

ASX Announcement – 28 February 2023

AUDIT REVIEWED INTERIM REPORT AND INVESTOR WEBINAR

WT Financial Group Limited (“WTL”, “the Company” or “the Group”) now provides its audit reviewed Interim Report and Appendix 4D (attached) for the half-year to 31 December 2022 (H1 FY2023) for immediate release, confirming 104% increase in consolidated profit after tax over the prior corresponding period (PCP) to \$2.28M.

For a full summary of the results please refer to today’s earlier lodged announcement containing commentary on the results.

Audit review

The Company confirms no variances to the results provided earlier today other than correction of inconsequential typographical or casting errors.

Half Year results presentation and company update

An investor webinar to provide a Company and industry update and discuss the results and will be held at 1.00pm AEDT (10.00am AWST) on Wednesday 1st March 2023 (tomorrow).

WT Financial Group Investor Webinar

1.00pm AEDT (10.00am AWST)

Wednesday 1st March 2023

Presenter: Keith Cullen, founder, and CEO

Register using the following link:

https://janemorganmanagement-au.zoom.us/webinar/register/WN_JYoQ3PpIRauwmHbv7W7bkQ

After registering your interest, you will receive a confirmation email with information about joining the webinar. Participants will be able to submit questions via the panel throughout the presentation, however we encourage shareholders and investors to send through questions via email beforehand to

info@janemorganmanagement.com.au

ENDS

About WT Financial Group Limited

WT Financial Group Limited has established itself as amongst the very largest financial adviser networks in Australia. Its advisory services are delivered primarily through a group of privately-owned financial advice practices whose advisers operate as authorised representatives under its Wealth Today, Sentry Group, and Synchron subsidiaries.

The Group’s B2C division delivers a range of services, encompassing financial planning, accounting & tax services, and mortgage finance services, directly to wholesale and retail clients through its Spring Financial Group brand.

The Group offers market-leading financial education services for advisers and consumers through regular seminar programs and the publication of its Wealth Adviser library of more than 100 financial literacy handbooks and manuals on a broad range of financial and investment market topics.

Authorised for release by:

Keith Cullen
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WT FINANCIAL GROUP LIMITED (ASX: WTL)

ABN 87 169 037 058

Appendix 4D**28 February 2023***Preliminary financial statements for the half-year ended 31 December 2022 as required by ASX listing rule 4.2A***RESULTS FOR ANNOUNCEMENT TO THE MARKET**

(All comparisons to half-year ended 31 December 2021)	\$000's	up/down	%
Revenue and other income	83,452	up	145%
Operating profit (before depreciation, amortisation, interest and tax)	2,884	up	73%
Net profit	2,285	up	104%

NET TANGIBLE ASSETS	31 Dec 2022	31 Dec 2021
Net tangible assets per ordinary security	(2.45) cents	(0.78) cents

DIVIDENDS

No dividend is proposed to be paid (PCP: Nil)

ADDITIONAL INFORMATION

Additional information supporting the Appendix 4D disclosure requirements can be found in the Company's Interim Report for the half-year ended 31 December 2022 and Directors' Report and consolidated financial statements contained therein.

AUDIT REVIEW

This Appendix 4D and the Company's financial statements are now audit reviewed.

INTERIM REPORT – 31 DECEMBER 2022

WT Financial Group Limited

ABN 87 169 037 058

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DIRECTORS' REPORT

31 December 2022

The Directors present their report, together with the consolidated financial statements of WT Financial Group Limited (WTL, or the Company) and its controlled entities (the Group) for the half-year ended 31 December 2022 (H1FY2023).

The Company is listed on the Australian Securities Exchange (ASX code: WTL). The Company's Corporate Governance Statement is located at www.wtfglimited.com.

Directors

The following persons were Directors or Company Secretary of the Company during the whole of the 6-month period unless stated otherwise and to the date of this report.

Guy Hedley	Non-executive Chairman
Keith Cullen	Managing Director & CEO
Chris Kelesis	Non-executive Director
Michael Harrison	Non-exec Director
Ian Morgan	Company Secretary

Principal activities

Over recent years WT Financial Group Limited (**WTL, the Company or the Group**) has undergone a transformational restructure to reduce its previous focus and reliance on business-to-consumer (B2C) and non-recurring revenue and operations, to emerge as a primarily business-to-business (B2B) focused enterprise targeting predominately recurring revenue lines.

The Group's restructure commenced with the FY2018 acquisition of Wealth Today Pty Ltd (**Wealth Today**) which was followed by the acquisition of both Sentry Group Pty Ltd (**Sentry**) (completed 19 July 2021) and Synchron Advice Pty Ltd (formerly known as Synchronised Business Services Pty Ltd) (**Synchron**) (completed 15 March 2022).

WTL's success with the integration of these acquisitions has seen it establish itself as amongst the very largest financial adviser networks in Australia. Its network of financial planners and advisers collectively has in excess of \$18Bn of assets under advice; annual in-force personal insurance premiums of more than \$360M; and is responsible for circa \$25M of new insurance premium sales annually – and provides services to well over 120,000 clients across the length and breadth of the country.

The Group's B2B operations now contribute more than 95% of *Revenue from Ordinary Activities* and are the engine-room for growth as the disruption and consolidation occurring in the financial services industry continues to present unprecedented opportunities for the Company and the advice practitioners it supports.

Through its B2B subsidiaries, WTL provides independently-owned financial advice practices (whose advisers operate as authorised representatives) a comprehensive range of licensing, risk management & compliance, education & training, - technical support; and practice management and development services, including extensive consumer marketing and education tools.

Importantly, each of Wealth Today, Sentry, and Synchron are B2B brands (rather than consumer-facing brands), with financial advice practices in the Group operating under their own company, business and brand names - enabling them to build personal connection to their clients and the communities in which they operate.

Through the various entities that make up the Spring Financial Group B2C operations, the Group also delivers a range of financial planning, accounting & tax, and mortgage finance services, directly to wholesale and retail clients.

These B2C operations help underwrite critical intellectual property, and skilled human resources experienced in the practical application of financial advice and services; regulatory and legislative compliance; and training and education, which enable the Group to provide meaningful "real world" support and insights to the independently-owned advice practices it supports. The Group's B2C operations also serve as a "research and development lab" for both consumer and practice management strategies - setting the Group apart from others that have no exposure to the practical application of the marketing and delivery of advice to consumers on a day-to-day basis.

Through regular training and seminar programs, and the publication of its Wealth Adviser library of more than 100 financial literacy handbooks and manuals on a broad range of financial and investment market topics, the Group also offers market-leading financial education services for advisers and consumers.

DIRECTORS' REPORT

31 December 2022

Operating results and Review

A. Operating results for the year

The consolidated profit of the Group after providing for income tax for H1FY2023 amounted to \$2.29M (H1FY2022: \$1.12M). The key matters contributing to the results are as follows:

- Total revenue and other income increased **138%** to **\$83.45M** (H1FY2022: \$34.97M)
- Direct costs of revenue increased **147%** to **\$74.88M** (H1FY2022 \$30.41M) in line with expectations and reflective of increased revenue contribution from non-salaried advisers following the Synchron acquisition.
- Operating expenses were contained to a 97% increase to **\$5.68M** (H1FY2022: \$2.88M) reflective of the success of the Group's integration and restructuring programs
- The Group's consolidated EBITDA profit was up 72% to **\$2.88M** (H1FY2022 \$1.67M)
- Inclusive of **\$64K** of financing charges associated with premises leases (in line with the mandatory adoption of *AASB16 – Leases*), finance costs were up 65% on the PCP to \$313K.
- Depreciation and amortisation were up by **82%** on the PCP to **\$458K** (H1FY2022 \$252K).
- Statutory income tax benefits were **\$171K** (H1FY2022: expense \$106K) resulting in a consolidated profit after tax of **\$2.29M**, up **104%** on the PCP (H1FY2022: \$1.12M) – this is in line with the Company's expectations and in line with market guidance provided by the Company.

More detailed information relating to the performance of the Group's two key segments, which are "B2B Services"; and "B2C Services", is included at Note 3 of the financial statements.

Matters impacting the Results

The results for the half-year are reflective of the successful integration of the Group's Sentry Group and Synchron acquisitions. The Directors are pleased with the success of the integration of both acquisitions and consider that the Company is in line with - or ahead of - key metrics for the half year.

The completion of the acquisitions represented the conclusion of the final stages of a very deliberate strategy by WTL to shift from its previous direct to consumer (or B2C) focus to a dealer group (or B2B) focus to capitalise on industry disruption. The scale and depth of skills and assets created through these acquisitions has seen WTL emerge as an industry leader with an offering for modernised advice practices that the Directors consider is second to none and accordingly positions the Group to achieve organic growth through aiding in the growth of existing practices and in turn the recruitment of more leading advice practices.

Whilst the Company has now surpassed the critical scale it was striving to achieve through its acquisition and renovation strategy and its focus has now turned primarily to organic growth in revenue and profits, the Directors will continue to consider corporate opportunities on their merits as and when they arise.

B. Review of financial condition

Financial position

The financial position of the Group as 31 December 2022 is summarised as follows:

Net assets were \$23.07M (30 June 2022 \$20.06M).

Net tangible assets (NTA) were \$(8.09M) (30 June 2022 \$(11.04M)) reflective of the material nature of acquired goodwill and the holding of no material tangible assets other than cash.

NTA backing per ordinary share (2.45) cents (30 June 2022 (3.43) cents).

The Group had drawn financing facilities of \$5.64M (30 June 2022 \$4.7M) with undrawn facilities of \$1.2M.

The Directors note that the Company has a net current asset deficiency of \$2.9M, however further note that the Company is recognising a liability of \$1.04M for the payment of a deferred consideration associated with its acquisition of Synchron (which is due in late March 2023) which it intends to satisfy through undrawn debt facilities; and is recognising a further (potential) liability of up to \$1.18M associated relating to retention (or upside payments) which are subject to revenue from the Synchron acquisition exceeding certain targets by the 15 March 2023. The vendors of Synchron are obligated to receive 100% of any such payment by way of the issue of (up to a maximum of 20M) new shares in WTL. This (potential) placement of any such shares was approved last year by WTL shareholders and the Company received a waiver from the ASX with respect to the delayed timing of issuing those shares.

DIRECTORS' REPORT

31 December 2022

Cash from operations

Key matters related to and contributing to cash from operations of the Group during the period are summarised as:

Cash inflow from operating activities were \$1.05M (H1FY2022 cash outflow of \$1.23M) which is net of more than \$1.22M of cash outflows associated with prior period accruals.

Overall cash and cash equivalents increased by \$655K during the period to \$4.042M net of 985K used in investing activities; and \$592K provided by financing activities.

Capital management

As at 31 December 2022 the Company had a total of 330,554,812 ordinary shares on issue (321,080,842 at 30 June 2022); with 9,473,970 new shares issued to the vendors of Sentry Group during the period as part payment of an Upside Consideration associated with its acquisition of Sentry Group.

Events Occurring After the Reporting Date

No other matters or circumstances have arisen since the end of the period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in periods.

The financial report was authorised for issue on 28 February 2023 by the Board of Directors.

Dividends

No dividends were paid during the period.

Audit services

Rothsay Audit & Assurance Pty Ltd (Rothsays) is the auditor of the Company and all Group entities and is the Group's lead auditor.

Rounding of Amounts

Some amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars in accordance with ASIC Legislative Instrument 2017/191.

Signed in Sydney this 28 February 2023 in accordance with a resolution of the Board of Directors of WT Financial Group Limited.



Guy Hedley
Chairman



Keith Cullen
Managing Director

ROTHSAY

AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the directors of WT Financial Group Limited

As lead auditor for the review of WT Financial Group Limited and Controlled Entities for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been

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

This declaration is in relation to WT Financial Group Limited and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla

Director

Sydney, 28 February 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half-year ended 31 December 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
Revenue	2	82,066,863	34,122,584
Other income	2	1,385,157	845,067
Total revenue and other income		83,452,020	34,967,651
Less:			
Direct cost of revenue		(74,885,660)	(30,414,407)
Employee benefits expense		(3,972,563)	(1,972,446)
Advertising & marketing expenses		(433,379)	(116,371)
Consulting & professional fee expenses		(176,960)	(156,286)
Rental expenses		(147,033)	(127,582)
Other operating expenses		(952,007)	(515,095)
EBITDA		2,884,418	1,665,464
Less:			
Depreciation plant & equipment		(14,771)	(17,278)
Depreciation of right-of-use assets		(435,657)	(234,623)
Finance costs on lease liabilities		(64,152)	(52,991)
Other finance costs		(248,361)	(135,821)
Amortisation of intangible assets		(7,273)	-
Profit/(Loss) before income tax		2,114,204	1,224,751
Income tax benefit/(expense)	1 d)	170,801	(106,056)
Profit/(Loss) after income tax expenses for the half-year		2,285,005	1,118,695
Other comprehensive income		-	-
Total comprehensive income for the half-year		2,285,005	1,118,695
Earnings/(loss) per share for the half-year attributable to the owners of WT Financial Group Limited	Note	31-Dec-22	31-Dec-21
		cents	cents
Basic earnings per share (cents)	14	0.705	0.412
Diluted earnings per share (cents)	14	0.705	0.412

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
for the half-year ended 31 December 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,040,046	3,384,884
Trade and other receivables	5	6,903,150	7,341,219
Other assets	6	2,149,922	1,799,936
TOTAL CURRENT ASSETS		13,093,118	12,526,039
NON-CURRENT ASSETS			
Plant and equipment	7	1,731,267	2,099,844
Deferred tax assets		3,608,679	3,047,545
Intangible assets	8	31,161,926	31,096,472
TOTAL NON-CURRENT ASSETS		36,501,872	36,243,861
TOTAL ASSETS		49,594,990	48,769,900
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	12,299,799	11,479,127
Acquisitions (vendor payment) accruals	9	2,227,500	4,933,400
Provisions	11	957,011	926,924
Lease liabilities	12	571,450	549,629
TOTAL CURRENT LIABILITIES		16,055,760	17,889,080
NON-CURRENT LIABILITIES			
Provisions	11	3,050,271	4,315,755
Borrowings secured	10	5,640,500	4,700,000
Deferred tax liabilities		585,504	269,439
Lease liabilities	12	1,193,360	1,533,899
TOTAL NON-CURRENT LIABILITIES		10,469,635	10,819,093
TOTAL LIABILITIES		26,525,395	28,708,173
NET ASSETS		23,069,595	20,061,727
EQUITY			
Issued capital	13	33,098,136	32,375,273
Reserves		26,659	26,659
Accumulated dividends		(6,827,069)	(6,827,069)
Accumulated losses		(3,228,131)	(5,513,136)
Retained earnings		(10,055,200)	(12,340,205)
TOTAL EQUITY		23,069,595	20,061,727

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 2022

	Issued Capital	Retained Earnings (net of dividends paid)	Option Reserve	Total
	\$	\$	\$	\$
31 December 2022				
Balance at 1 July 2022	32,375,273	(12,340,205)	26,659	20,061,727
Profits attributable to members of the parent entity	-	2,285,005	-	2,285,005
<i>Transactions with owners in their capacity as owners</i>				
Shares issued during the period	722,863	-	-	722,863
Balance 31 December 2022	33,098,136	(10,055,200)	26,659	23,069,595

	Issued Capital	Retained Earnings (net of dividends paid)	Option Reserve	Total
	\$	\$	\$	\$
31 December 2021				
Balance at 1 July 2021	20,142,712	(14,213,732)	26,659	5,955,639
Profits attributable to members of the parent entity	-	1,118,695	-	1,118,695
<i>Transactions with owners in their capacity as owners</i>				
Shares issued during the period	8,175,000	-	-	8,175,000
Balance 31 December 2021	28,317,712	(13,095,037)	26,659	15,249,334

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 2022

	Note	31-Dec-22 \$	31-Dec-21 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		83,532,396	35,639,537
Payments to suppliers and employees		(80,971,142)	(35,248,750)
Payments for prior period adjustments and accruals		(1,225,452)	(1,441,031)
Net interest received / (paid)		(287,463)	(183,067)
Net cash provided by / (used in) operating activities		1,048,339	(1,233,311)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loans to third-party advice practices		(262,500)	-
Acquisition of Sentry Group		(722,864)	(2,940,479)
Net cash provided by / (used in) investing activities		(985,364)	(2,940,479)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of shares		-	4,675,000
Net movement in borrowings		940,500	(326,800)
Repayment of lease liabilities		(348,313)	-
Net cash provided by / (used in) financing activities		592,187	4,348,200
Net increase/(decrease) in cash and cash equivalents held		655,162	174,410
Cash and cash equivalents at beginning of year		3,384,884	1,246,269
Cash and cash equivalents at end of financial year	4	4,040,046	1,420,679

The above 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 2022

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The financial report of WT Financial Group Limited for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 28 February 2023. The principal accounting policies adopted in the preparation of the financial statements are set out in this Note 1, below. These policies have been consistently applied to all the periods presented.

(a) Basis of Preparation

Significant accounting policies Statement of compliance

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 most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's FY2022 annual financial report for the financial year ended 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Revenue recognition AASB15

Over recent years the Company's revenue (and therefore segment) composition has evolved considerably as the Company has transitioned from primarily *direct-to-consumer* (B2C) to more *business-to-business* (B2B) revenue. Accordingly, the Company provides the following detailed disclosure with respect to its segment reporting, revenue composition and revenue recognition - including a summary of its main revenue streams and the segments they occur in/through.

The Group recognises revenue in accordance with AASB15 *Revenue*. Estimates and judgements are used when considering each party's rights related to the services to be provided under contracts; the timing for delivery of same (if applicable); and the contract price and payment terms. In circumstances where the Group acts as an agent, judgement is involved in determining when the Group is entitled to revenue based on the nature and form of the contract. In circumstances where the Group acts as a principal, judgment is involved when determining when the performance obligations are fulfilled.

Upfront financial advice fees

Upfront advice fees occur in the Company's B2C and B2B channels. They include such services as formulating a financial strategy (plan) for a consumer. And may extend to implementing that financial plan. Upfront advice fees are crystallised (and recognised as revenue) once the service is finalised. This is therefore generally at a point in time, rather than over time.

Ongoing financial advice fees

Ongoing financial advice fees occur in the Company's B2C and B2B channels. The exact construct of the ongoing services varies but is generally constructed as a form of monthly retainer payable by a consumer to an adviser for assistance with their financial affairs. Notwithstanding that the consumer may enter a long-term contract, ongoing financial advice fees are charged to clients on a cyclical basis (generally monthly in arrears) and crystallised (and recognised as revenue) on payment of the monthly retainer by client. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

Insurance Upfront Commission

Insurance Upfront Commission occurs in the Company's B2B channel. In the case of Insurance Upfront Commission, the Company is acting as a form of agent of the insurance company and revenue is recognised accordingly (i.e., the agency

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

commission, rather than the policy premium value is recognised). Insurance Upfront Commission is crystalised (and recognised as revenue) when paid by the underlying insurer which is when a new policy is bound as being in force. This is therefore recognised at a point in time.

Insurance Renewal Commission

Insurance Renewal Commission occurs in the Company's B2B channel. The Insurance Renewal Commission is crystalised (and recognised as revenue) on renewal of the relevant insurance policy (generally annually but sometimes monthly) once paid by the underlying insurer. This is therefore recognised at a point in time.

Licensing base fees and other fees and charges

Licensing base fees occur in the Company's B2B channel. Licensing base fees are charged to the Company's authorised representatives on a monthly basis for the provision of a variety of services including education & training, marketing support, compliance and advice and practice peer review services.

Notwithstanding that the Company's adviser may enter a long-term contract, licensing base fees are charged to advisers on a cyclical basis (generally monthly in arrears) and crystalised (and recognised as revenue) on payment of the monthly fee by the adviser. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

Other fees such as professional indemnity insurance, research report and advice technology fees are charged and recognised as revenue. Notwithstanding that the Company's adviser may enter a long-term contract, these fees are charged to advisers on a cyclical basis (generally monthly in arrears) and crystalised (and recognised as revenue) on payment of the monthly fee by the adviser. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

Upfront and recurring mortgage brokerage commission

Mortgage brokerage commission occurs in the Company's B2B channel and is paid by mortgage providers on an initial upfront and then ongoing monthly basis. Upfront mortgage brokerage commission is crystalised (and recognised as revenue) on settlement of new loans once paid by the underlying mortgage provider or an associated aggregator. Ongoing or trail mortgage brokerage commission is crystalised (and recognised as revenue) on a monthly basis for the duration of the loan once paid by the underlying mortgage provider or an associated aggregator. In each case this is therefore recognised at a point in time.

Timing of revenue recognition

Financial services revenue is recognised when the right to revenue is crystalised.

Note regarding cost of goods sold

Under its contracts with its authorised representatives the Company pays a large percentage (or split) of its gross revenue to the adviser. This generally varies from 80-100% depending on a number of factors.

Salaried advisers are not entitled to any percentage of gross revenue.

Superannuation fund administration and accounting

Superannuation fund administration and accounting fees occur in the Company's B2C channel. These fees are charged to clients on a cyclical basis (generally monthly in arrears) and crystalised on payment by client. In accordance with the Company's agreements with its clients, the services are provided on a monthly basis with fees paid on a monthly (non-refundable) basis.

Some of these fees are charged on an annual-in-arrears basis. In which case they are recognised when invoiced.

Notwithstanding that a client may enter a long-term contract; superannuation fund administration and accounting revenue is crystalised on payment of the monthly fee by the client. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

(c) Adoption of New and Revised Accounting Standards

New Accounting Standards and Interpretations issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Directors have decided against early adoption of these Standards but do not expect the adoption of these standards to have any material impact on the reported position or performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

(d) Income Tax Expenses

The Group has a tax benefit of \$170,801 for the period, primarily due to change in tax rate applicable to the Group in the current year resulting in a tax position reflective of the Group's higher tax rate, as the Group is no longer a base level entity for taxation purposes. While no taxes are payable by the Group due to carried forward tax losses this is an adjustment to deferred taxes to bring it in line with current tax rates applicable to the Group.

2. Revenue and other income

	31-Dec-22 \$	31-Dec-21 \$
Revenue		
- provision of services	82,061,274	34,116,837
- interest received	5,589	5,747
	82,066,863	34,122,584
Other Income		
- gain on revaluation of financial liability	1,250,000	815,000
- other income	135,157	30,067
	1,385,157	845,067
	83,452,020	34,967,651

3. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The consolidated entity is organised into two separate operating segments:

Business to business (B2B). This segment includes financial planning, investment advice and product sales and licensing services and product offerings delivered through (and to) independent financial advisers operating as authorised representatives. In what it refers to as its B2B division, the Company authorises financial advisers (through its Wealth Today and Sentry Group subsidiaries) who are independent financial advisers operating under their own (normally corporatised) structure/brand to act as the Company's authorised representatives. These authorised representatives act (in effect) as agents of the Company (rather than it being the other way around).

That is, despite the authorised representatives having the primary responsibility of interfacing with consumers, as the AFSL holder responsible for the provision of financial services, (in accordance with its license conditions) the Company is most often acting as the principal when financial services are provided to consumers.

Direct to consumer (B2C). In what it refers to as its B2C division, the Company employs salaried financial advisers who operate under the Company's corporate structure/brand. Again, the Company is acting as the principal in the provision of financial services to these consumers.

This B2C division includes an accounting practice, with salaried employees offering accounting, tax and SMSF administration services to consumers under the Company's corporate structure/brand. Again, the Company acts as principal at all times in providing these services.

This B2C division also includes a mortgage brokerage business, that assists consumers with mortgages; and historically included real estate services as a buyer's agent or seller agent. In each of these cases the Company acts (or acted) as an agent (of either a mortgage aggregator and/or a bank in the case of mortgages; or the property vendor or buyer in the case of real estate services).

This segment operates under the Spring Financial Group brand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

All other transactions are recorded as All Other Segments. Included in EBITDA of All Other Segments are Group overhead expenses.

These operating segments are based on the internal reports on at least a monthly basis that are reviewed and used by the Managing Director and Board. The Managing Director has been identified as the CODM is assessing performance and determining allocation of resources. There is no aggregation of operating segments.

The CODM reviews segment profits (Segment EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements of the consolidated entity.

All sales were made in Australia and all assets are within in Australia. No single customer represents more than 10% of Group revenue.

The following tables set out the performance of each operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

(a) Segment Performance

31-December-2022	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
REVENUE				
Sales to external customers	81,254,173	796,929	10,172	82,061,274
Other income	-	-	1,385,157	1,385,157
Interest revenue	900	4,026	663	5,589
Total segment revenue	81,255,073	800,955	1,395,992	83,452,020
EBITDA	3,160,994	334,744	(611,319)	2,884,419
Interest expense	(41,903)	-	(270,611)	(312,514)
Depreciation, amortisation & impairment	(185,037)	-	(272,664)	(457,701)
Net profit before tax	2,934,054	334,744	(1,154,594)	2,114,204

3. Operation Segments performance continued

31-December-2021	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
REVENUE				
Sales to external customers	32,954,621	1,056,584	105,632	34,116,837
Other income	-	-	845,067	845,067
Interest revenue	269	4,026	1,452	5,747
Total segment revenue	32,954,890	1,060,610	952,151	34,967,651
EBITDA	1,597,655	297,311	(229,502)	1,665,464
Interest expense	(53,661)	(68,800)	(66,351)	(188,812)
Depreciation, amortisation & impairment	(95,228)	-	(156,673)	(251,901)
Net profit before tax	1,448,766	228,511	(452,526)	1,224,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

(b) Segment assets

31-December-2022	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
Segment assets	34,802,604	2,846,030	11,946,356	49,594,990
Segment liabilities	(16,858,859)	(32,724)	(9,633,812)	(26,525,395)
Net assets	17,943,745	2,813,306	2,312,544	23,069,595

30-June-2022	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
Segment assets	27,420,985	3,593,052	17,755,863	48,769,900
Segment liabilities	(19,989,242)	(843,825)	(7,875,106)	(28,708,173)
Net assets	7,431,743	2,749,227	9,880,757	20,061,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

4. Cash & cash equivalents

	31-Dec-22	30-Jun-22
	\$	\$
Cash at hand and in bank	3,634,125	2,979,378
Short-term deposits	405,921	405,506
Balance as per statement of cash flows	4,040,046	3,384,884

5. Trade and other receivables

	31-Dec-22	30-Jun-22
	\$	\$
CURRENT		
Trade receivables	6,163,651	7,322,228
Allowance for impairment	(108,514)	(105,514)
	6,055,137	7,216,714
Other receivables	848,013	124,505
	848,013	124,505
Total trade and other receivables	6,903,150	7,341,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

6. Other Assets

	31-Dec-22	30-Jun-22
	\$	\$
CURRENT		
Prepaid expenses and deposits	2,149,922	1,799,936
	2,149,922	1,799,936

7. Plant & equipment

	31-Dec-22	30-Jun-22
	\$	\$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	151,584	150,551
Accumulated depreciation	(78,967)	(68,492)
	72,617	82,059
Office equipment		
At cost	520,626	518,183
Accumulated depreciation	(397,863)	(397,863)
	122,763	120,320
Leasehold improvements		
At cost	49,045	49,045
Accumulated depreciation	(6,995)	(4,783)
	42,050	44,262
Assets under lease		
At cost	2,108,105	2,987,402
Accumulated depreciation	(614,268)	(1,134,199)
	1,493,837	1,853,203
Total plant and equipment	1,731,267	2,099,844
Summary		
At cost	2,829,360	3,095,383
Accumulated depreciation	(1,098,093)	(995,539)
	1,731,267	2,099,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

8. Intangible assets

Goodwill impairment disclosure

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units (CGUs) which form part of or are based on the Group's operating divisions.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

The aggregate carrying amount of goodwill allocated to each CGU is:

Description of the CGU	31-Dec-22	30-Jun-22
	\$	\$
B2B services	29,616,472	29,616,472
B2C services	1,480,000	1,480,000
Total	31,096,472	31,096,472

The recoverable amount of each cash-generating unit above is determined based on fair value less cost of disposal. There is sufficient information available in the market to determine fair value of each CGU.

Intangible Assets

	31-Dec-22	30-Jun-22
	\$	\$
Goodwill		
B2B services	29,616,472	29,616,472
B2C services	1,480,000	1,480,000
Total Goodwill	31,096,472	31,096,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

Intangible Assets continued

	31-Dec-22 \$	30-Jun-22 \$
Other intangible assets		
Cost	72,727	-
Accumulated amortisation	(7,273)	-
Net carrying value	65,454	-
Total Intangibles net carrying value	31,161,926	31,096,472
Summary		
Cost	31,169,199	31,096,472
Accumulated amortisation	(7,273)	-
Net carrying value	31,161,926	31,096,472

9. Trade and other payables

	31-Dec-22 \$	30-Jun-22 \$
CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	9,597,124	9,861,701
GST payable	324,878	222,512
Superannuation payable	2,199	82,963
Payroll tax payable	81,720	58,457
Accrued wages and sales commissions	101,780	91,848
Accrued professional services	39,941	46,941
Other accruals	2,152,157	1,147,705
	12,299,799	11,479,127
<i>Acquisition (vendor payment) accruals</i>		
Sentry Group	-	1,455,900
Synchron Group	2,227,500	3,477,500
	2,227,500	4,933,400

Trade payables include liabilities due in the ordinary course of business operations such as revenue share payments to authorised representatives. Trade payables also include provision for (likely) upside payments for the acquisition of Synchron; and general provisions, including for costs associated with defending and/or settling client claims and disputes and/or associated professional indemnity insurance deductibles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

10. Borrowings

	31-Dec-22	30-Jun-22
NON-CURRENT	\$	\$
Secured liabilities	5,640,500	4,700,000

11. Provisions

	31-Dec-22	30-June-22
	\$	\$
CURRENT		
Employee entitlements	674,737	485,538
Provisions including professional indemnity management	282,274	441,386
	957,011	926,924
NON-CURRENT		
Employee entitlements	393,531	323,916
Provisions including professional indemnity management and Synchron Warranty Lockup	2,656,740	3,991,839
	3,050,271	4,315,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

12. Leasing commitment

In accordance with AASB 16 *Leases*, the Group has recognised right-to-use liability in respect of all three premises for Sydney, Melbourne and Perth. The lease liabilities are as follows:

	31-Dec-22	30-Jun-22
	\$	\$
Current	571,450	549,629
Non-Current	1,193,360	1,533,899
	1,764,810	2,083,528

The Group has also recognised following depreciation and interest on right-to-use assets:

	31-Dec-22	31-Dec-21
	\$	\$
Depreciation	435,657	243,575
Interest	64,152	114,003
	499,809	357,578

13. Issued Capital

Movements in issued capital

	31-Dec-22	30-Jun-22
	\$	\$
Balance at beginning of reporting period	32,375,273	20,142,712
Shares issued during the year		
Issued 19 July 2021 – acquisition of Sentry Group	-	8,175,000
Issued 16 March 2022 – acquisition of Synchron Group	-	4,057,561
Issued 25 October 2022 –Sentry Group Upside Consideration	465,813	-
Issued 30 November 2022 –Sentry Group Upside Consideration	257,050	-
	33,098,136	32,375,273

(a) Ordinary shares

	31-Dec-22	30-Jun-22
	No.	No.
At the beginning of the reporting period	321,080,842	167,171,900
Shares issued during the year		
Issued 19 July 2021 – acquisition of Sentry Group	-	113,333,332
Issued 16 March 2022 – acquisition of Synchron Group	-	40,575,610
Issued 25 October 2022 –Sentry Group Upside Shares	6,105,026	-
Issued 30 November 2022 –Sentry Group Upside Shares	3,368,944	-
At the end of the reporting period	330,554,812	321,080,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

14. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	31-Dec-22	30-Dec-21
	\$	\$
Profit after income tax	2,285,005	1,118,695
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	323,938,481	271,215,616
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	323,938,481	271,215,616

Earnings per share for profit from continuing operations attributable to the owners of WT Financial Group Limited	31-Dec-22	31-Dec-21
Basic earnings per share (cents)	0.705	0.412
Diluted earnings per share (cents)	0.705	0.412

15. Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

This financial report was authorised for issue on 28 February 2023 by the Board of Directors.

In the opinion of the Directors:

1. The financial statements (and notes) of the Group are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the period ended on that date; and
 - b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the Directors.



Guy Hedley
Chairman



Keith Cullen
Managing Director

WT FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of WT Financial Group Limited

Conclusion

We have reviewed the half-year financial report of WT Financial Group Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and 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 summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- 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 *Corporation 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 Group 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.

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

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 the 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 is free from material misstatement, whether due to fraud or error.



WT FINANCIAL GROUP LIMITED AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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 Australian 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity'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*. As the auditor of WT Financial Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Sydney, 28 February 2023