortisation of intangibles	(285,344)	(581,897)
Loss before income tax	(835,307)	(674,827)
Income tax benefit	126,788	145,027
Loss for the period	(708,519)	(529,800)

*Includes commissions from home loans and general insurance (HY21: \$40k) which were previously disclosed as commissions from fund managers

^Other non-operating income included government grants of \$40k and gain on sale of subsidiary of \$70k in HY20.

^^Loss on call option over The Term Deposit Shop purchased in June 2018. The option has a strike price of \$3.75m and expiry date of 12 June 2022.

^^^Accounts for the issue of employee share options in December 2020 and September 2021. There are no restructure costs in HY21 (HY20: \$22k).

^^^Contingent payments consists of payments and amortisation of payments for the acquisition of The Constant Investor in December 2018. The final payment of \$270k was made in December 2021. 25% of all payments made are subject to clawback provisions.

Funds management fees increased by 116% compared to the prior period as total funds under management increased from \$246m at 31 December 2020 to \$498m at 31 December 2021.

Subscription income increased by 9% compared to the prior half-year due to an 8% increase in paying subscribers from 31 December 2020 to 31 December 2021.

Commissions income from fund managers ceased on 31 December 2020 due to legislation removing grandfathering arrangements for commissions on funds management products and default insurance within superannuation from 1 January 2021.

Marketing expenses increased due to an increase in volume of digital advertising and search engine spend.

Amortisation of intangibles decreased as the useful life of fund distribution contracts intangibles ended on 31 December 2020.

Dividend

It is not proposed to pay a dividend.

Details of associate entities

	Ownership interest as at	
	31/12/2021	31/12/2020
Professionally Managed Accounts	0.04%	0.10%

Other

Additional Appendix 4D disclosure requirements and further information including commentary on operating performance factors affecting the results for the current period are contained in the attached Interim Financial Report and the quarterly business update (released separately).

The consolidated financial statements contained within the Interim Financial Report 2021, of which this report is based upon, have been reviewed by BDO Audit Pty Ltd.

InvestSMART Group Limited

ABN 62 111 772 359

Interim Financial Report

Half-year ended 31 December 2021

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	14
Independent Auditor's Review Report	15

Directors' Report

The Directors present their report on InvestSMART Group Limited (the Company) and its subsidiaries (collectively the Group) for the half-year ended 31 December 2021.

Directors

The following persons were directors of the company during or since the end of the half-year and up to the date of this report:

Paul Clitheroe AM	Chairman and Non-executive Director
Michael Shepherd AO	Non-executive Director
Ron Hodge	Managing Director
Effie Zahos	Non-executive Director

Review and Results of Operations

Operating profit for the Group for the past two first half periods is shown below:

	2021 \$	2020 \$
Income		
Funds management fees	1,245,195	576,423
Subscription income	2,625,863	2,409,455
Commissions income - insurance*	746,505	731,972
Commissions income - funds	-	594,225
Other income	22,241	37,797
Total operating income	4,639,804	4,349,872
Commissions rebates	230,423	222,622
Employment expenses	2,488,343	2,336,387
Marketing costs	488,048	315,756
Operating expenses	1,447,833	1,376,677
Total operating expenses	4,654,647	4,251,442
Net profit/(loss) from operating activities	(14,843)	98,430
Other non-operating income^	-	110,473
Unrealised loss on call option^^	(96,000)	-
Employee benefit expense and restructure costs^^^	(202,591)	(203,639)
Contingent payments^^^^	(236,529)	(98,194)
Amortisation of intangibles	(285,344)	(581,897)
Loss before income tax	(835,307)	(674,827)
Income tax benefit	126,788	145,027
Loss for the period	(708,519)	(529,800)

*Includes commissions from home loans and general insurance (HY21: \$40k) which were previously disclosed as commissions from fund managers

^Other non-operating income included government grants of \$40k and gain on sale of subsidiary of \$70k in HY20.

^^Loss on call option over The Term Deposit Shop purchased in June 2018. The option has a strike price of \$3.75m and expiry date of 12 June 2022.

^^^Accounts for the issue of employee share options in December 2020 and September 2021. There are no restructure costs in HY21 (HY20: \$22k).

^^^^Contingent payments consists of payments and amortisation of payments for the acquisition of The Constant Investor in December 2018. The final payment of \$270k was made in December 2021. 25% of all payments made are subject to clawback provisions.

The Group continues to provide financial services under general advice to retail clients and self-managed superfunds.

Funds management fees increased by 116% compared to the prior period as total funds under management increased from \$246m at 31 December 2020 to \$498m at 31 December 2021.

Subscription income increased by 9% compared to the prior half-year due to an 8% increase in paying subscribers from 31 December 2020 to 31 December 2021.

Commissions income from fund managers ceased on 31 December 2020 due to legislation removing grandfathering arrangements for commissions on funds management products and default insurance within superannuation from 1 January 2021.

Marketing expenses increased due to an increase in volume of digital advertising and search engine spend.

Amortisation of intangibles decreased as the useful life of fund distribution contracts intangibles ended on 31 December 2020.

The Net Tangible Assets of the company decreased to \$4,507,908 at 31 December 2021 (30 June 2021: \$4,833,530). Cash at bank decreased to \$3,850,554 (30 June 2021: \$6,483,167) due to a campaign in May and June 2021 to enable annual subscribers to renew in advance ahead of subscription price rises from 1 July 2021, funding of Fundlater loans and the final payment for the acquisition of The Constant Investor. Subscriptions in advance decreased due to the aforementioned subscriptions campaign in May and June 2021. Loans receivable consist of Fundlater loans. The Fundlater product commenced in September 2021. Right of use assets and lease liabilities increased due to the signing of a new lease for the current leased premises at 66 Clarence St, Sydney. The new lease commences on 1 March 2022 with a five-year term.

There has been no change in the value of AWI Ventures Investments since 30 June 2021. The value of AWI Ventures Investments is based on Director's Valuations.

Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

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

Auditor's Independence Declaration

The auditor's independence declaration required under section 307C of the Corporations Act 2001 is included on page 5 of the half-year report. This report is made in accordance with a resolution of the Directors.



Paul Clitheroe AM
Chairman

Sydney
23 February 2022

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF INVESTSMART GROUP LIMITED

As lead auditor for the review of InvestSMART Group Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Tim Aman
Director

BDO Audit Pty Ltd
Sydney, 23 February 2022

Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2021

	2021	2020
Note	\$	\$
Funds management fees	1,245,195	576,423
Subscription income	2,625,863	2,409,455
Commissions income - insurance	746,505	731,972
Commissions income - funds	-	594,225
Other income	21,937	136,422
Total income	4,639,500	4,448,497
Net loss/(gain) on financial instruments at fair value through profit and loss	95,696	(11,847)
Accounting and administrative costs	267,877	268,085
Audit fees	69,828	71,063
Business insurance	136,979	114,196
Commission rebates	230,423	222,622
Directors' fees	120,411	110,333
Employee costs	2,724,872	2,456,270
Legal and statutory expenses	63,384	42,149
Marketing and advertising	488,048	315,746
Other expenses	209,243	214,849
Software and website costs	450,988	394,136
Depreciation and amortisation	414,467	751,683
Employee benefit expense	202,591	174,039
Total expenses	5,474,807	5,123,324
Loss before income tax	(835,307)	(674,827)
Income tax benefit	126,788	145,027
Loss for the period	(708,519)	(529,800)
Other comprehensive income, net of income tax	-	-
Total comprehensive loss for the period	(708,519)	(529,800)
Basic earnings per share (cents per share)	(0.64)	(0.48)
Diluted earnings per share (cents per share)	(0.64)	(0.48)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position at 31 December 2021

		31-Dec-21	30-Jun-21
	Note	\$	\$
ASSETS			
Cash and cash equivalents		3,850,554	6,483,167
Trade and other receivables		325,917	439,776
Prepayments and deposits		455,624	259,603
Loans receivable	4	764,790	-
Financial assets at fair value through profit and loss	3	3,100,005	3,185,701
Fixed assets, including software		84,446	92,275
Deferred tax asset		534,587	323,206
Right of use assets		898,117	274,398
Intangible assets		1,658,212	1,943,556
Total assets		11,672,252	13,001,682
LIABILITIES			
Trade and other payables		484,790	791,730
Subscriptions received in advance		2,628,268	3,722,362
Trail commissions to rebate		284,477	306,902
Provisions		653,107	792,329
Lease liabilities		920,903	288,067
Deferred tax liability		639,082	554,489
Total liabilities		5,610,627	6,455,879
Net assets		6,061,625	6,545,803
Equity			
Issued capital		58,516,995	58,495,245
Employee Benefit reserve	6	2,222,560	2,019,969
Retained losses		(54,677,930)	(53,969,411)
Total equity		6,061,625	6,545,803

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

	Issued Capital	Retained losses	Employee Benefit Reserve	Total Equity
Note	\$	\$	\$	\$
Balance at 1 July 2020	58,522,441	(54,005,189)	1,804,804	6,322,056
Comprehensive loss for the period	-	(529,800)	-	(529,800)
Employee benefit share reserve	6	-	174,039	174,039
Buyback of issued capital - on market	(27,196)	-	-	(27,196)
Balance at 31 December 2020	<u>58,495,245</u>	<u>(54,534,989)</u>	<u>1,978,843</u>	<u>5,939,099</u>
Balance at 1 July 2021	58,495,245	(53,969,411)	2,019,969	6,545,803
Comprehensive loss for the period	-	(708,519)	-	(708,519)
Employee benefit share reserve	6	-	202,591	202,591
Payment of Employee Share Plan Loans	21,750	-	-	21,750
Balance at 31 December 2021	<u>58,516,995</u>	<u>(54,677,930)</u>	<u>2,222,560</u>	<u>6,061,625</u>

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

	2021	2020
Cash flows from operating activities	\$	\$
Receipts from customers	3,658,767	4,578,823
Payments to suppliers and employees	(5,426,661)	(5,087,740)
Interest received	498	2,426
Net cash used in operating activities	(1,767,396)	(506,491)
Cash flows from investing activities		
Purchase of fixed assets	(9,692)	(5,861)
Net increase in loans receivable	(764,790)	-
Sale of subsidiary	-	70,000
Purchase of investment	(10,000)	-
Sale of investments	-	222,128
Net cash provided by/(used in) investing activities	(784,482)	286,267
Cash flows from financing activities		
Principal payments for leases	(102,485)	(148,228)
Share buyback	-	(27,196)
Proceeds from employee share plan loans	21,750	-
Net cash used in financing activities	(80,735)	(175,424)
Net decrease in cash and cash equivalents	(2,632,613)	(395,648)
Cash and cash equivalents at beginning of the period	6,483,167	5,117,905
Cash and cash equivalents at the end of the period	3,850,554	4,722,257

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2021

1. Significant accounting policies

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2021.

Except as noted below, the accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the annual financial report of the Group for the year ended 30 June 2021.

Where necessary, comparative information has been reclassified to be consistent with the current reporting period.

Fundlater Fees

Fundlater fees are recognised in the Consolidated Statement of Comprehensive Income using the effective interest method. Fundlater clients are provided with a non-recourse loan repayable over a fixed period at fixed rate instalments. An effective interest method adjustment is calculated to recognise fees from the date a Fundlater loan is granted to the final instalment at the rate that discounts estimated future cash receipts.

Loans receivable

Loans receivable consist of Fundlater loans. At initial recognition loans are measured at fair value which is the transaction price. Subsequently loans are measured at amortised cost using the effective interest method adjusting for any loss allowance. Fundlater clients are provided with a non-recourse loan repayable over a fixed period at fixed rate instalments consisting of principal and facility fee payments. An effective interest method adjustment is calculated to recognise loans receivable at the rate that discounts estimated future cash receipts. Loss allowances are determined using an allowance for expected credit losses. The accounting policy for impairment of financial assets is included in the annual financial report of the Group for the year ended 30 June 2021.

New and amended standards and interpretations adopted in the reporting period

There are no new accounting standards, amendments or interpretations issued that are not yet effective that are expected to have a material impact on the Group in current or future reporting periods.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

At the end of the period the Group assessed that there were no indications that separately identified intangible assets were impaired.

Level 3 investments in financial assets are based on Director's estimates of the fair value of those investments, where reliable third-party sources of valuation are not available.

The Group has not recognised deferred tax assets relating to carried forward realised capital losses on the basis that it does not expect to derive sufficient future gains to utilise the current losses within a 3 to 5 year time period. The potential deferred tax asset that could be realised at 31 December 2021 is \$4,767,495.

2. Other income

For the half-year ended 31 December	2021	2020
	\$	\$
Education - Bootcamp	10,013	21,262
Fundlater fees	11,426	-
Interest	498	2,426
Gain on sale of subsidiary	-	70,000
Government Grants	-	40,473
Share of net profit of associate	-	2,261
	<u>21,937</u>	<u>136,422</u>

Refer to Note 4 and the accounting policies for further information on Fundlater fees and Fundlater loans receivable.

3. Financial assets and liabilities held at fair value

AASB 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There has been no change in the Level 3 valuation techniques used for this report from previous reports. The table below sets out the Group's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 31 December 2021				
Financial assets at fair value through profit and loss:				
Investments in listed equities	10,304	-	-	10,304
AWI Ventures investee companies	-	-	3,044,701	3,044,701
Call option	-	-	45,000	45,000
	<u>10,304</u>	<u>-</u>	<u>3,089,701</u>	<u>3,100,005</u>
At 30 June 2021				
Financial assets at fair value through profit and loss:				
AWI Ventures investee companies	-	-	3,044,701	3,044,701
Call option	-	-	141,000	141,000
	<u>-</u>	<u>-</u>	<u>3,185,701</u>	<u>3,185,701</u>

During the reporting period ended 31 December 2021 there were no transfers between Level 1 and Level 2 fair value measurements.

Listed equities have inputs based on quoted market prices in active markets and are classified within level 1. Investments in listed equities consists of equities held through Professionally Managed Accounts, a scheme issued by InvestSMART Funds Management Ltd. InvestSMART Funds Management Ltd is a subsidiary of InvestSMART Group Ltd.

Investments classified within level 2 have inputs based on quoted and unquoted prices.

Description of significant unobservable inputs to valuation of Level 3 assets

Through AWI Ventures Pty Ltd, the Group has investments in two start-up companies in the financial technology sector, Spriggy and Equitise. The fair value of the investee companies has been assessed as the price at which each investee company raised a material amount of new capital, or historic cost if they have not raised a material amount of new capital, adjusted for the Director's view of the likely success of the business. These companies are at an early stage of development prioritising revenue growth and therefore cannot be valued using Discounted Cash Flow.

The Group purchased a call option over The Term Deposit Shop, an unlisted online term deposits provider, on 12 June 2018 exercisable between 12 June 2021 and 12 June 2022 for \$3.75 million. Fair value has been determined using a binomial options pricing model. The binomial options model is sensitive to various inputs, particularly the value of the underlying business and volatility. A volatility of 51% (30 June 2021: 50%) was used to value the option.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Unlisted equities and options are classified within level 3.

The table below shows the assumptions used by management in assessing fair value of its investments in unlisted investments:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to fair value
AWI Ventures investee companies	Market approach	Last issue price & date of new equity, last traded price of equity, Capital structure, Discount rate, Directors' qualitative assessment of investee business model success	N/A	An issue of new equity, or trade in existing equity, at a higher or lower price may have significant effect on fair value
Call option	Binomial option pricing model	Volatility rate, Last traded price of derivative	N/A	An issue of new equity, trade in existing equity, changes in interest rates, volatility rate, dividends at a higher or lower amount may have significant effect on fair value under option pricing models

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

For the half-year ended 31 December	2021	2020
	\$	\$
Balance at the beginning of the half-year	3,185,701	1,943,988
Unrealised loss through profit and loss	96,000	-
Balance at the end of the half-year	<u>3,089,701</u>	<u>1,943,988</u>

4. Loans receivable

	31-Dec-21	30-Jun-21
	\$	\$
Loans receivable	<u>764,790</u>	<u>-</u>

Loans receivable consists of Fundlater loans. Subject to a minimum investment of \$4,000 a client will receive a non-recourse loan of up to \$6,000 to fund a new Professionally Managed Account (minimum investment is \$10,000). Professionally Managed Accounts is a scheme issued by InvestSMART Funds Management Ltd. A \$6,000 loan is repayable over 20 equal monthly instalments of \$320 each. The \$320 payments are split into \$300 for principal repayment and \$20 for the administration fee.

Loans receivable are measured at amortised cost using the effective interest method. The Group assesses at each reporting date an allowance for expected credit losses (ECLs). The allowance for ECLs at origination and at 31 December 2021 is assessed as zero. The equity within client's accounts (the \$4,000 deposit and subsequent principal repayments) is considered adequate to cover outstanding payments if a client closes their account. Based on a range of possible outcomes the probability that a clients account will be closed with insufficient equity to cover outstanding repayments is remote.

The \$20 administration fee is recognised in the Consolidated Statement of Profit and Loss under Other Income. The \$20 administration fee is adjusted for the requirements of AASB 9 to be recognised under the effective interest method. Refer to Note 2 where the administration fee is recognised as Fundlater Fees.

5. Earnings per share

For the half-year ended 31 December	2021	2020
Basic loss per share (cents per share)	<u>(0.64)</u>	<u>(0.48)</u>
Diluted loss per share (cents per share)	<u>(0.64)</u>	<u>(0.48)</u>
Earnings/(loss) as per Consolidated Statement of Comprehensive Income (\$)	(708,519)	(529,800)
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	110,538,705	110,709,220
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share if all EDSP shares vest and non-recourse loans are repaid	138,881,774	135,820,742

As the Group was in a loss position for the half-year ended 31 December 2021 and 31 December 2020, share based incentive plans did not affect the diluted earnings per share calculation. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

6. Employee benefit reserve

For the half-year ended 31 December	2021		2020	
	Shares	\$	Shares	\$
Balance at the beginning of the half-year	27,959,998	2,019,969	25,304,998	1,804,804
ESOP and LTIP shares cancelled	-	-	(25,304,998)	-
EDSP shares granted	910,000	-	28,031,998	-
EDSP shares cancelled	(130,000)	-	-	-
Payment of employee incentive scheme loans	(105,000)	-	-	-
Employee benefit expense for the period	-	202,591	-	174,039
Balance at the end of the half-year	28,634,998	2,222,560	28,031,998	1,978,843

All Long-Term Incentive Plan ("LTIP") and Employee Share Option Plan ("ESOP") shares were cancelled on 9 December 2020 and replaced with an Employee and Director Share Plan ("EDSP") as approved at the company's AGM on 11 November 2020.

700,000 EDSP shares were issued to employees on 1 September 2021 in lieu of a cash bonus. 210,000 shares were issued to Ron Hodge in lieu of a cash bonus on 8 December 2021 as approved at the company's AGM on 17 November 2021. The EDSP shares granted during the half-year vest immediately and mature on 1 September 2026. A non-recourse loan is provided to participants to acquire EDSP shares at the respective prices issued. 130,000 EDSP shares were bought back and cancelled during the half-year due to employee departures. 105,000 EDSP shares were converted to ordinary fully paid shares as the associated loans were paid. The remaining EDSP loans have not been repaid and have not been included in fully paid ordinary share capital.

7. Segment information

The Group has only one reportable segment. The Group is engaged solely in retail financial services conducted in Australia, deriving revenue from commissions, subscriptions and funds management fees. The entity's operations are merged across subsidiaries, management, location and presentation of reporting. The operating segment identification is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

8. Contingent liabilities and commitments

At 31 December 2021, InvestSMART Group has the following contingent liabilities:

	31-Dec-21	30-Jun-21
Guarantees for office rentals	97,106	122,524
Guarantee for intermediary facilities	601,000	351,000
	<u>698,106</u>	<u>473,524</u>

9. Events occurring after reporting date

No matter or circumstance has occurred after the period end that has significantly affected, or may affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent periods.

Directors' Declaration

In the opinion of the Directors:

- (a) the Consolidated Financial Statements and notes of InvestSMART Group Limited for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company 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 pursuant to s.303(5) of the Corporations Act 2001.



Paul Clitheroe AM
Chairman

Sydney
23 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of InvestSMART Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of InvestSMART Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 23 February 2022