INVESTSMART GROUP LTD.

Appendix 4E (ASX Listing Rule 4.3A)
PRELIMINARY FINAL REPORT
Year ended 30 June 2022
(previous corresponding period: 30 June 2021)

INVESTSMART GROUP LIMITED AND ITS CONTROLLED ENTITIES ABN 62 111 772 359

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Appendix 4E should be read in conjunction with InvestSMART Group Limited (InvestSMART or the Group) Audited Consolidated Financial Report and Directors' Report for the year ended 30 June 2022 lodged with the Australian Securities Exchange on 24 August 2022.

	30/06/2022 $'000	30/06/2021 $'000	Movement $'000	Movement %
Revenue from ordinary activities	9,702	8,681	1,021	12%
Profit/(Loss) from ordinary activities after tax for the period attributable to members	(740)	36	(776)	-2156%
Profit/(Loss) for the period attributable to members	(740)	36	(776)	-2156%
Net tangible assets (cents per ordinary share)	4.33	4.37		

Commentary on Results for the period

The table below shows the consolidated performance of InvestSMART Group Limited for the years ended 30 June 2022 and 30 June 2021.

	2022 $	2021 $
Funds management fees	2,690,468	1,456,246
Subscription income	5,278,786	4,883,208
Commissions income - Insurance	1,439,998	1,477,055
Commissions income - Fund Managers	-	594,225
Other Income	34,984	45,772
Total Operating Income	9,444,236	8,456,506
Total Operating Expenses	9,340,870	8,996,121
Operating Profit/(Loss)	103,366	(539,615)
(Loss)/gain on call option and ventures investments	(141,000)	1,241,713
Sale of subsidiary* and government grants	257,131	238,025
Employee benefit expense and contingent payments	(513,308)	(341,763)
Amortisation of intangibles	(570,688)	(867,241)
Profit/(loss) before income tax	(864,499)	(268,880)
Income tax benefit	124,323	304,658
Profit/(loss) for the period	(740,176)	35,778

*Sale of AWI Ventures Pty Ltd in 2022 for net gain of $155,299 (2021: Sold InvestSMART Publishing Pty Ltd for net gain of $70,000)

Total operating income increased by 12% compared to the prior year. Funds management fees increased by 85% compared to the prior year. Total funds under management increased from $330 million at 30 June 2021 to $470 million at 30 June 2022. Subscription income from Intelligent Investor and Eureka Report grew 8% compared to the prior year. Funds management fees and subscription income are the focus areas of the business moving forward.

Commissions income from fund managers decreased due to the cessation of grandfathered commissions as legislated from 1 January 2021.

Cash and cash equivalents increased to $8.08 million at 30 June 2022 compared to $6.48 million at 30 June 2021. AWI Ventures Pty Ltd, the subsidiary which held the remaining two ventures investments, was sold in May 2022 for a cash consideration of $3.2 million.

Refer to the "Review of Operations" section of the Directors' Report, the Quarterly Business Update lodged separately on 27 July 2022 and the Investor Presentation lodged separately on 24 August 2022 for further commentary.

Dividend Information

The Group did not recommend, declare, or pay a dividend during the year ended 30 June 2022 (2021: nil).

Details of entities over which control has been lost

AWI Ventures Pty Ltd was sold on 13 May 2022 for a cash consideration of $3.2 million which contributed a realised net gain of $155,299 to the profit and loss of the Group for the year ended 30 June 2022. AWI Ventures Pty Ltd contributed an unrealised gain of $1,350,713 to the profit and loss of the Group in the year ended 30 June 2021.

Associate entities

Refer to the attached financial report Note 10.

On-market share buy-back

The company had an on-market share buy-back in place during the year (announced 25 June 2020). The buy-back ceased on 14 July 2021. No shares were bought back on-market during the year (2021: 377,823).

Independent Auditors' Report

The Consolidated Financial Report for InvestSMART Group Limited for the year ended 30 June 2022 has been audited by the Company's independent external auditor, BDO Audit Pty Ltd. A copy of the independent external auditor's report may be found at pages 49 to 52 of the Annual Report.

Additional Information

Additional Appendix 4E disclosures and other significant information may be found in InvestSMART Group Limited Audited Consolidated Financial Report and Directors' Report for the year ended 30 June 2022 (lodged with this document), the Quarterly Business Update lodged separately on 27 July 2022 and the Investor Presentation lodged separately on 24 August 2022.

2022 Annual Report

Annual Report for the year ended
30 June 2022

InvestSMART Group Limited
ABN 62 111 772 359

INVESTSMART

www.investsmart.com.au
1300 880 160

OUR VISION

To help all Australians grow and protect their wealth.

WHY?

Because we believe people should be able to take control of their financial future. And it shouldn't be hard or expensive to do so.

HOW?

By providing innovative tools, research and advice that people can trust, empowering them to make better investing decisions.

COMPANY ADVANTAGE

UNIQUE PRODUCTS & ECOSYSTEM

Our proprietary wealth platform operates within a content and tools ecosystem

Platform

One Digital Platform

- Self-select, transact and manage multiple products and services
- Product and service delivery
- Administration and tax reporting

Investment product

InvestSMART
Professionally managed accounts
Capped fees

Intelligent Investor
Active ETFs – ASX-listed
Variable fees

Eureka
Variable fees

Diversified ETF portfolios

- Conservative
- Balanced
- Growth
- Ethical Growth
- High Growth

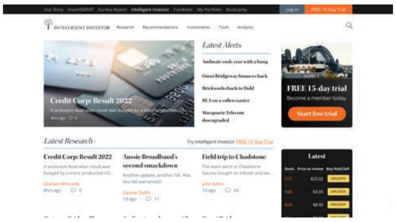
Single asset class ETF portfolios

- International Equities
- Interest Income
- Property and Infrastructure
- Hybrid Income

- Australian Equity Income Fund (INIF)
- Australian Equity Growth Fund (IIGF)
- Ethical Share Fund (INES)

- Eureka Asset-backed Loan Fund

Content



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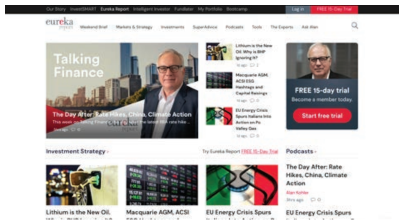


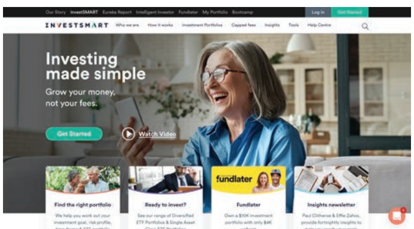
Lending service

Fundlater
Backed by Eureka Asset-backed Loan Fund

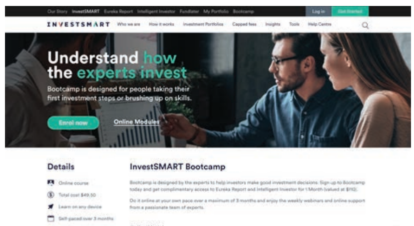
Fundlater lending service available for our diversified ETF portfolios with a maximum loan value of $6,000 per user.

Tools

InvestSMART



Bootcamp



Ambassadors

Paul Clitheroe, AM
Chairman

Effie Zahos
Non-Executive Director

Alan Kohler, AM
Editor-in-Chief

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CHAIRMAN AND MANAGING DIRECTOR'S REPORT

Dear Shareholders,

Reflecting on the last few years of InvestSMART's transformation, financial year 2022 should be viewed with great satisfaction. Commissions on funds managements products ceased from 1 January 2021 and we forecast FY22 to be our toughest year yet. To add to our challenges the macroeconomic environment significantly deteriorated in the second half of the year. Yet we managed to produce an operating profit and significant growth in our total operating income. FY22 will be remembered by our Board, management and staff as the year our strategic plan continued to deliver solid results.

On behalf of the Directors we are pleased to announce the results for InvestSMART Group (The Group) for the financial year ended 30 June 2022.

	2022 $	2021 $
Funds management fees	2,690,468	1,456,246
Subscription income	5,278,786	4,883,208
Commissions income - Insurance	1,439,998	1,477,055
Commissions income - Fund Managers	-	594,225
Other Income	34,984	45,772
Total Operating Income	9,444,236	8,456,506
Rebates paid	452,369	482,337
Employee costs	4,944,787	4,923,956
Marketing costs	1,004,236	720,026
Other operating expenses	2,939,478	2,869,802
Total Operating Expenses	9,340,870	8,996,121
Operating Profit/(Loss)	103,366	(539,615)

In addition to the pleasing operating results we are well capitalised and debt free with $8.1m in cash at bank at 30 June 2022. The increase in the cash balance is due to the sale of our AWI Ventures portfolio. This portfolio has been liquidated in a disciplined manner since 2015 when the portfolio was deemed as non-core to our future. Instead, we focussed on integrating several distinct yet complimentary businesses into one platform. The results in FY22 of this decision are pleasing, with several highlights:

- Total operating income growth of 12%
- Funds under management grew by 42% to $470m
- Professionally Managed Accounts (PMA) grew by 60% to 2,513 accounts
- Funds management fees grew 85% to $2.69m
- Content-based subscription income grew 8% to $5.3m
- The launch of Fundlater – a product designed for younger investors

Growth in our two key focus areas of business, Funds Management and Subscriptions, was achieved against a significant deterioration in the macroeconomic environment in the second half of the year. The market (measured by the ASX All Ordinaries) declined by 11% over the financial year with the second half of the year particularly challenging (decline of 13%). At year end significant market uncertainty remains led by inflation and conflict. Despite this market decline we produced growth in funds under management and product innovation. Our listed Intelligent Investor Active Exchange Traded Fund product suite generated above market returns and significant distributions of realised gains in June 2022.

STRATEGIC GOAL

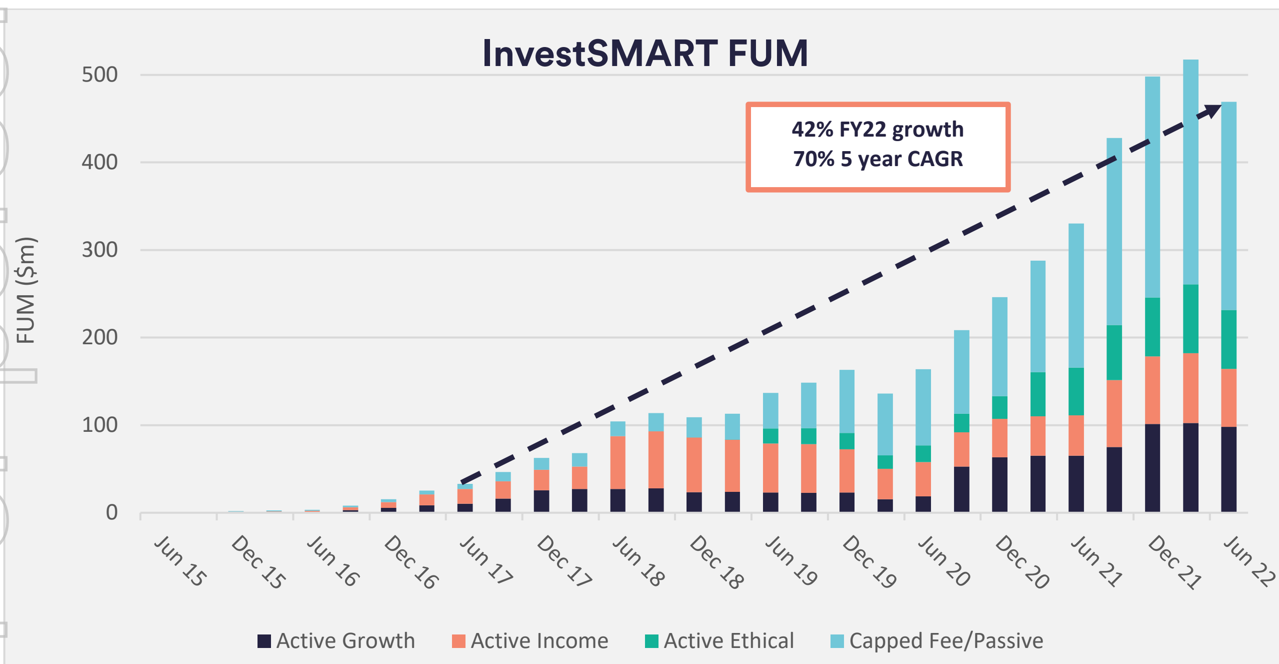
The vision of the Company is to "help all Australians grow and protect their wealth." The key strategic goal to achieve this vision is to be Australia's #1 digital wealth platform. The building blocks of this goal are in place with the infrastructure for a larger funds management business within our ecosystem. InvestSMART has built Australia's premier direct investor wealth platform focused on digital investment advice with over 720,000 members. Further growth will be driven by our Professionally Managed Accounts investment platform underpinned by Australia's first capped fee funds, and our bespoke ASX-listed Intelligent Investor fund products.

With a fully developed product suite and a unique ecosystem, our focus is to accelerate the growth of funds management income. Making it easier for our clients to invest with us by providing better online experiences with fewer manual processes is central to that goal. We are also keen to provide products and tools which are accessible and relevant to younger demographics, such as InvestSMART Fundlater which was launched in September 2021. Fundlater is a savings plan allowing investors with a $4k deposit to invest the minimum amount of $10,000 into an InvestSMART Professionally Managed Account. This is facilitated by a low-cost loan of $6,000 provided by InvestSMART. Also servicing young investors is Bootcamp launched in July 2020, designed by our experts to educate and help less experienced investors make good investment decisions.

We remain confident in InvestSMART's long term strategy. Ongoing regulatory oversight on financial institutions, especially financial planners, will continue to drive up the cost of personal specific advice, putting it out of reach for most Australians. InvestSMART provides ideal low-cost solutions for many of these people.

GROWING FUNDS UNDER MANAGEMENT

Our digital wealth platform is delivering strong annual growth, achieved through trust, high quality content, technology and innovative products. FUM has grown at a 70% 5 year Compound Annual Growth Rate (CAGR) since 30 June 2017.



The InvestSMART Professionally Managed Accounts investment platform (PMA) was launched in 2018 and contains many innovative features. PMA investment accounts focus on investing into our selection of preferred ETFs which provide a balance between performance returns, cost efficiency and risk diversification. The investor portfolio is registered under the investor's name in a unique HIN, giving the investor legal and beneficial ownership of the underlying securities. The number of PMA accounts increased by 60% over the year to 2,513 as we see the validation of our investment solution. Fundlater is an important part of the acceleration of the growth in PMA accounts as we seek to help a younger audience safely invest in a diversified portfolio of assets to achieve their financial goals.

Rounding out our offering we have Australian active funds managed by Intelligent Investor including Income, Growth and Ethical Funds. These funds are offered as active exchange traded funds on the ASX and provide low-cost access to managed funds for investors on the ASX CHESS platform with low minimum investment requirements, enhanced transparency (ongoing quotation) and simplicity (application and redemption process is through the ASX CHESS platform). We conduct secondary offerings for each fund on an annual basis to our growing community of investors. Total Funds Under Management for these funds was $231m at 30 June 2022, 40% higher than a year earlier.

SUBSCRIPTIONS

Intelligent Investor and *Eureka Report* subscription products continue to deliver relevant, expert, timely commentary and financial recommendations. They are an important element in the InvestSMART ecosystem, generating valuable cash flow, search engine optimisation and, critically, trust. We increased the prices for our subscription products for the first time in many years in FY22. Subscription income increased by 8% to $5.3m during FY22 whilst total subscribers declined 3% to 10,464 subscribers.

UNIQUE ECOSYSTEM

Over several years we have worked hard to integrate several assets into one unique ecosystem. A digital ecosystem is complex, however we believe that we provide the expertise, user experience, products, tools and ambassadors to simplify the complex.

The Covid-19 pandemic accelerated the use of digital tools and solutions. We believe that this will continue over time. In addition the Hayne Royal Commission galvanised the finance industry to restructure to deliver what millions of investors want but haven't previously been able to get - independent, low cost financial advice and products. The new environment will deliver better outcomes for investors and is laden with opportunity for companies positioned to service them as they deserve to be.

As a digital-first company with a unique, developed ecosystem and hundreds of thousands of do-it-yourself investors, we have a head start in the race. In FY22 we had over 15.8 million website pageviews with 7 million visits. Each non-bounce visit spent 6.8 minutes on the website on average (non-bounce average visit duration). Servicing over 720,000 prospective members, 10,464 subscribers, 10,763 FUM accounts and more than 136,000 free portfolio manager accounts monitoring close to $32billion in assets, InvestSMART is at the forefront of digital advice.

	Free Active Database	Total Member Portfolios	Value of assets held on Portfolio Manager ($bn)
Jun-16	546,980	63,014	$12.61
Jun-17	586,309	88,892	$20.09
Jun-18	637,024	109,472	$26.46
Jun-19	692,812	118,506	$28.56
Jun-20	677,514	123,930	$30.56
Jun-21	704,030	130,471	$31.65
Jun-22	728,397	136,825	$31.71

OUTLOOK

We recorded an operating profit of $103k in FY22. The business is well capitalised with $8.1m of cash at bank and revenue in our funds management products is growing. Whilst uncertainties remain with regards to inflation, we are comfortable with our operating cost base and process of leveraging up and down marketing expenditure as opportunities arise to accelerate growth. With an experienced team and a suite of innovative products and services we are well positioned to grow the number of clients and profits.

The Board remains confident in InvestSMART's long term strategy to be Australia's #1 digital wealth platform for all Australians looking to take control of their investments to meet their financial goals.

Ongoing regulatory oversight on financial institutions, especially financial planners, will continue to drive up the cost of personal specific advice, putting it out of reach for most Australians. InvestSMART's now fully developed suite is an ideal low-cost solution for many of these people.

Our job now is to make it simple for new members to engage with us and our products. This, we believe, will lead to higher conversions and more paying customers. Our low cost, capped fee PMAs are a good example of how this strategy is playing out. There is a far larger market for these products, which we have only just begun to address.

The Board would like to thank our staff, shareholders, and clients for their continued contribution to the ongoing success of our business. We look forward to realising the full potential of our business over coming years and celebrating with you our future success.

Paul Clitheroe
Chairman

Ron Hodge
Managing Director

CORPORATE GOVERNANCE STATEMENT

The InvestSMART Board is committed to achieving and demonstrating best practice standards of corporate governance with the Australian Stock Exchange (ASX) regulations. Our goal is to ensure we protect the rights and interests of all stakeholders and ensure the company is properly managed through the implementation of sound strategies and action plans.

We achieve this through good management and by supervising an integrated framework of controls over the company's resources to ensure our commitment to high standards of ethical behaviour. In developing corporate governance policies and practices for the Group, the Company takes into account the Constitution of the Company (Constitution) and applicable legislation and standards, including:

- Corporations Act 2001 (Cth) (Corporations Act);
- Australian Securities Exchange Listing Rules (Listing Rules);
- Corporate Governance Principles and Recommendations, 4th Edition published by the ASX Corporate Governance Council (ASXCGC); and
- legislation governing Australian Financial Services Licences and other licences held by members of the Group.

A description of the company's corporate governance practices is set out in the Company's corporate governance statement which can be viewed at https://www.investsmart.com.au/shareholder-centre/governance. The 2022 corporate governance statement is dated 24 August 2022 and is approved by the Board. The statement reflects the corporate governance practices in place throughout the 2022 financial year.

Our remuneration report is enclosed in the annual report and outlines group remuneration policies, Board performance and the senior executive remuneration policies and compensation.

DIRECTORS' REPORT

The Directors present their report on InvestSMART Group Limited (the Company) and its subsidiaries (collectively the Group) for the financial year ended 30 June 2022.

Review of operations

The table below shows the consolidated performance of the Group for the years ended 30 June 2022 and 30 June 2021. This information is presented to show the relative changes in operating income over the period.

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Total operating income increased by 12% compared to the prior year. Funds management fees increased by 85% compared to the prior year. Total funds under management increased from $330 million at 30 June 2021 to $470 million at 30 June 2022. Funds under management consists of Professionally Managed Accounts (portfolios of exchange traded funds under a capped fee model on the InvestSMART platform) and Intelligent Investor ASX listed Active Exchange Traded Funds. Subscription income from Intelligent Investor and Eureka Report grew 8% compared to the prior year. The increase is due to an increase in prices for our subscription products from 1 July 2021. Funds management fees and subscription income are the focus areas of the business moving forward.

Commissions income from fund managers decreased due to the cessation grandfathered commissions. Legislation removed grandfathering arrangements for commissions on funds management products and default insurance within superannuation from 1 January 2021. Insurance commissions are not similarly affected as the majority of policies are outside superannuation.

Marketing expenses increased due to an increase in volume of digital, search engine and brand expenditure.

Gain on ventures investments and call option is higher in the prior year due to a revaluation of a venture capital investment during the year ended 30 June 2021.

Cash and cash equivalents increased to $8.08 million at 30 June 2022 compared to $6.48 million at 30 June 2021. AWI Ventures Pty Ltd, the subsidiary which held the remaining three ventures investments, was sold in May 2022 for a cash consideration of $3.2 million. The Net Tangible Assets of the Group is largely unchanged compared to the prior year at 4.33c (2021: 4.37c).

The Group has substantial realised capital tax losses that have not been recognised in the financial statements as the Directors believe there are negligible opportunities to utilise those losses in the medium term.

Dividends
No dividend has been declared, recommended or paid for the financial year ended 30 June 2022 (2021: nil).

Earnings/loss per share
Basic loss per share was 0.67 cents (2021: earnings per share 0.03c), and diluted loss per share was 0.67 cents (2021: earnings per share 0.00c).

Significant Changes in State of Affairs
There were no significant changes in the Group's state of affairs during the period.

AWI Ventures Pty Ltd, a subsidiary of InvestSMART Group Ltd, was disposed during the period. The activities of this subsidiary were not part of the principal activities of the Group. Refer to Annual Financial Report attached for further information.

Principal Activities
The principal activities of the Group during the year was the provision of financial services and products to retail investors in particular in the areas of funds management, wealth management and personal insurance.

Events Subsequent to Balance Date
There have been no significant events since 30 June 2022 up to the date of this report.

Business strategies and prospects
The Group will continue to focus on increasing the conversion of users of free products on its website and mobile application to new subscribers and investors in its fund management products. The Group continues to offer free portfolio management services, free content, calculators, education and tools as part of the conversion and trust building process. The Group will continue to focus marketing efforts on our products through targeted campaigns, digital advertising, search engine optimisation and media coverage.

Attrition rates for insurance commissions are expected to continue with a small portion affected by cessation of grandfathered commissions.

Business Risks
The Group accepts that it is exposed to risks inherent in the services provided. The Group has adopted an enterprise risk management model to mitigate the likelihood of these risks occurring. The Audit, Risk and Compliance Committee appointed by the Board of InvestSMART Group Limited has oversight of the Risk Management Policy, Risk Register and the risk management process. In summary The Group is exposed to the following risks:

- Market and Investment – market conditions, volatility and counterparty risk
- Operational – Outsourcing, fraud and valuation of assets
- Financial – capital management and liquidity
- Technology – data, cyber security and malicious activity
- Human Resources – loss of key personnel and employee misconduct

- Strategic – execution of strategy and competition
- Regulatory – adverse regulatory change and non-compliance with laws and regulations
- Reputational
- Governance

Directors

The names and details of the Directors of the Company who held office during the year and at the date of this report (unless otherwise specified) are:

Paul Clitheroe AM ***(Appointed Non-Executive Chairman 26 November 2014, appointed Executive Chairman 31 March 2015, reappointed Non-Executive Chairman 24 February 2016)***
Non-executive Chairman
Bachelor of Arts (UNSW), SNF Fin, CFP
Age 67

Paul Clitheroe was a founding director of leading financial planning firm ipac and has been involved in the investment industry since he graduated from the University of New South Wales in the late 1970s. From 1993 to 2002 Paul hosted the popular Channel 9 program *Money.* Since 1999 he has been the chairman and chief commentator of *Money* magazine. He writes personal finance columns for metropolitan, suburban and regional newspapers across Australia. Paul has been a media commentator and conference speaker for more than 30 years and is regarded as one of Australia's leading experts in the field of personal investment strategies and advice.

Paul is Chairman of Monash Absolute Investment Company Ltd (commenced: 20/01/2016) and previously a Director of Wealth Defender Equities Ltd, both ASX-listed investment companies. He is also Chairman of the Ensemble Theatre Foundation, Chairman of Ecstra (formerly Financial Literacy Australia) and Chairman of the youth anti-drink driving body, RADD. In 2012, Macquarie University appointed Mr Clitheroe as Chair of Financial Literacy. He is a Professor with the School of Business and Economics.

Michael Shepherd AO ***(Appointed 1 March 2014)***
Lead Independent Non-Executive Director
Chairman of the Audit, Risk and Compliance Committee
Chairman of the Nomination and Remuneration Committee
SF Fin, MAICD
Age 72

Michael Shepherd has had a successful career in financial services over more than 40 years. He was a director of ASX Limited and group between 1988 and 2007, including a term as Vice-Chairman between 1993 and 2007. Michael was also Chairman of the ASX Derivatives Board and Chairman of the ASX Market Rules Committee.

Michael is currently Chairman of Navigator Global Investments Limited (a listed investment management company, commenced 16/12/2009) and a member of the Responsible Entity Compliance Committee of UBS Global Asset Management (Australia) Limited. He is also a Senior Fellow and Life Member, Financial Services Institute of Australasia, after being a director of that body between 2001 and 2009, including 2 years as National President.

Peter Ronald Hodge ***(Appointed 1 September 2015, appointed Managing Director 24 February 2016)***
Managing Director
BCom, BEcon, MSc, FFin, GAICD
Age 52

Ron Hodge was the founder of InvestSMART in 1999. Mr Hodge later sold this business to Fairfax Media in October 2007 where he continued as General Manager. He has worked in financial services for over 25 years, including at UBS in Singapore and Bell Commodities in Sydney. Ron holds a Masters degree in Computer Science, Bachelors Degree in Commerce, Bachelors Degree in Economics, a Graduate Diploma in Applied Finance and Investments and is a Graduate of the Australian Institute of Company Directors.

Effie Zahos ***(Appointed 11 November 2020)***
Independent Non-executive Director
BEcon
Age 52

Effie Zahos is one of Australia's leading personal finance commentators with more than two decades of experience helping Australians make the most of their money. A regular money expert on Channel 9's Today Show and on radio around Australia, Effie is also the author of The Great $20 Adventure, A Real Girl's Guide to Money and Ditch the Debt and Get Rich.

Effie was editor of Money magazine until 2019, having helped establish it in 1999 and is now Editor-at-Large of Canstar. Passionate about financial literacy, Effie sits on the board of directors for Ecstra, a not-for-profit organisation committed to building the financial capability of all Australians.

Effie holds a Bachelor of Economics Degree from the University of Queensland.

Company Secretary
Catherine Teo was appointed Company Secretary and General Counsel on 12 February 2019. Catherine is a qualified lawyer, admitted in the Supreme Court of New South Wales and the High Court of Australia and has over ten years' experience as a corporate lawyer. Catherine resigned as Company Secretary on 25 February 2021 to commence maternity leave. Catherine was reappointed as company secretary on 31 January 2022.

Martin Conley was appointed Company Secretary on 24 February 2021. Martin has over 20 years of experience as a company secretary and corporate governance professional across large, dynamic and complex organisations. Martin resigned as company secretary on 31 January 2022.

Meetings of Directors
The number of Directors' Meetings (including Meetings of Committees of Directors) and number of Meetings attended by each of the Directors of the Company during the 2022 financial year were:

	Directors' Meetings		Meetings of Audit, Risk and Compliance Committee		Meetings of Nomination and Remuneration Committee		Meetings of Investment Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Paul Clitheroe	10	10	5	4	1	1	4	4
Ron Hodge	10	10	-	-	-	-	4	4
Michael Shepherd	10	9	5	5	1	1	-	-
Effie Zahos	10	10	-	-	-	-	4	4

Interests in the Securities of the Company
The relevant interests of each Director in the securities of the Company shown in the Register of Directors' Shareholdings as at the date of this report are:

Director	Ordinary Shares
Paul Clitheroe	5,000,000
Michael Shepherd	600,000
Peter Ronald Hodge	14,415,093
Effie Zahos	Nil

Directors are not required under the Company's constitution to hold any shares, options or any other securities in the Company. A portion of the shares held by Paul Clitheroe (1,333,334) and Ron Hodge (1,522,223) are subject to vesting conditions.

Unitholdings in Funds
The number of units held during the year by each Director in funds for which InvestSMART Funds Management Ltd acts as Responsible Entity:

	Balance at 30 June 2021	Units acquired	Balance at 30 June 2022
Intelligent Investor Australian Equity Growth Fund			
Paul Clitheroe	42,389	-	42,389
Michael Shepherd	10,790	-	10,790
Ron Hodge	8,000	6,233	14,233
Intelligent Investor Australian Equity Income Fund			
Ron Hodge	-	17,293	17,293
Intelligent Investor Ethical Share Fund			
Ron Hodge	-	14,423	14,423
Professionally Managed Accounts			
Ron Hodge	2	2	4
Eureka Asset-Backed Loan Fund			
Ron Hodge	-	540,000	540,000

Interests in Contracts or Proposed Contracts with the Company
Paul Clitheroe and Ron Hodge have received loans from the company as part of the Employee and Directors Share Plan (EDSP) as detailed below. Ron Hodge received a loan of $6,000 as a Fundlater client during the year. A related party of Ron Hodge received a loan of $6,000 during the year as a Fundlater client. The Fundlater loans were issued by InvestSMART Financial Services Pty Ltd. The loans were sold to Eureka Asset-Backed Loan Fund, a Fund issued by InvestSMART Funds Management Limited, during the year.

Other than as noted above, none of the Directors have an interest in, or proposed interests in, contracts with the Group.

Remuneration Report (Audited)

The Group's remuneration policy is designed to offer a remuneration structure that aligns management incentives with the interests of shareholders and attracts and retains employees and Directors who have extensive experience in the financial services industry and are knowledgeable in investment management best practice. Remuneration is reviewed at least annually by the Nomination and Remuneration committee, which consists of non-executive directors.

All Directors must have a commitment to good corporate governance. The primary role of the non-executive Directors is the protection and enhancement of sustainable shareholder value through:

(a) ensuring the control and accountability framework is in place so that all significant issues relating to the operation and performance of the Company and its subsidiary entities are brought to the attention of the Board;
(b) monitoring governance policies, practices and systems to ensure they are effective and appropriate; and
(c) monitoring risk policies, practices and systems to ensure they are effective and appropriate.

The Directors agree the remuneration each Director receives (other than any Managing Director or Director who is a salaried officer), subject to the sum determined by the Company in general meeting. No option or bonus plans are in place for Directors other than those listed below.

Under ASX Listing Rule 10.17, the maximum fees payable to Directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

The Directors will be entitled to receive the following benefits:

(a) the maximum total remuneration of the Directors of the Company (excluding the Managing Director) has been approved by shareholders at $400,000 per annum to be divided amongst them in such proportions as they agree. Directors are not required to allocate the entire amount.
(b) Paul Clitheroe is eligible to participate in the EDSP and received 4,000,000 shares divided into three equal tranches and a corresponding limited recourse loan on 9 December 2020, as approved by shareholders at the Annual General Meeting on 11 November 2020. The EDSP shares replaced the 4,000,000 LTIP shares previously issued. Paul's shares have no performance conditions. The first tranche is issued at 15 cents and vested immediately. The second tranche is issued at 20 cents and vested on 30 November 2021. The third tranche is issued at 30 cents and vests on 30 November 2022. The loan relating to each tranche is repayable 5 years after each tranche vests.
(c) Ronald Hodge, as Managing Director, is eligible to participate in the EDSP and received 4,566,665 shares divided into three equal tranches and a corresponding limited recourse loan on 9 December 2020, as approved by shareholders at the Annual General Meeting on 11 November 2020. The EDSP shares replaced the 4,566,665 LTIP and ESOP shares previously issued. Ron's shares have no performance conditions. The first tranche is issued at 15 cents and vested immediately. The second tranche is issued at 20 cents and vestsed on 30 November 2021. The third tranche is issued at 30 cents and vests on 30 November 2022. On 8 December 2021 Ron received 210,000 EDSP shares at a price 25c in lieu of cash as part of the Group's short-term incentive plan (STI) as approved by shareholders at the Annual General Meeting on 17 November 2021. The loan relating to each tranche of shares is repayable 5 years after each tranche vests.

Key management personnel may receive fixed remuneration as cash, shares through the Group's EDSP and cash or shares through the Group's short-term incentive plan (STI). Fixed remuneration is reviewed at least annually. The Group aims to position executives and staff at or near the median for comparable roles in a similar industry. Consideration is also given to capability, experience, performance and other elements of remuneration.

All staff and executives are entitled to participate in the STI scheme as part of their total remuneration subject to Group and employee specific indicators. The Group performance indicator is budgeted revenue for the financial year. The total STI pool is determined by the Group's relative performance against budget. The total value of the STI pool increases at a predetermined rate as outperformance against budget increases. Executives and employees receive an STI from this bonus pool where they achieve individual key performance indicators. The STI may be received in cash or shares, subject to restrictions of a cap on cash amount and availability of shares to be issued. The performance conditions were chosen to incorporate overall performance of the company against budget and individual qualitative and quantitative assessments.

The Group has linked performance with compensation in relation to the performance of the InvestSMART Group share price through the Group's Employee and Director Share Plan (EDSP), which is an equity-settled share-based payment to employees and Directors. On 9 December 2020 all shares issued under the company's previous equity-settled share-based payment plans, the Long-Term Incentive Plan (LTIP) and the Employee Share Ownership Plan (ESOP) were bought back and new shares issued under the new EDSP plan. The market price of InvestSMART Group on this date was 9.1 cents. The value of any benefits given to Directors or key management personnel (KMP) is detailed below.

The table below reflects results and measurements recommended by the Corporations Act for discussion of the relationship between company performance and remuneration.

	2022	2021	2020	2019	2018
Revenue ($)	9,702,468	8,680,504	10,613,052	11,987,384	13,453,823
Total comprehensive profit/(loss) ($)	(740,176)	35,778	(1,335,658)	(1,770,852)	230,284
Share price ($)	0.240	0.215	0.074	0.062	0.190
Dividends declared and paid ($)	-	-	-	-	-
Shares bought back on market	-	377,823	-	-	-

The Group continues to focus on consistently growing revenue in funds management and subscriptions to add further shareholder value. The Group's Revenue declined from 2018 to 2021 and earnings have been negative in some years due to the nature of the business. Funds management commissions on new products were abolished in 2014 with existing commissions arrangements grandfathered. This meant that this revenue source would decline consistently. This revenue source was permanently banned from 1 January 2021. The table below shows the decline in commissions revenue and progress growing funds management and subscriptions revenue:

	2022	2021	2020	2019	2018
Funds management fees ($)	2,690,468	1,456,246	900,213	764,953	347,667
Subscription revenue ($)	5,278,786	4,883,208	4,350,653	4,235,400	5,005,675
Commissions on funds management and insurance ($)	1,439,998	2,071,280	5,295,069	6,398,769	6,869,238

The Directors' remuneration for the year ended 30 June 2022 is detailed in the following table:

		Short-term benefits			Post-employment benefits	Long-term benefits	Share based payments^	
Name of Director		Base remuneration	Cash bonus	Annual Leave[+]	Super-annuation	Long Service Leave[+]	Equity settled	Total
		$	$	$	$	$	$	$
Paul Clitheroe	FY22	82,192	-	-	8,219	-	19,670	110,081
	FY21	78,082	-	-	7,418	-	26,813	112,313
Michael Shepherd	FY22	82,192	-	-	8,219	-	-	90,411
	FY21	78,082	-	-	7,418	-	-	85,500
Ron Hodge	FY22	271,348	-	1,242	27,135	5,612	41,113	346,450
	FY21	248,566	-	(4,805)	23,614	4,406	30,612	302,393
Effie Zahos	FY22	60,000	-	-	-	-	-	60,000
	FY21	38,333	-	-	-	-	-	38,333
Kevin Moore[#]	FY22	-	-	-	-	-	-	-
	FY21	21,000	-	-	-	-	-	21,000
TOTAL	FY22	495,732	-	1,242	43,573	5,612	60,783	606,942
	FY21	464,063	-	(4,805)	38,450	4,406	57,425	559,539

^ Share-based payments consists of apportioned expense under AASB 2 – Share-based payments for EDSP shares issued
+ The movement in Annual leave and long service leave entitlements accrued during the year
# Kevin Moore was appointed on 1 December 2017 and resigned on 1 December 2020

No Director of the Company has received or become entitled to receive a benefit, other than a remuneration benefit as disclosed in the notes to the financial statements, by reason of a contract made by the Company or a related entity with the Director or with a firm of which they are a member, or with a Company in which they have a substantial interest. Ron Hodge received a loan of $6,000 as a Fundlater client during the year. A related party of Ron Hodge received a loan of $6,000 during the year as a Fundlater client. The Fundlater loans were issued by InvestSMART Financial Services Pty Ltd. The loans were sold to Eureka Asset-Backed Loan Fund, a Fund issued by InvestSMART Funds Management Limited, during the year.

Key Management Personnel
Ron Hodge (Managing Director), Nigel Poole (Chief Technology Officer) and Alastair Davidson (Head of Funds Management) were considered to be Key Management Personnel ("KMP") for the year ended 30 June 2022. All of the KMP are on ongoing contracts which require from the KMP 3 months' written notice of intention to terminate employment. The Board may terminate the employment of a KMP with 6 months' written notice, if without cause.

The remuneration of the key management personnel who were not Directors for the year to 30 June 2022 is shown below.

		Short-term benefits			Post-employment benefits	Long-term benefits	Share based payments^	
Name of KMP		Base remuneration	Cash bonus	Annual Leave+	Superannuation	Long Service Leave+	Equity settled	Total
		$	$	$	$	$	$	$
Nigel Poole	FY22	229,429	15,455	165	24,488	5,723	21,964	297,224
	FY21	213,341	-	2,079	20,267	10,161	29,942	275,790
Alastair Davidson	FY22	210,095	-	(2,276)	21,009	4,065	37,068	269,961
	FY21	210,485	-	(822)	19,996	8,964	29,942	268,565

^ Share-based payments consists of apportioned expense under AASB 2 – Share-based payments for EDSP shares issued
+ The movement in Annual leave and long service leave entitlements accrued during the year

Shares held by Key Management Personnel and Directors

Security	Balance at 30 June 2020	Shares acquired during the year	Shares cancelled during the year	Balance at 30 June 2021	Shares acquired during the year	Balance at 30 June 2022	Approval or issue date	Value at issue date	Estimated or actual vesting date	Vested balance at 30 June 2020	Shares vested during the year	Vested Balance at 30 June 2021	Shares vested during the year	Vested balance at 30 June 2022
Paul Clitheroe	5,000,000	4,000,000	(4,000,000)	5,000,000	-	5,000,000				1,333,333	-	1,333,333	-	2,666,666
Fully Paid Issued Capital	1,000,000	-	-	1,000,000	-	1,000,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EDSP Tranche 1	-	1,333,333	-	1,333,333	-	1,333,333	9/12/2020	0.019	9/12/2020	n/a	1,333,333	1,333,333	-	1,333,333
EDSP Tranche 2	-	1,333,333	-	1,333,333	-	1,333,333	9/12/2020	0.018	30/11/2021	n/a	-	-	1,333,333	1,333,333
EDSP Tranche 3	-	1,333,334	-	1,333,334	-	1,333,334	9/12/2020	0.014	30/11/2022	n/a	-	-	-	-
LTIP Tranche 1	1,333,333	-	(1,333,333)	-	-	-	26/11/2014	0.054	Note 1	1,333,333	n/a	n/a	n/a	n/a
LTIP Tranche 2	1,333,333	-	(1,333,333)	-	-	-	26/11/2014	0.066	Note 1	-	n/a	n/a	n/a	n/a
LTIP Tranche 3	1,333,334	-	(1,333,334)	-	-	-	26/11/2014	0.073	Note 1	-	n/a	n/a	n/a	n/a
Michael Shepherd	600,000	-	-	600,000	-	600,000								
Fully Paid Issued Capital	600,000	-	-	600,000	-	600,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ron Hodge	8,496,666	10,068,668	(4,566,665)	13,998,669	416,424	14,415,093				4,566,665	1,522,221	1,522,221	1,732,221	3,254,442
Fully Paid Issued Capital	3,930,001	5,502,003	-	9,432,004	206,424	9,638,428	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EDSP Tranche 1	-	1,522,221	-	1,522,221	-	1,522,221	9/12/2020	0.019	9/12/2020	n/a	1,522,221	1,522,221	-	1,522,221
EDSP Tranche 2	-	1,522,221	-	1,522,221	-	1,522,221	9/12/2020	0.018	30/11/2021	n/a	-	-	1,522,221	1,522,221
EDSP Tranche 3	-	1,522,223	-	1,522,223	-	1,522,223	9/12/2020	0.014	30/11/2022	n/a	-	-	-	-
EDSP Tranche 4	-	-	-	-	210,000	210,000	8/12/2021	0.089	8/12/2021	n/a	n/a	n/a	210,000	210,000
LTIP Tranche 1	1,388,888	-	(1,388,888)	-	-	-	17/06/2015	0.077	8/09/2016	1,388,888	n/a	n/a	n/a	n/a
LTIP Tranche 2	1,388,888	-	(1,388,888)	-	-	-	17/06/2015	0.083	8/09/2017	1,388,888	n/a	n/a	n/a	n/a
LTIP Tranche 3	1,388,889	-	(1,388,889)	-	-	-	17/06/2015	0.088	8/09/2018	1,388,889	n/a	n/a	n/a	n/a
ESOP Tranche 1	133,333	-	(133,333)	-	-	-	28/12/2016	0.050	28/12/2017	133,333	n/a	n/a	n/a	n/a
ESOP Tranche 2	133,333	-	(133,333)	-	-	-	28/12/2016	0.057	28/12/2018	133,333	n/a	n/a	n/a	n/a
ESOP Tranche 3	133,334	-	(133,334)	-	-	-	28/12/2016	0.063	28/12/2019	133,334	n/a	n/a	n/a	n/a

Note 1: The LTIP shares issued to Paul Clitheroe were cancelled on 8 December 2020 and replaced with EDSP shares as approved by shareholders at the Annual General Meeting on 11 November 2020. The LTIP shares issued to Paul Clitheroe vested in three equal tranches on the later of the first, second and third anniversary of the grant date, or the date the share price was at or above $0.33, $0.42 or $0.50 respectively for each tranche. The first tranche vested on 30 May 2016 and had a maturity date of 30 May 2021. The remaining two tranches remained unvested and had a maturity date of 5 years post vesting. The EDSP shares have maturity dates of 30 November 2025 for tranche 1, 30 November 2026 for tranche 2 and 30 November 2027 for tranche 3.

Security	Balance at 30 June 2020	Shares acquired during the year	Shares cancelled during the year	Balance at 30 June 2021	Shares acquired during the year	Balance at 30 June 2022	Approval or issue date	Value at issue date	Estimated or actual vesting date	Vested balance at 30 June 2020	Shares vested during the year	Vested Balance at 30 June 2021	Shares vested during the year	Vested balance at 30 June 2022
Nigel Poole	4,466,666	4,466,666	(4,466,666)	4,466,666	-	4,466,666				4,466,666	1,488,888	1,488,888	1,488,889	2,977,777
EDSP Tranche 1	-	1,488,888	-	1,488,888	-	1,488,888	9/12/2020	0.019	9/12/2020	n/a	1,488,888	1,488,888	-	1,488,888
EDSP Tranche 2	-	1,488,889	-	1,488,889	-	1,488,889	9/12/2020	0.018	30/11/2021	n/a	-	-	1,488,889	1,488,889
EDSP Tranche 3	-	1,488,889	-	1,488,889	-	1,488,889	9/12/2020	0.014	30/11/2022	n/a	-	-	-	-
LTIP Tranche 1	1,388,888	-	(1,388,888)	-	-	-	17/06/2015	0.077	8/09/2016	1,388,888	n/a	n/a	n/a	n/a
LTIP Tranche 2	1,388,889	-	(1,388,889)	-	-	-	17/06/2015	0.083	8/09/2017	1,388,889	n/a	n/a	n/a	n/a
LTIP Tranche 3	1,388,889	-	(1,388,889)	-	-	-	17/06/2015	0.088	8/09/2018	1,388,889	n/a	n/a	n/a	n/a
ESOP Tranche 1	100,000	-	(100,000)	-	-	-	28/12/2016	0.050	28/12/2017	100,000	n/a	n/a	n/a	n/a
ESOP Tranche 2	100,000	-	(100,000)	-	-	-	28/12/2016	0.057	28/12/2018	100,000	n/a	n/a	n/a	n/a
ESOP Tranche 3	100,000	-	(100,000)	-	-	-	28/12/2016	0.063	28/12/2019	100,000	n/a	n/a	n/a	n/a
Alastair Davidson	5,248,059	4,841,210	(4,466,665)	5,622,604	170,000	5,792,604				4,466,665	1,488,888	1,488,888	1,658,889	3,147,777
Fully Paid Issued Capital	781,394	374,544	-	1,155,938	-	1,155,938	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EDSP Tranche 1	-	1,488,888	-	1,488,888	-	1,488,888	9/12/2020	0.019	9/12/2020	n/a	1,488,888	1,488,888	-	1,488,888
EDSP Tranche 2	-	1,488,889	-	1,488,889	-	1,488,889	9/12/2020	0.018	30/11/2021	n/a	n/a	-	1,488,889	1,488,889
EDSP Tranche 3	-	1,488,889	-	1,488,889	-	1,488,889	9/12/2020	0.014	30/11/2022	n/a	n/a	-	-	-
EDSP Tranche 4	-	-	-	-	170,000	170,000	1/09/2021	0.089	1/09/2021	n/a	n/a	-	170,000	170,000
LTIP Tranche 1	1,388,888	-	(1,388,888)	-	-	-	17/06/2015	0.077	8/09/2016	1,388,888	n/a	n/a	n/a	n/a
LTIP Tranche 2	1,388,888	-	(1,388,888)	-	-	-	17/06/2015	0.083	8/09/2017	1,388,888	n/a	n/a	n/a	n/a
LTIP Tranche 3	1,388,889	-	(1,388,889)	-	-	-	17/06/2015	0.088	8/09/2018	1,388,889	n/a	n/a	n/a	n/a
ESOP Tranche 1	100,000	-	(100,000)	-	-	-	28/12/2016	0.050	28/12/2017	100,000	n/a	n/a	n/a	n/a
ESOP Tranche 2	100,000	-	(100,000)	-	-	-	28/12/2016	0.057	28/12/2018	100,000	n/a	n/a	n/a	n/a
ESOP Tranche 3	100,000	-	(100,000)	-	-	-	28/12/2016	0.063	28/12/2019	100,000	n/a	n/a	n/a	n/a

The EDSP shares have no performance conditions in order to vest. The directors believed that the issue prices for the EDSP shares better aligned the interests of Paul Clitheroe and key management personnel with the shareholders.

The LTIP and ESOP shares issued to Ron Hodge, Alastair Davidson and Nigel Poole were cancelled on 8 December 2020 and replaced with EDSP shares as approved by shareholders at the Annual General Meeting on 11 November 2020. The LTIP shares had maturity dates of 8 September 2021 for tranche 1, 8 September 2022 for tranche 2 and 8 September 2023 for tranche 3. The ESOP shares had maturity dates of 28 December 2022 for tranche 1, 28 December 2023 for tranche 2 and 28 December 2024 for tranche 3. The EDSP shares have maturity dates and issue prices of 30 November 2025 for tranche 1 (issue price 15c), 30 November 2026 for tranche 2 (issue price 20c) and 30 November 2027 for tranche 3 (issue price 30c). EDSP4 shares were issued to Alastair Davidson on 1 September 2021 and Ron Hodge on 8 December 2021. The shares were issued in lieu of a cash bonus under the Company's STI plan. Ron Hodge's issue of shares was approved by shareholders at the Annual General Meeting on 17 November 2021. EDSP4 shares vest immediately, have a maturity date of 1 September 2026 and an issue price of 25c.

The EDSP shares issued are dependent on the relevant director or employee not resigning or being dismissed for cause before each tranche vests.

Key management personnel transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary shareholders.

This concludes the Remuneration Report which has been audited.

Environmental regulation
The Group is not subject to any particular or significant environmental regulation under Australian Commonwealth or State Law.

Insurance of Directors
During the financial year, the Company has given indemnity and paid insurance premiums to insure Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors or officers of the Company or subsidiaries, other than conduct involving a wilful breach of duty in relation to the Company or subsidiaries. Details of the nature of the liabilities covered and the amount of premiums paid have not been disclosed as disclosure is prohibited under the terms of the contract.

Indemnification of auditors
The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the company or of any related body corporate against a liability incurred as such auditor.

Non-Audit Services
A network firm, BDO Services Pty Ltd, received $59,307 for non-audit services (taxation services). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. No other non-audit services have been provided by the auditor or by another person on the auditor's behalf during the year. This statement has been made in accordance with advice provided by the Company's audit committee and has been endorsed by a resolution of that committee.

Proceedings on behalf of the Group
No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 19.

The annual directors' report is signed in accordance with a resolution of the Directors.

Paul Clitheroe
Chairman
Dated this 24th day of August 2022 at Sydney

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor of InvestSMART Group Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

24 August 2022

Consolidated Statement of Comprehensive Income

	Notes	2022 $	2021 $
Funds management fees		2,690,468	1,456,246
Subscription income		5,278,786	4,883,208
Commission income - insurance		1,439,998	1,477,055
Commission income - funds		-	594,225
Other income	3	293,216	269,770
Total Income		9,702,468	8,680,504
Net loss/(gain) on financial instruments at fair value through profit and loss	4	142,102	(1,255,740)
Accounting and administrative costs		568,828	553,863
Audit fees	23	147,985	140,422
Business insurance		292,912	242,819
Commission rebates		452,369	482,337
Directors' fees		240,823	230,334
Employee costs		5,243,470	5,050,554
Legal and statutory expenses		93,949	120,398
Marketing and advertising		1,004,236	720,026
Other expenses		405,994	423,969
Software and website costs		928,475	796,722
Travel and accommodation		15,376	21,277
Depreciation and amortisation		815,823	1,207,238
Employee benefit expense	16	214,625	215,165
Total expenses		10,566,967	8,949,384
Profit/(loss) before income tax		(864,499)	(268,880)
Income tax benefit	7	124,323	304,658
Profit/(loss) for the year		(740,176)	35,778
Other comprehensive income, net of income tax		-	-
Total comprehensive profit/(loss) for the year		(740,176)	35,778
Basic earnings/(loss) per share (cents per share)	20	(0.67)	0.03
Diluted earnings/(loss) per share (cents per share)	20	(0.67)	0.00

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

Consolidated Statement of Financial Position

	Notes	2022 $	2021 $
ASSETS			
Cash and cash equivalents	19	8,080,119	6,483,167
Trade and other receivables	8	590,241	439,776
Prepayments and deposits		256,365	259,603
Financial assets at fair value through profit and loss	5	8,899	3,185,701
Loans receivable	6	6,210	-
Fixed assets, including software	12	90,253	92,275
Right of use asset	9	797,289	274,398
Deferred tax asset	7	435,579	323,206
Intangibles	11	1,372,868	1,943,556
Total assets		11,637,823	13,001,682
LIABILITIES			
Trade and other payables	13	723,415	791,730
Subscriptions received in advance		2,470,118	3,722,362
Trail commissions to rebate		283,395	306,902
Provisions	14	723,132	792,329
Lease liability	9	828,722	288,067
Deferred tax liability	7	542,539	554,489
Total liabilities		5,571,321	6,455,879
Net assets		6,066,502	6,545,803
EQUITY			
Issued capital	17	58,541,495	58,495,245
Employee Benefit reserve	16	2,234,594	2,019,969
Retained losses		(54,709,587)	(53,969,411)
Total equity		6,066,502	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

	Notes	Issued Capital	Retained losses	Employee Benefit Reserve	Total Equity
		$	$	$	$
Balance at 30 June 2020		58,522,441	(54,005,189)	1,804,804	6,322,056
Comprehensive income for the year		-	35,778	-	35,778
Employee benefit share reserve	16	-	-	215,165	215,165
Buyback of issued capital - on market		(27,196)	-	-	(27,196)
Balance at 30 June 2021		58,495,245	(53,969,411)	2,019,969	6,545,803
Comprehensive loss for the year		-	(740,176)	-	(740,176)
Employee benefit share reserve	16	-	-	214,625	214,625
Payment of Employee Share Plan Loans		46,250	-	-	46,250
Balance at 30 June 2022		58,541,495	(54,709,587)	2,234,594	6,066,502

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

Consolidated Statement of Cash Flows

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		8,040,797	10,165,596
Payments to suppliers and employees		(9,552,198)	(8,950,177)
Interest received		1,831	4,664
Government grants and tax incentives		101,832	168,025
Net cash (used in)/provided by operating activities	19(a)	(1,407,738)	1,388,108
Cash flows from investing activities			
Sale of subsidiary		3,200,000	70,000
Proceeds from sale of investments		-	249,332
Purchase of investments		(10,000)	-
Issue of Fundlater loans		(1,216,695)	-
Receipts from repayments of Fundlater loans		389,721	-
Sale of Fundlater loans		820,764	-
Purchase of fixed assets		(30,550)	(23,059)
Net cash provided by investing activities		3,153,240	296,273
Cash flows from financing activities			
Principal payments for leases		(194,800)	(291,923)
Share buy-back		-	(27,196)
Proceeds from employee share plan loans		46,250	-
Net cash used in financing activities		(148,550)	(319,119)
Net increase in cash and cash equivalents		1,596,952	1,365,262
Cash and cash equivalents at beginning of the year		6,483,167	5,117,905
Cash and cash equivalents at the end of the year	19(b)	8,080,119	6,483,167

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

Notes to the Consolidated Financial Statements

1. Reporting Entity

InvestSMART Group Limited (the "*Company*") is domiciled in Australia and is the parent entity of the group which includes the entities listed in Note 10 (the "*Group*") and is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Group are presented for the year ended 30 June 2022. The Group is primarily involved in operating businesses delivering financial services to retail investors in Australia, primarily in wealth and funds management.

2. Summary of significant accounting policies

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis, and is based on historical cost, with the exception of the valuation of financial assets as described below.

The financial statements were authorised for issue by the Directors on the date the Directors' declaration was signed. The directors and shareholders have the power to amend these financial statements after issue.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these did not have a material impact on the financial statements of the Group. Any other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on liquidity and not on a current versus non-current classification. The expected period of recovery or settlement of amounts are disclosed in the relevant notes.

Revenue Recognition

Revenue from contracts with customers

Under *AASB 15 Revenue from Contracts with Customers* an entity recognises revenue by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group derives revenue from retail customers in Australia. Contract duration is long-term except for subscription revenue which is typically between one month and one year.

The Group has a performance obligation to service customers who have purchased subscriptions in advance and recognises revenue when that subscription service has been delivered. Where a transfer of services has not occurred a contract liability is recognised for subscriptions in advance.

Commission income is derived from trailing commissions on funds management and insurance products under a contract to distribute products to the InvestSMART client base. Commissions are recognised when the Group has satisfied its performance obligations, which occurs when control of the goods or services are transferred to the customer. When the performance obligation has been satisfied, the Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation after excluding any estimates of variable consideration that are constrained.

Funds management fees are recognised based on net assets under management at the end of each day. Revenue is recognised as the performance obligation is satisfied. Performance fees are recognised when the right to receive payment has been established. Management and performance fees are variable consideration and are not recognised unless the Group assesses it is probable that a significant reversal in the cumulative amount of revenue will not occur. There were no performance fees received or receivable at year end.

Investment and interest revenue

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.

Realised and unrealised gains on investments measured at fair value through profit and loss are recognised in the Statement of Comprehensive Income. Realised gains and losses are calculated as the difference between the consideration received and the fair value at the previous period end.

Dividends and distributions are recognised on the applicable ex-dividend date.

Interest income is recognised as it accrues.

Other income

Other income is recognised when it is received or the right to receive payment is established. Government grants are recognised once all conditions of the grant have been met.

Investments at Fair Value
The Group's investments are all measured at fair value in accordance with AASB 13: Fair Value Measurement.

The fair values of the Group's listed investments are determined from the amount quoted on the primary exchange of the country of domicile. If a listed investment is measured at fair value and has a bid price and an ask price, fair value is based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

The fair value of the Group's unlisted ventures investments is determined primarily using the price at which any recent transaction in the security may have been effected, adjusted for the Directors' view as to the likely success of the business model and discounted for the likelihood of a liquidity event occurring in the next 3 years. Valuation principles are in line with International Private Equity and Venture Capital Valuation (IPEV) Guidelines.

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps. The fair value of derivatives that are not exchange traded is estimated based on most recent transactions. Where no recent transactions are available fair value is determined by applying a binomial option pricing model, which takes into account current market conditions (volatility and interest rates).

Changes in the fair value of investments are recognised in the Statement of Comprehensive Income. Transaction costs directly attributable to the acquisition of the investments are expensed in the Statement of Comprehensive Income as incurred.

Loans receivable
Loans receivable consist of Fundlater loans. 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. At initial recognition loans are measured at fair value which is the transaction price.

Subsequently loans are measured at fair value through other comprehensive income (FVOCI) where loans are held within a business model whose objective is achieved by both collecting contractual flows and selling the assets. Loans are subsequently measured at amortised cost where loans are held solely to collect contractual cash flows of principal and facility fees. An effective interest method adjustment is calculated to recognise loans receivable at the rate that discounts estimated future cash receipts. Where loans receivable are reclassified from amortised cost to FVOCI any gain or loss arising from a difference between amortised cost and fair value is recognised in other comprehensive income.

Loss allowances under amortised cost and FVOCI are determined using an allowance for expected credit losses (refer to the accounting policy for impairment of financial assets).

Fundlater fees are recognised in the Consolidated Statement of Comprehensive Income using the effective interest method under the FVOCI and amortised costs methods.

When loans receivable at FVOCI are derecognised the cumulative gain or loss recognised in other comprehensive income is reclassified to Other Income in the Statement of Comprehensive Income. Loans receivable are derecognised only when the Group assess that it has transferred the contractual rights to receive cash flows for the asset and substantially all the risks and rewards of ownership of the loan have been transferred.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2022 and the results of all subsidiaries for the period from 1 July 2021 to 30 June 2022. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights and excludes those subsidiaries determined by the Directors to be investments held for resale. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, or when they are established.

Associates

An associate is an entity over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method of accounting. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Dividends or distributions received or receivable from an associate reduce the carrying value of the investment. Where an associate was previously a controlled entity of the Group, the deemed cost for applying the equity method is the fair value on the date that the Group ceased to have a controlling interest.

Intercompany transactions and balances

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where there is a change in ownership interest, there will be an adjustment between the carrying amounts of the controlling and "non-controlling" interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of the Company.

When a Company acquires control through a change in investment policy, the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. Any amounts above net tangible assets are held as goodwill or intangibles at that point.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value consideration transferred, measured at acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The Group has determined that it operates as one Cash Generating Unit for the purposes of testing goodwill impairment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Impairment of financial assets

The Group assesses at each reporting date an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Under the general approach for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Trade receivables consist of commissions and funds management fees receivable which are generally received in the month following recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Share-based Payments to Employees and Directors

Employees (including executive directors) of the Group may receive remuneration in the form of share-based payments, where employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in the employee benefits reserve.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. This cost is reversed in the event that an employee forfeits any share-based payment, when leaving the Group or other circumstances.

The expense in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Income Tax

The Group has formed a tax consolidated group and has executed tax-sharing agreements with each controlled entity. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The income tax expense (revenue) for the year comprises current income tax expense and deferred tax expense or benefit.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense is charged or credited outside profit or loss when the tax
relates to items that are recognised outside profit and loss. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised only to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with bank and term deposits which are convertible to a known amount of cash within 3 months and subject to insignificant risk of changes in value.

Long service and Annual leave provisions
The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Expenses
The Group records all expenses on an accruals basis. This includes accounting, audit, legal and administrative fees, management fees, employee costs, marketing and advertising costs, director's fees, travel and accommodation expense, rent expenses, commission rebates, other expenses, market data costs, software and website costs.

Property, Plant and Equipment
All property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation on assets is calculated using the straight-line method to allocate their cost, net of residual value, over the estimated useful lives as follows:

Computer and office equipment	2-4 years
Network and production equipment	3-4 years
Leasehold improvements	shorter of the expected fitout life or lease term (approximately 3-5 years)

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Earnings/loss per share
Basic earnings/loss per share is calculated by dividing profit/(loss) attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element. Diluted earnings/(loss) per share is calculated by dividing profit attributable to members of the Company by the total number of ordinary shares that would be outstanding if all the EDSP shares had vested.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Functional and presentation currency
The functional and presentation currency of the Group is Australian dollars.

Leases
At the commencement of a contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For identified leases the Group recognises a right-of-use asset and a lease liability at the lease commencement date. No assets or liabilities are recognised if the lease is short term (less than 12 months) or of low value.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease. Interest expense on the lease liability and depreciation expense (using the straight-line method) on the right-of-use asset is recognised in the statement of profit or loss.

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

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.

The Group has not recognised deferred tax assets relating to carried forward realised capital and revenue losses on the basis that it does not expect to derive sufficient future capital gains to utilise the current losses within a 3 to 5-year time period.

3. Other income

	2022	2021
	$	$
Gain on sale of subsidiary	155,299	70,000
Government grants	101,832	168,025
Education - Bootcamp	17,659	26,872
Fundlater Fees	16,595	-
Interest	1,831	4,873
	293,216	269,770

AWI Ventures Pty Ltd was sold during the year for a gain of $155,299 (2021: InvestSMART Publishing Pty Ltd was sold for a gain of $70,000). Refer to Note 10 (a) for further information.

Government grants consists of research and development incentives of $101,832 (2021: $118,025 for research and development incentives and $50,000 for cash flow boost).

4. Change in fair value of financial assets at fair value through profit and loss

	2022	2021
	$	$
Net unrealised (loss)/gain on investments	(1,102)	1,241,713
Net realised (loss)/gain on investments	(141,000)	14,027
	(142,102)	1,255,740

Net realised loss on investments is due to the expiry of a call option. Refer to Note 5 and Note 15 – Fair Value Hierarchy for further information.

5. Financial assets held at fair value

	2022	2021
	$	$
AWI Ventures investee companies	-	3,044,701
Investments in Professionally Managed Accounts	8,899	-
Call option	-	141,000
	8,899	3,185,701

A call option was purchased on 12 June 2018 to acquire 100% of an unlisted company (The Term Deposit Shop) for $3,750,000 exercisable between the third and fourth anniversary date of entering the share option deed. The unlisted company was not considered to be a subsidiary as the Group was not exposed, nor had rights, to variable returns from its involvement with the company and did not have the ability to affect the returns of the company. The expiry date of the option was 12 June 2022 and the option was not exercised. Further information on the fair value determination and the risk exposures of financial assets held at fair value is provided in Note 15.

6. Loans receivable

	2022	2021
	$	$
Loans receivable	6,210	-

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 $325 each. The $325 payments are split into $300 for principal repayment and $25 for the administration fee.

Loans receivable are measured at fair value through other comprehensive income (FVOCI) at 30 June 2022. Prior to the establishment of the Eureka Asset-Backed Loan Fund the loans were measured at amortised cost. The Eureka Asset-Backed Loan Fund (EABL) is issued by InvestSMART Funds Management Limited and purchases loans from the Group on a regular basis. As such the loans were reclassified from amortised cost to FVOCI in April 2022 as the loans are now held to collect contractual flows and sell the assets. The fair value of the loans which were sold to EABL that the Group has derecognised and has continuing involvement in is $648,140 at 30 June 2022.

The Group may be required to repurchase Fundlater loans where they are delinquent within one month of sale to EABL. The fair value at 30 June 2022 of loans that were sold within one month of 30 June 2022 is $131,055. This amount represents the Group's maximum exposure to loss from its continuing involvement in derecognised loans and the undiscounted cash flows that would be required to repurchase the loans. The amount was determined by summing all loans that were sold within one month of 30 June 2022. The maturity of the undiscounted cash flows that would be required to repurchase the derecognised loans is less than 1 month from 30 June 2022.

The greatest amount of transfers of loans that took place during the reporting period is loans with a fair value of $684,089 transferred in May 2022. The proceeds from transfers during May 2022 was $684,089.

The Group assesses at each reporting date an allowance for expected credit losses (ECLs). The allowance for ECLs at origination and at 30 June 2022 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 $25 administration fee is recognised in the Consolidated Statement of Profit and Loss under Other Income and within Other Income as Fundlater Fees (Refer Note 3). The $25 administration fee is adjusted for the requirements of AASB 9 to be recognised under the effective interest method.

7. Income tax

(a) Income tax benefit recognised in the Statement of Comprehensive Income

	2022	2021
The components of income tax benefit:	$	$
Current income tax expense	-	-
Deferred tax income relating to the origination and reversal of temporary differences	124,323	295,407
Change in tax rate	-	9,251
Total income tax benefit	124,323	304,658

(b) Income tax benefit

A reconciliation of income tax benefit applicable to accounting profit before income tax at the statutory income tax rate to income tax benefit at the entity's effective income tax rate for the years ended 30 June 2022 and 30 June 2021 is as follows:

	2022 $	2021 $
Prima facie income tax benefit calculated at 25% (2021: 26%) on operating loss	216,125	69,909
Add/(Less) tax effect of:		
Expenditure not deductible in current year	(127,965)	(94,273)
Recognition of previously unused tax losses	18,312	-
Change in tax rate	-	9,251
Income not taxable	25,458	388,379
Losses carried forward not recognised	-	(54,567)
Adjustments for prior years	(7,607)	(14,041)
Income tax benefit	124,323	304,658

(c) Deferred tax assets and liabilities

Deferred tax assets

The deferred tax asset balance comprises temporary differences recognised as follows:
Deferred tax liabilities

	2022 $	2021 $
Accruals and provisions not deductible in this period	221,711	245,008
Lease liability	207,181	72,017
Deductible capital expenditure	2,304	6,181
Tax losses carried forward	4,384	-
Closing balance	435,579	323,206
Movements in deferred tax assets		
Opening balance	323,206	302,381
Benefit in the income statement	112,373	20,825
	435,579	323,206

The deferred tax liability balance comprises temporary differences recognised as follows:

	2022 $	2021 $
Future tax expense for intangibles acquired	343,217	485,889
Right-of-use assets	199,322	68,600
	542,539	554,489
Movements in deferred tax liabilities		
Opening balance	554,489	838,322
Benefit in the income statement	(11,950)	(283,833)
	542,539	554,489

A tax rate of 25% was applied for the year ending 30 June 2022 (2021: 26%) as the Group is classified as a small business for tax purposes. The Group expects to continue to be classified as a small business for tax purposes.

The Group has not recognised deferred tax assets relating to carried forward capital tax losses as it is not considered probable that future taxable profit will be available against which the unused tax losses can be utilised. The potential deferred tax asset that could be realised at 30 June 2022 is $3,916,208 (2021: $4,521,928). The amount of benefit from previously unrecognised capital tax losses recognised during the year is $738,750 due to the sale of AWI Ventures Pty Ltd.

8. Trade and other receivables

	2022	2021
	$	$
Trade receivables	548,798	401,512
GST receivable	41,443	38,264
	590,241	439,776

9. Leases

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.8%. Leases recognised as right-of-use assets and lease liabilities consist of office premises.

The total cash outflow for lease payments for the year ended 30 June 2022 is $222,833 (2021: $305,769). The interest expense on lease liabilities for the year ended 30 June 2022 is $28,707 (2021: $8,248).

Right-of-use assets	2022	2021
	$	$
Balance at the beginning of the year	274,398	413,518
Additions	738,504	156,839
Depreciation charge	215,613	295,959
Balance at the end of the year	797,289	274,398
Number of right-of-use assets leased	2	2
Range of remaining term	1.9-4.7 years	0.7-2.9 years
Average remaining lease term	3.3 years	1.8 years
Number of leases with extension options	1	2
Number of short-term leases	Nil	Nil
Expense for short-term leases	$Nil	$Nil

Lease liabilities

Maturity analysis of lease liability	2022	2021
	$	$
Less than 1 year	189,914	166,461
1 to 3 years	522,708	121,606
4 - 5 years	116,100	-
Total	828,722	288,067

10. Controlled entities and investments in associates

(a) Controlled entities

The company exercised control over the below entities during the period:

	% owned at	
	30-Jun-22	30-Jun-21
Intelligent Investor Holdings Pty Ltd	100%	100%
The Intelligent Investor Distribution Pty Ltd	100%	100%
InvestSMART Financial Services Pty Ltd	100%	100%
InvestSMART Funds Management Ltd	100%	100%
InvestSMART Advice Pty Ltd	100%	100%
Yourshare Financial Services Pty Ltd	100%	100%
InvestSMART Insurance Pty Ltd	100%	100%
van Eyck Group Holdings Pty Ltd	100%	100%
AWI Ventures Pty Ltd	0%	100%
Eureka Report Pty Ltd	100%	100%
Kohler and Company Pty Ltd	100%	100%

AWI Ventures Pty Ltd (AWIV) was sold during the year for a gain of $155,299. AWIV consisted of investments in two start-up companies in the financial technology sector, Spriggy and Equitise. The entities had a combined fair value of $3,044,701 at 31 December 2021. AWIV was disposed for a cash consideration of $3,200,000 in May 2022. The resultant gain is recognised within Other Income in the Statement of Comprehensive Income.

(b) Investments in associates

InvestSMART Funds Management Ltd is the Responsible Entity and issuer of Professionally Managed Accounts and is deemed to have significant influence over the financial and operating policy decisions of the fund. The fund is domiciled and has its principal place of business in Australia. The Group's ownership in the fund was classified as an investment in associate and accounted for using the equity method. The Group held 1 unit in the fund during the year and has a unitholding of 0.04% of Professionally Managed Accounts at 30 June 2022 (2021: Nil units, 0.00%).

Summarised financial information for all associates:

	2022	2021
	$	$
Aggregate carrying amount	1	-
Aggregate profit/(loss) from continuing operations	-	-
Aggregate total comprehensive income	-	-

11. Intangible Assets

	Fund distribution contracts	Subscriber lists	Total
	$	$	$
Balance at 30 June 2020	2,640,962	169,834	2,810,796
Amortisation	817,533	49,707	867,240
Balance at 30 June 2021	1,823,429	120,127	1,943,556
Amortisation	520,980	49,708	570,688
Balance at 30 June 2022	1,302,449	70,419	1,372,868

Fund distribution contracts were acquired as intangible assets under a business combination on 1 January 2015. Whilst they have no expiry date, it is expected that customers on which the distribution fees are earned will leave over 6 - 10 years.

Subscriber lists were acquired as intangible assets on acquisition of The Constant Investor. Amortisation rates are based on the Group's historical experience and are amortised on a straight-line basis. The Constant Investor subscriber lists are assumed to have a 5-year life.

12. Fixed assets including software

	Plant and equipment	Software	Total
	$	$	$
Cost at 30 June 2020	425,664	211,790	637,454
Additions	23,059	-	23,059
Disposals	143,441	96,555	239,996
Cost at 30 June 2021	305,282	115,235	420,517
Additions	34,404	-	34,404
Disposals	5,590	-	5,590
Cost at 30 June 2022	334,096	115,235	449,331
Accumulated depreciation at 30 June 2020	306,991	211,790	518,781
Depreciation charge for the period	49,457	-	49,457
Disposals	143,441	96,555	239,996
Accumulated depreciation at 30 June 2021	213,007	115,235	328,242
Depreciation charge for the period	33,757	-	33,757
Disposals	2,921	-	2,921
Accumulated depreciation at 30 June 2022	243,843	115,235	359,078
Net book value at 30 June 2021	92,275	-	92,275
Net book value at 30 June 2022	90,253	-	90,253

Fixed assets disposed during the year received zero cash consideration.

13. Trade and other payables

	2022	2021
	$	$
Trade payables and accruals	486,841	436,475
PAYG and superannuation	35,320	31,550
GST	201,254	323,705
	723,415	791,730

Trade payables are non-interest bearing and unsecured. Payment duration is disclosed in Note 15.

14. Provisions

	2022	2021
	$	$
Annual leave	226,655	241,423
Long service leave	316,706	260,099
Short-term incentive plan	143,637	234,000
Other	36,133	56,807
	723,132	792,329

15. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

AASB 7 Financial Instruments: Disclosures identifies three types of risk associated with financial instruments (i.e. the Group's investments, receivables and payables).

(i) Credit risk

AASB 7 defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There are no other material amounts of collateral held as security at 30 June 2022.

Receivables are non-interest bearing and unsecured and will be received within 3 months. The credit risk exposure of the Group in relation to receivables is the carrying amount. The credit risk exposure of the Group in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are held with a number of banks all of which are rated AA- by Standard and Poor's. None of these assets are over-due or considered to be impaired.

(ii) Liquidity risk

AASB 7 defines this as the risk that an entity will encounter difficulty in meeting obligations associated with liabilities. Senior management monitors the Group's cash-flow requirements daily taking into account upcoming dividends, tax payments and investment activity.

The Group's inward cash-flows depend upon the level of trail commission, subscription revenue and funds management fees received. If these decrease by a material amount, the Group will amend its outward cash-flows accordingly. As the Group's major cash outflows are the cost of employees and rebates of trail commissions, the level of both of these is managed by the Board and senior management. The tangible assets of the Group are largely in the form of cash and short term receivables.

The table below analyses the Group's non-derivative liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year-end date. The amounts in the table below are contractual undiscounted cash flows, except for subscriptions in advance which represent the undiscounted value of subscription services to be delivered.

	On-demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
At 30 June 2022:	$	$	$	$	$
Undiscounted cash flows					
Trade and other payables	-	622,576	87,312	13,527	723,415
Trail commissions due to customers	-	74,594	208,801	-	283,395
Lease liabilities	-	55,462	168,568	697,788	921,818
	-	752,632	464,681	711,315	1,928,628
Undiscounted services to be delivered					
Subscriptions received in advance	-	1,029,357	1,436,895	3,866	2,470,118
At 30 June 2021:					
Undiscounted cash flows					
Trade and other payables	-	711,255	66,948	13,527	791,730
Trail commissions due to customers	-	134,607	172,295	-	306,902
Lease liabilities	-	49,679	124,338	126,166	300,182
	-	895,541	363,581	139,693	1,398,814
Undiscounted services to be delivered					
Subscriptions received in advance	-	1,067,266	2,207,133	447,962	3,722,362

(iii) Market risk

AASB 7 defines market risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Movements in the ASX All Ords have been used to calculate a “reasonably possible” change in market prices as the data is readily observable.

A general fall in market prices of 10 per cent and 20 per cent would lead to a reduction in the Group's equity and increase the reported loss by $890 and $1,780 respectively (2021: $318,570 and $637,140 respectively). The sensitivity analysis assumes all investments have a delta of 1 and are spread evenly across all investments.

The Group is not directly exposed to currency risk as all its operations are conducted in Australian dollars. The Group is engaged in activities conducted solely in Australia.

Interest rate risk

The Group's cash balances and term deposits expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Sensitivity analysis - interest rate risk

An increase of 75 basis points in interest rates at year end would have increased the Group's profit by $38,427 (2021: $32,887). A decrease of 75 basis points would have an equal but opposite effect.

At 30 June 2022, the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and liability is set out in the table below:

	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets	(% pa)	$	$	$
Cash assets	0.0	6,666,979	1,413,139	8,080,119
Trade and other receivables		-	590,241	590,241
Prepayments and deposits		-	256,365	256,365
Loans receivable		-	6,210	6,210
Financial assets at fair value through profit and loss		-	8,899	8,899
		6,666,981	2,274,854	8,941,836
Financial liabilities				
Trade and other payables		-	723,415	723,415
Trail commissions due to customers		-	283,395	283,395
Provisions		-	143,637	143,637
Lease liabilities		-	828,722	828,722
		-	1,979,169	1,979,169

At 30 June 2021, the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of asset and liability is set out in the table below:

	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets	(% pa)	$	$	$
Cash assets	0.1	5,647,555	835,612	6,483,167
Trade and other receivables		-	439,776	439,776
Prepayments and deposits		-	259,603	259,603
Financial assets at fair value through profit and loss		-	3,185,701	3,185,701
		5,647,554	4,720,692	10,368,246
Financial liabilities				
Trade and other payables		-	791,730	791,730
Trail commissions due to customers		-	306,902	306,902
Provisions		-	234,000	234,000
Lease liabilities		-	288,067	288,067
		-	1,620,699	1,620,699

Fair value hierarchy

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.

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 30 June 2022. Financial assets are separated between those claissified as Fair Value through Profit and Loss (FVTPL) and those classified as Fair Value through Other Comprehensive Income according to AASB 9.

	Level 1	Level 2	Level 3	Total
At 30 June 2022	$	$	$	$
Financial assets held at FVPL				
Investment in Professionally Managed Account	8,899	-	-	8,899
Financial assets held at FVTPL	8,899	-	-	8,899
Financial assets held at FVOCI				
Loans receivable	-	6,210	-	6,210
At 30 June 2021				
Financial assets held at FVTPL				
AWI Ventures investee companies	-	-	3,044,701	3,044,701
Call option	-	-	141,000	141,000
Financial assets held at FVTPL	-	-	3,185,701	3,185,701
Financial assets held at FVOCI	-	-	-	-

During the reporting period ending 30 June 2022 there were no transfers between Level 1 and Level 2 fair value measurements.

Financial instruments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives.

Investments classified within level 2 have inputs based on quoted and unquoted prices. Loans receivable are classified within level 2. The loans are valued using a discounted cash flow approach which reflects the terms of the instrument and the timing of cash flows. The rate used to discount future cash flow is derived from observable data for similar loans.

The Group held investments in two start-up companies in the financial technology sector, Spriggy and Equitise through AWI Ventures Pty Ltd. The fair value of the investee companies was assessed as the price at which each investee company raised a material amount of new capital adjusted for the Director's view of the likely success of the business. AWI Ventures Pty Ltd was disposed in May 2022 for a cash consideration of $3.2 million. The gain on disposal of the subsidiary is disclosed within other income in the statement of comprehensive income.

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. The option was not exercised prior to the expiry date.

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:

	2022 $	2021 $
Fair Value at the beginning of the year	3,185,701	1,943,988
Unrealised gain on ventures investments	-	1,350,713
Unrealised loss on call option through profit and loss	-	(109,000)
Disposal of AWI Ventures Pty Ltd	(3,200,000)	-
Realised gain on disposal of AWI Ventures Pty Ltd	155,299	-
Expiry of call option over The Term Deposit Shop	(141,000)	-
Balance at the end of the year	-	3,185,701

16. Employee benefit reserve

The number of shares outstanding and employee benefit reserve at the beginning and the end of the year ended 30 June 2022 is as follows:

For the year ended 30 June	2022		2021	
	Shares	$	Shares	$
Balance at the beginning of the 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	(233,334)	-	(72,000)	-
Payment of employee incentive scheme loans	(245,000)	-	-	-
Employee benefit expense for the year	-	214,625	-	215,165
Balance at the end of the year	28,391,664	2,234,594	27,959,998	2,019,969

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.

EDSP shares granted on 11 November 2020 were split equally into three tranches (EDSP1, EDSP 2 and EDSP 3). An additional tranche of EDSP shares, EDSP 4, was issued during the year under the employee short-term incentive plan for shares issued in lieu of a cash bonus. The terms of each tranche of EDSP on issue at year end are:

Type	Issue date	Issue price	Vesting date	Maturity date	Shares
EDSP1	9/12/2020	$0.15	9/12/2020	30/11/2025	9,154,999
EDSP2	9/12/2020	$0.20	9/12/2021	30/11/2026	9,179,999
EDSP3	9/12/2020	$0.30	9/12/2022	30/11/2027	9,146,666
EDSP4	*	$0.25	1/09/2021	1/09/2026	910,000
					28,391,664

*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.

A non-recourse loan was provided to participants to acquire the shares at the respective prices issued. 245,000 EDSP were converted to fully paid ordinary share capital 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.

Loans for EDSP shares include 4,000,000 shares issued to Paul Clitheroe (Chairman), 4,776,665 shares issued to Ron Hodge (Managing Director/member of Key Management Personnel), 4,636,666 shares issued to Alastair Davidson (member of Key Management Personnel) and 4,466,666 shares issued to Nigel Poole (member of Key Management Personnel).

The fair value at grant date of EDSP4 shares was determined using a Binomial model. The inputs used include the share price at grant date, vesting price, vesting period, expected volatility (55%), expected dividends (1% yield), the risk free interest rate (0.64%) and the expected life of the option. Expected volatility was based on historic volatility and the implied volatility of comparable exchange traded options. The cost of the EDSP shares are recognised over the applicable vesting period through the statement of comprehensive income. The company estimated the fair value of this share benefit was $80,847 at grant date.

The cost of EDSP shares issued are amortised over the applicable vesting period through the statement of comprehensive income.

17. Issued capital

	2022		2021	
Fully paid ordinary share capital	Shares	$	Shares	$
Balance at the beginning of the year	110,507,537	58,495,245	110,885,360	58,522,441
Payment of employee incentive scheme loans	245,000	46,250	-	-
On-market buy-back	-	-	377,823	27,196
Balance at the end of the year	110,752,537	58,541,495	110,507,537	58,495,245

An additional 28,391,664 shares are issued, as part of the EDSP detailed in Note 16 and the Directors Report. The shares have a non-recourse loan outstanding.

Under the EDSP, the director or employee can repay the loan by forfeiting the shares issued under the plan. The shares vest after certain time periods and may be forfeited prior to the loan repayment date and have therefore not been included in the issued share capital total.

All shares have no par value.

(a) Terms and conditions

The Company has ordinary shares on issue. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

(b) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor and market confidence. To achieve this the Directors monitor the monthly performance of the operating entities, the Group's management expenses, and share price movements. Capital relates to equity attributable to investors. The Group maintains liquid capital to meet its responsibilities as a responsible entity.

The primary objective of the Group’s capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust any dividend payment to investors, capital returns or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2022 and 30 June 2021.

18. Related party information

Aggregate remuneration paid to Directors and other key management personnel by the Group in connection with the management of the affairs of the Group were:

	Short-term Employee Benefit Cash Salary & Fees	Employment Benefit Superannuation	Accrued Annual Leave	Accrued Long Service Leave	Employee Share Benefit	Total
	$	$	$	$	$	$
2022	950,711	89,070	(869)	15,400	119,815	1,174,127
2021	887,889	78,713	(3,548)	23,531	117,308	1,103,893

Detailed remuneration disclosures are provided in the remuneration report contained in the Directors' Report.

The Directors' remuneration excludes insurance premiums paid and payable by the Group in respect of Directors' liability insurance. Apart from the details disclosed in this note and the Directors' Report, no key management personnel have entered into a material contract with the Group during the financial year.

The Directors of InvestSMART Group Limited are responsible for determining and reviewing compensation arrangements for the Managing Director and key management personnel. The Directors also assess the appropriateness of the nature and amount of emoluments of each Director on a periodic basis by reference to workload and market conditions. The overall objective is to ensure maximum stakeholder benefit from the retention of a high-quality board whilst constraining costs.

Ron Hodge received a loan of $6,000 as a Fundlater client during the year. A related party of Ron Hodge received a loan of $6,000 during the year as a Fundlater client. The Fundlater loans were issued by InvestSMART Financial Services Pty Ltd. The loans were sold to Eureka Asset-Backed Loan Fund, a Fund issued by InvestSMART Funds Management Limited, during the year. The loans were made on terms equivalent to those that prevail in arm's length transactions.

Eureka Asset-Backed Loan Fund commenced operations on 6 April 2022. The Fund is issued by InvestSMART Funds Management Limited, a subsidiary of InvestSMART Group Ltd. The assets of the Fund consisted of Fundlater loans receivable at 30 June 2022. During the year Eureka Asset-Backed Loan Fund purchased loans of $820,764 from the Group at fair value.

Investments in associates are disclosed in Note 10 (b). The Group owned 1 unit in the Professionally Managed Accounts, a scheme issued by InvestSMART Funds Management Limited, at 30 June 2020. This unit was redeemed in August 2020. The Group purchased 1 unit in Professionally Managed Accounts in November 2021. The Group received management fees from managed investment schemes classified as investments in associates of $367,205 for the year ended 30 June 2022 (2021: $44,462). The Group held receivables for management fees from managed investment schemes classified as investments in associates at 30 June 2022 of $48,169 (2021: $nil).

19. Statement of Cash Flows

(a) Reconciliation of net profit from ordinary activities after income tax to net cash used in operating activities	2022 $	2021 $
Profit/(Loss) for the year	(740,176)	35,778
Adjustments to reconcile profit after tax to net cash flows:		
Net loss/(gain) on financial instruments at fair value through profit and loss	142,102	(1,255,740)
Gain on Sale of subsidiary	(155,299)	(70,000)
Employee benefit expense	214,625	215,165
Depreciation and amortisation	815,823	1,207,238
Increase in deferred tax asset	(112,373)	(20,825)
Decrease in deferred tax liability	(11,950)	(283,833)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(150,465)	32,012
Decrease/(Increase) in prepayments	3,238	(14,085)
(Decrease)/Increase in subscriptions received in advance	(1,252,244)	1,695,769
Decrease in trade and other payables	(161,019)	(153,371)
Net cash provided by operating activities	(1,407,738)	1,388,108

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2022 $	2021 $
Cash at bank	8,080,119	6,483,167

The credit risk exposure of the group in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are held with a number of banks all of which are rated AA- by Standard and Poor's.

20.Earnings/(loss) per share

	2022 cents	2021 cents
Basic earnings/(loss) per share (cents per share)	(0.67)	0.03
Diluted earnings per share (cents per share)	(0.67)	0.00
Earnings/(loss) as per Statement of Consolidated Income	(740,176)	35,778
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	110,592,688	110,609,690
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	139,058,622	137,149,660

As the Group is in a loss position in 2022 share based incentive plans do not affect the diluted earnings per share calculation as 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.

21. Contingent liabilities and commitments

At 30 June 2022 the Group has the following contingent liabilities:

	2022	2021
	$	$
Guarantees for office rentals	97,106	156,624
Guarantees for intermediary facilities	601,000	351,000
	698,106	507,624

InvestSMART Financial Services Pty Ltd, a subsidiary of InvestSMART Group Ltd, may be required to repurchase Fundlater loans where they are delinquent within one month of sale to Eureka Asset-Backed Loan Fund. Due to the formative nature of the loan programme and the Eureka Asset-Backed Loan Fund it is not practicable to determine an estimate of the financial effect or possibility of any reimbursement. It is noted that any reimbursement would result in a repurchase of the loan at fair value and closure of the loan account if repayment terms are not met. The provision for expected credit losses for Fundlater loans has been assessed as $nil.

22. Franking Account

	2022	2021
	$	$
Opening balance of franking account	2,931,463	2,931,463
Adjustment for franking credits received in prior years	4,083	-
Adjustments for tax refundable in respect of the prior year's profits	(219,845)	-
Adjusted franking account balance	2,715,701	2,931,463

23. Auditors Remuneration

BDO Audit Pty Ltd received $147,985 for audit and review fees (2021: $140,422).

Audit and review fees include fees for:

- Auditing and reviewing the statutory financial report of the parent entity covering the group
- Auditing the statutory financial report of Australian Financial Services Licensees which are controlled entities
- Assurance services required by legislation to be provided by the auditor (reporting to ASIC for the purposes of Form FS 71 for AFS licensees)
- Auditing and reviewing schemes issued by InvestSMART Funds Management Limited
- Audit of compliance plans of schemes issued by InvestSMART Funds Management Limited

The fees for these services are not broken down as they are bundled.

Fees for other services performed by audit and network firms:

	2022	2021
	$	$
BDO Services Pty Ltd - taxation services	59,307	78,054

The nature of taxation services comprises:

- Review and lodgement of income tax returns and provisions for the Group and schemes issued by InvestSMART Funds Management Limited
- Review and lodgement of government grants
- Review of tax sharing agreements and preparation of allocatable cost amount calculations
- Review and liaison with the Australian Taxation Office for the merger of schemes issued by InvestSMART Funds Management Limited

24. Parent Entity Information

	2022	2021
Statement of Financial Position	$	$
Assets		
Current assets	51,799	80,483
Non-current assets	5,808,974	4,234,066
Total Assets	5,860,773	4,314,549
Liabilities		
Current liabilities	-	-
Total Liabilities	-	-
Net Assets	5,860,773	4,314,549
Equity		
Contributed Equity	58,541,495	58,495,245
Employee benefit reserve	2,234,594	2,019,969
Retained earnings	(54,915,316)	(56,200,665)
Total Equity	5,860,773	4,314,549
Statement of Profit or Loss and other Comprehensive Income		
Net loss for the year after income tax expense	1,880,047	341,520
Total Comprehensive loss for the year	1,880,047	341,520

At 30 June 2022 InvestSMART Group Ltd has a contingent liability for guarantees for office rentals of $97,106 (2021: $97,106).

The accounting policies of the parent entity, InvestSMART Group Limited, used in determining the financial information shown above, are the same as those applied in the Group's consolidated financial statements, as detailed in Note 2.

25. 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.

26.Events occurring after reporting date

There have been no significant events since 30 June 2022 up to the date of this report.

27. Company details

The registered office and principal place of business of the Company and subsidiaries is:
Suite 2, Level 2, 66 Clarence St
Sydney NSW 2000

Directors' declaration

In accordance with a resolution of the Directors of InvestSMART Group Limited, I state that:

1. In the opinion of the Directors:

(a) The financial statements, notes and the additional disclosures included in the Director's Report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2022 and of its performance for the year ended on that date.

(ii) complying with Australian Accounting Standards, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, as disclosed in Note 2 and Corporations Regulations 2001.

(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.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

On behalf of the Board

Paul Clitheroe
Chairman
Dated this 24th day of August 2022 at Sydney

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of InvestSMART Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of InvestSMART Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loan transfer and derecognition

Key audit matter	*How the matter was addressed in our audit*
Note 6 to the financial report discloses transfer and derecognition of Fundlater loans during the year under a Loan Acquisition and Management Agreement. This is considered a key audit matter due to the significance of the loan transferred and due to higher assessed risk over the accounting for the loan derecognition.	To address the matter, our audit procedures included, amongst others: • Reviewed and understood the terms and conditions of the Loan Acquisition and Management Agreement and the Fundlater loans; • Agreed the value of transferred loans to supporting documentation; • Evaluated the impact of the loan transfer to the accounting treatment of the loans in accordance with the Australian Accounting Standards; and • Ensured the adequacy of the disclosures relating to the financial instruments and related party in the financial report in accordance with the Australian Accounting Standards.

Valuation of share-based payments

Key audit matter	*How the matter was addressed in our audit*
Note 14 to the financial report discloses an employee benefits expense in relation to share-based payments. The valuation of the share-based payments is a key audit matter due to the complexity in the accounting treatment and the degree of judgement and estimation in the inputs for the fair value of the option.	To address the matter, our audit procedures included, amongst others: • Reviewed the appropriateness of the accounting treatment in accordance with AASB 2, *Share-based Payment*; • Reviewed minutes of meeting, share plan and Group announcements to ensure completeness of information considered in the calculations; • Tested the appropriateness of the share-based payment valuation methodology, calculation and related inputs for new grants in the period; • Verified instruments to supporting agreements and contracts, where available; and • Ensured the adequacy of the disclosures relating to the share-based payments in the financial report and in accordance with the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of InvestSMART Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 24 August 2022

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules is set out below.

The security holder information set out below was current as at 1 August 2022.

There were 139,144,201 ordinary shares held by 1,058 shareholders, all of which were quoted on the Australian Securities Exchange. There are no restricted shares on issue. There are no unquoted shares on issue.

Distribution of shareholders

Holdings Ranges	Holders	Total Shares	%
1-1,000	328	57,511	0.04%
1,001-5,000	237	987,436	0.71%
5,001-10,000	147	1,272,164	0.91%
10,001-100,000	217	8,009,877	5.76%
100,001 and over	129	128,817,213	92.58%
Totals	1,058	139,144,201	100.00%

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 342.

Top 20 Shareholders:

Shareholder name	Number of shares held	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,364,325	12.48%
ROBIN ANNE OWLES & RON PETER HODGE <HODGE FAMILY NO 2 A/C>	4,566,666	3.28%
WEBABOUT PTY LTD	4,433,334	3.19%
MR NIGEL ANDREW POOLE <POOLE FAMILY A/C>	4,166,666	2.99%
HARRIETTE & CO PTY LTD <HARRIETTE INVESTMENT A/C>	4,100,000	2.95%
MR PAUL HUGH CLITHEROE	4,000,000	2.87%
TORONTO COVE PTY LTD	4,000,000	2.87%
BELIKE NOMINEES PTY LIMITED <SHARE PLAN A/C>	3,760,765	2.70%
MRS ROBIN ANNE OWLES & MR PETER RONALD HODGE <HODGE FAMILY SUPER FUND A/C>	3,700,124	2.66%
CAMERON RICHARD PTY LTD <CAMERON RICHARD SUPER A/C>	3,639,421	2.62%
MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	3,300,000	2.37%
S M & R W BROWN PTY LTD <ROBERT & SALLY BROWN SF A/C>	3,091,000	2.22%
MRS ANTONIA CAROLINE COLLOPY	3,017,928	2.17%
MRS CATHERINE MAREE JORDAN	3,000,000	2.16%
ALASTAIR JOHN DAVIDSON AND ELIZABETH JANE DENNING <DAVIDSON HOLDING A/C>	3,000,000	2.16%
PATCAIELI PTY LTD <THE JKO SUPER FUND A/C>	2,702,747	1.94%
PENDEX PTY LTD <PATCAIELITRUST A/C>	2,301,991	1.65%
FROHSHIBER PTY LTD	2,200,000	1.58%
MR PETER RAYMOND DAVIES	2,100,000	1.51%
LEYLAND PRIVATE ASSET MANAGEMENT PTY LTD	2,000,000	1.44%
ONMELL PTY LTD <ONM BPSF A/C>	1,999,980	1.44%
VADINA PTY LIMITED <JORDAN SUPER FUND A/C>	1,940,000	1.39%
Totals	84,384,947	60.65%
Total Securities on issue	139,144,201	100.00%

Voting rights

At a general meeting, shareholders are entitled to one vote for each fully paid share held. On a show of hands, every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every fully paid share held.

Substantial shareholders

The Company has been notified of three shareholders who hold relevant interests of in excess of 5% of the Company's ordinary shares:

Name	Date of Interest	No of shares[1]	Percentage[2]
Leyland Private Asset Management Pty Ltd	15 November 2017	25,138,492	18.94%
Perpetual Limited	17 November 2021	16,276,418	11.70%
Ron Hodge	1 June 2021	13,704,969	9.898%

[1] As disclosed in the last notice lodged with the Australian Securities Exchange by the substantial shareholder.
[2] The percentage set out in the notice lodged with the Australian Securities Exchange is based on the total issued capital of the Company at the date of the interest.

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

On-market buyback

As at 1 August 2022, there is no current on-market buy-back.

Directory

Registered Office

Suite 2, Level 2
66 Clarence Street
Sydney NSW 2000

Telephone: 1300 880 160

Directors

Paul Clitheroe AM (Chairman)
Ron Hodge (Managing Director)
Michael Shepherd AO (Lead Independent Non-Executive Director)
Effie Zahos (Independent Non-executive Director)

Company Secretary

Catherine Teo

Share Registry

Automic Pty Ltd
Level 5
126 Phillip Street,
Sydney NSW 2000

Shareholder Enquiries

Telephone: 1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia)
Email: hello@automicgroup.com.au
Website: https://investor.automic.com.au

Auditors

BDO Pty Ltd
Level 11, 1 Margaret St
Sydney NSW 2000
Telephone: +61 2 9251 4100

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www.investsmart.com.au
1300 880 160