iSelect Limited

ABN 48 124 302 932

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Directors' Report

The Directors present their report with the condensed consolidated interim financial statements of the Group comprising iSelect Limited and its subsidiaries for the half year ended 31 December 2021 and the auditor's report thereon. Financial comparisons used in this report are for the results for the half year ended 31 December 2020 for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and 30 June 2021 for the Consolidated Statement of Financial Position.

DIRECTORS

The names of the Directors in office during or since the end of the financial period are:

Brodie Arnhold
Non-Executive Chairman

Shaun Bonett
Non-Executive Director

Bridget Fair
Non-Executive Director

Melanie Wilson
Non-Executive Director (resigned 19 October 2021)

Geoff Stalley
Non-Executive Director

The above named Directors held office for the whole of the period unless otherwise specified.

COMPANY SECRETARY

Mark Licciardo

PRINCIPAL ACTIVITIES

The principal activities during the financial year within the Group were health, life and car insurance policy sales, mortgage brokerage, energy, broadband and financial referral services. There have been no significant changes in the nature of these activities during the period.

REVIEW OF RESULTS AND OPERATIONS[1]

Summary of financial results

	DEC-21 $'000	DEC-20 $'000	CHANGE
Continuing Operations			
Operating revenue	44,615	51,773	(14%)
Gross profit	16,336	21,818	(25%)
EBITDA	5,803	3,902	49%
EBIT	855	(1,308)	165%
NPAT	474	(3,614)	113%
Reported Results (including discontinued operations)			
Operating revenue[2]	44,615	51,862	(14%)
Gross profit[2]	16,336	21,854	(25%)
EBITDA[2]	5,803	3,356	73%
EBIT[2]	855	(1,854)	146%
NPAT[2]	474	(4,194)	111%
EPS (cents)[2]	0.2	(1.9)	111%
Underlying results			
Underlying EBITDA	6,633	9,837	(33%)
Underlying EBIT	1,685	4,627	(64%)
Underlying NPAT	1,304	3,086	(58%)
Underlying EPS (cents)	0.6	1.5	(60%)

[1] Throughout this report, certain non-IFRS information, such as EBITDA, EBIT, Net Profit after Tax (NPAT), Earnings Per Share (EPS), Conversion Ratio, Leads and Revenue Per Sale (RPS) are used. Earnings before interest and income tax expense (EBIT) reflects profit for the half year prior to including the effect of net finance costs and income taxes. Earnings before interest, income tax expense, depreciation and amortisation and loss on associate (EBITDA) reflects profits for the half year prior to including the effect of net finance costs, income taxes, and depreciation and amortisation. The individual components of EBITDA and EBIT are included as line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Non-IFRS information is not audited. Reference to underlying results excludes the financial impacts of material once-off transactions in reference to merger and acquisition investigation costs in FY22H1.

[2] HY21 results include iMoney trading, which is classified as "discontinued operation" for statutory reporting purposes.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Summary of financial results (cont'd)

Group financial performance and reported results

The Group operates in the online product comparison sector and compares private health insurance, life insurance, car insurance, broadband, energy, home loans and personal financial products. The Group maintains two brands, iSelect (www.iselect.com.au), and Energy Watch (www.energywatch.com.au). The Group's business model is comprised of four key pillars that are linked: brand, lead generation, conversion and product providers. The Group derives the majority of its revenue from fees or commissions paid by product providers for a successful sale of their products.

Operating revenue for the half year ended 31 December 2021 was $44,615,000, representing a decrease of 14% on the prior comparative six month period.

Gross profit for the period decreased by 25%; down from prior period by $5,482. The decrease in gross profit is a reflection of the following key areas for the half year:

- COVID-19: Continued fluctuation in consumer sentiment given extended lockdown periods in NSW and Victoria through H1 FY22.
- Health Insurance Rate Rise: The FY20 rate rise for Health Insurance was deferred to H1 FY21, but this increased demand did not replicate in H1 FY22.
- General Insurance Regulatory Changes: Changes introduced in October 2021 reduced ability to cross-serve into General Insurance, with increased consent requirements from potential customers to be able to be cross-served.
- Increased customer acquisition costs: Marketing cost pressure impacting profit margins in our Energy & Telco segment given increased competition and overall price stability in the market.

Reported operating overheads for the half year was $10,475,000. On an underlying basis, operating overheads reduced from last half year by 14%, reflecting increased diligence in cost control.

Reported EBITDA for the half year was $5,803,000, an increase of $2,447,000 against 2021 half year result. On an underlying basis, EBITDA reduced by 33% against the prior comparative period, a consequence of the Gross profit reduction not being mitigated by fixed cost reductions as outlined above.

Reported EBIT was a profit of $855,000, an improvement of $2,709,000 on reported EBIT for the prior comparative half year. Underlying EBIT reduced by 64% to $1,685,000. Net finance costs for the half year were $188,000, which compares with net finance costs for the previous comparative half year of $223,000.

Reported NPAT was $474,000, representing an increase from the prior half year reported NPAT of a $3,614,000 loss. Underlying NPAT decreased from the prior half year by $1,782,000.

Consolidated key operating metrics

The Group's key operating metrics are considered to be "leads", "conversion ratio" and "RPS". Throughout this report consolidated key operating metrics are provided.

	DEC-21	DEC-20
Consolidated[1]		
Leads ('000s)	**958**	1,091
Conversion ratio[2]	**10.1%**	9.5%
Average RPS[3]	**$463**	$477

[1] Consolidated operating metrics exclude iMoney for Dec-20.
[2] Conversion ratio is calculated as the number of gross sales divided by sales leads (ie. average percentage of sales leads that are converted into sales)
[3] Average RPS is calculated as gross referred revenue divided by the number of gross sales

Discussion of consolidated key operating metrics for the 2022 half year

The consolidated key operating metrics for the half year ended 31 December 2021 are discussed in more detail below. Key operating metrics by segment are also discussed in this Operating and Financial Review, in the section on Segment Performance.

Leads for the 2022 half year

Leads (excluding Money and iMoney) decreased by 12% to 958,000, a reflection of extended COVID lockdowns in major Australian states and regulatory changes in General Insurance. The Health, Life and General and Energy businesses had volume declines of 11%, 27% and 2%, respectively. The decline in the Health segment related to the deferral of the prior year premium rate rise, while Life and General was impacted by lower incoming cross-serve volumes.

Conversion ratio for the 2022 half year

Conversion (excluding iMoney) remained the same for the half year, reflecting an ongoing focus on operational efficiency despite the challenging environment. The Energy & Telecommunications segment experienced a slight decrease of 0.5p.p., while conversion increased by 3.5p.p. in the Life & General segment.

Revenue per sale for the 2022 half year

RPS has decreased by 3%, ending the half year at $463 (excluding iMoney). This was driven by a changing mix in contribution from each business, with H1 FY21 including revenue from the old Life Insurance model. On a like-for-like basis, RPS increased by 2%, given increased share of business from our Health Insurance segment.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Segment performance

The Group reports segment information on the same basis as the Group's internal management reporting structure at reporting date. Commentary on the performance of the three reportable segments are based on reported results as follows.

Health

The Health segment offers comparison, purchase and referral services across the private health insurance category.

FINANCIAL PERFORMANCE	DEC-21 $'000	DEC-20 $'000	CHANGE
Operating revenue	30,356	34,046	(11%)
Segment EBITDA[1]	4,806	6,557	(27%)
Margin %	15.8%	19.3%	3.5 p.p.

KEY OPERATING METRICS	DEC-21	DEC-20	CHANGE
Leads (000s)	348	357	(3%)
Conversion ratio	9.0%	9.0%	-
Average RPS	$1,029	$1,018	1%

[1] Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

The Health segment showed operating revenue decreasing by $3,690,000 (or 11%) to $30,356,000 when compared to prior comparative period. This was primarily driven by the deferral of the annual rate rise in the prior period (and associated demand and volume increase), which took place in H1 FY21. Conversion performance was stable through this period, which also included mostly remote work given extended lockdowns across both years.

EBITDA decreased by 27% to $4,806,000. The decline in operating revenue was not associated with a reduced cost of acquisition, given the one-off nature of the prior period rate rise.

Life and General Insurance

The Life and General Insurance segment offers comparison, purchase and referral services across a range of life insurance, car insurance and other general insurance products.

FINANCIAL PERFORMANCE	DEC-21 $'000	DEC-20 $'000	CHANGE
Operating revenue	6,600	7,405	(11%)
Segment EBITDA[1]	3,333	3,415	(2%)
Margin %	50.5%	46.1%	4.4 p.p.

KEY OPERATING METRICS	DEC-21	DEC-20	CHANGE
Leads (000s)	219	224	(2%)
Conversion ratio	13.5%	10.0%	3.5 p.p.
Average RPS	$153	$252	(39%)

[1] Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

Operating revenue for the Life and General segment decreased by $805,000 (or 11%) from the last comparative period, mostly impacted by reduced cross-serve volumes into the segment from the second quarter and a continued suppression of Travel Insurance volumes given restrictions throughout the half.

Operational performance, however, remained strong and this was reflected in the conversion result. In Car Insurance, online conversion continued to improve year on year, indicating further opportunity for growth in this channel.

The Life and General segment's RPS for the half year decreased by 39% as the change in business model in Life Insurance was completed, resulting in changing product mix in this segment.

The segment posted an EBITDA profit of $3,333,000 compared with the prior comparative period of $3,415,000. The slight reduction in EBITDA compared to the larger drop in operating revenue demonstrates the profitability of the new Life Insurance model, and improved performance of organic traffic volumes in General Insurance.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Segment performance (cont'd)

Energy and Telecommunications

The Energy and Telecommunications segment offers comparison, purchase and referral services across a range of household utilities including electricity, gas and broadband products.

FINANCIAL PERFORMANCE	DEC-21 $'000	DEC-20 $'000	CHANGE
Operating revenue	7,394	10,140	(27%)
Segment EBITDA[1]	(428)	1,038	(141%)
Margin %	(5.8%)	10.2%	(16% p.p.)

KEY OPERATING METRICS	DEC-21	DEC-20	CHANGE
Leads (000s)	319	426	(25%)
Conversion ratio	11.4%	11.9%	(0.5 p.p.)
Average RPS	$226	$228	(1%)

[1] Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

The Energy and Telecommunications segment delivered a revenue result of $7,394,000, which was $2,746,000 or 27% lower than previous period.

The segment posted an EBITDA of $428,000 loss compared with the prior comparative half year result of $1,038,000 profit (a 141% decrease). This was the reflection of cost of acquisition pressures in the energy market given relative price stability across most retailers, which impacted the ability to profitably grow volumes in a heavily competitive market.

Financial position and cash flow

CASH FLOW SUMMARY	DEC-21 $'000	DEC-20 $'000	CHANGE
Net cash provided operating activities	6,721	6,629	1%
Net cash used in investing activities	(2,188)	(4,142)	47%
Net cash used in financing activities	(1,563)	(1,481)	(6%)
FX changes	3	193	(98%)
Net change in cash and cash equivalent	2,973	1,199	148%

FINANCIAL POSITION SUMMARY	DEC-21 $'000	JUN-21 $'000
Current assets	57,413	61,611
Non-current assets	106,888	110,696
Total assets	164,301	172,307
Current liabilities	22,939	30,567
Non-current liabilities	29,690	31,033
Total liabilities	52,629	61,600
Net assets	111,672	110,707
Equity	111,672	110,707

Capital expenditure and cash flow

Net operating cash inflow was $6,721,000, which was $92,000 higher than last comparative half year. This variance reflects an improved profitability and working capital result in this half year.

Net investing cash outflows for the six months to 31 December 2021 was $2,188,000. The $1,954,000 decrease is due to reduced spend in capital expenditure.

Net financing cash outflows for the 2022 half year totalled $1,563,000. This included $1,375,000 lease payments and $53,000 interest expense related to leases.

Statement of Financial Position

Net assets have increased to $111,762,000 at 31 December 2021 from $110,707,000 at 30 June 2021.

Current assets have decreased from 30 June 2021 by 7% to $57,413,000. This is mainly a result of lower receivables based on business seasonality and improvements in cash collection. The current component of the trail commission receivable is $33,112,000 which decreased by 1% from with 30 June 2021.

Non-current assets have increased from 30 June 2021 by 3% to $106,888,000. The non-current component of the trail commission receivable is $90,313,000, a 1% decrease from 30 June 2021.

Current liabilities decreased from 30 June 2021 to 31 December 2021 by 25% to $22,939,000 mainly due to payments to suppliers in addition to trade related payable balances post 30 June 2021.

Non-current liabilities have increased by 4% ending on $29,690,000.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Outlook

The lower levels of consumer demand are anticipated to continue in H2 FY22 and with the lowest Health premium rate rise in 21 years expected, these factors will impact Full Year FY22 revenue and profitability.

Importantly, we see these headwinds as temporary and with the recent announcement of Open Finance as the 4th sector for release (following Open Energy - 2nd, Open Telco - 3rd) we have increased conviction in our i26 strategy for FY23 and beyond. The CDR regulations seek to provide consumers with more choice and control by making easier. We believe our key strengths – Brand, customer base, Partner relationships and our Balance Sheet – make us well placed to capitalise on this.

The benefits of our investment in CIMET are multifaceted. CIMET will enable iSelect to improve the unit economics of our model via an increased online sales mix, launch new verticals and uplift our existing verticals. CIMET's strengths in technology development will fast track our platform by 3 years, reducing future capex and implementation risks. At the same time, CIMET's business represents an opportunity for iSelect to diversify our revenue via CIMET's B2B model and opens up opportunities such as International expansion and/or a proof of concept 'By-now-pay-later' proposition.

From a cash perspective, we expect cash flows to remain strong underpinned by Trail Asset cash collections. Pleasingly Working Capital turned positive in H1 and we anticipate expect Working Capital to be neutral or slightly positive in H2.

The Group also remains aware of potential risks to its business and will continue to closely monitor and work to mitigate these throughout FY22. These risks include potential changes in government policy and legislation with regard to private health insurance, lower than expected cash receipts from future trail commissions, and any adverse decisions taken by product providers currently listed on the Group's websites.

ROUNDING

The Group is of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the period.

SIGNIFICANT EVENTS AFTER BALANCE DATE

CIMET INVESTMENT

The Group has entered into an agreement to acquire a 49% share in CIMET Holdings Pty Ltd, the holding company of CIMET Sales Pty Ltd and Bulk Bargains Pty Ltd ("the CIMET Group") on 27 February 2022. The Group will also acquire a 49% share in VConnex Private Limited, a company located in India which exclusively provides technology and other services to the CIMET Group. Total consideration for the 49% investment in CIMET is comprised of $20.7m upfront ("Upfront Amount"), plus up to a $3.6m performance based earn-out ("Earn-out"), plus $2.24m deferred consideration due 12 months post Completion ("Deferred Amount"), leading to a maximum potential consideration of $26.6m. The Earn-out will be payable if CIMET achieves defined volume and margin targets in the 6 months post Completion, with the option of a pro-rata payment if performance targets are partially achieved.

Consideration will be satisfied via $14m cash at completion with the balance, including the Earn-Out and Deferred Amount to be satisfied via cash or iSelect Scrip (issuance of new shares), at the election of iSelect. The $14m cash component will be funded via 2 loan facilities from ANZ. This replaces the existing working capital facility with CBA, which remain undrawn. The shares issued at completion will go to the CIMET shareholders with 24-month escrow terms.

Due to the proximity of the acquisition to the release of the interim financial statements, it is impracticable at this stage to include other disclosures in relation to the business combination such as the purchase price accounting including the fair value of net assets acquired, any prospective intangibles, the amount of revenue or profit or loss of CIMIT post acquisition due to the acquisition accounting not being finalised at the date of the release of the 31 December 2021 half-year report.

SALE OF LEGACY TRAIL ASSET

On 27 February 2022, the Group has also reached an agreement with The Hospitals Contribution Fund Ltd ("HCF") to sell a small portion of the Health Trail Book to HCF for $4.6m. This sale relates to a 'closed trail book' stemming from legacy commercial agreements in relation to previous health insurance sales. The carrying value of the trail asset at 31 December 2022 was $6,146,000.

DIVIDEND

On 27 April 2021, iSelect announced a Dividend program, with the next dividend (at a level of $0.01 per share) planned to be payable in March 2022. Following the investment in CIMET, the Board has determined that the Dividend program will be cancelled, unless and until otherwise determined by the Board, effective immediately.

OTHER

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half year ended 31 December 2021 is on page 7 of this report.

This Directors' Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors

Brodie Arnhold
Director
Melbourne,
28 February 2022

Geoff Stalley
Director
Melbourne,
28 February 2022

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ISELECT LIMITED

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

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

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

James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 28 February 2022

Financial Statements

ABOUT THIS REPORT

This is the interim financial report for iSelect Limited and its controlled entities. iSelect Limited (the "Company") is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (Code: ISU). The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2021 comprise the financial statements of the Company and its subsidiaries, together referred to in these financial statements as the "Group" and individually as "Group entities".

Our half year financial report does not include all of the information required for the full year financial report. It should be read in conjunction with our 2021 Annual Report and together with any public announcements made by us in accordance with the continuous disclosure obligations arising under the ASX rules and the Corporations Act 2001, up to the date of the Directors' declaration.

The financial report of iSelect Limited for the half year ended 31 December 2021 was authorised for issue in accordance with a resolution of Directors on 28 February 2022.

READING THE FINANCIALS

SECTION INTRODUCTION

Introduction at the start of each section outlines the focus of the section and explains the purpose and content of that section.

CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2021

		CONSOLIDATED	
	NOTE	DEC 2021 $'000	DEC 2020 $'000
Revenue from contracts with customers – continuing operations			
Upfront revenue		27,744	34,170
Trail commission revenue		16,871	17,603
Total revenue from contracts with customers		**44,615**	**51,773**
Cost of sales		(28,279)	(29,955)
Gross Profit		**16,336**	**21,818**
Other income		147	176
Government grant		-	3,409
Administrative expenses		(10,475)	(21,044)
Loss on disposal of subsidiary		-	(3)
Share-based payments expense		(205)	(454)
Depreciation and amortisation		(4,948)	(5,210)
Profit/(Loss) Before Interest and Tax		**855**	**(1,308)**
Finance income		-	2
Finance costs		(188)	(225)
Net Finance Costs		**(188)**	**(223)**
Profit/(Loss) Before Income Tax Expense		**667**	**(1,531)**
Income tax expense	2.3	(193)	(2,083)
Profit/(Loss) for the Period from Continuing Operations		**474**	**(3,614)**
Discontinued Operations			
Loss before tax for the period from discontinued operations		-	(580)
Income tax benefit		-	-
Loss after tax for the period from discontinued operations		-	(580)
Profit/(Loss) for the Period		**474**	**(4,194)**

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the half year ended 31 December 2021

	NOTE	CONSOLIDATED DEC 2021 $'000	DEC 2020 $'000
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements		-	312
Other Comprehensive Income Net of Tax		-	**312**
Total Comprehensive Income for the Period		**474**	**(3,882)**
Profit attributable to			
Owners of the company		474	(4,129)
Non-controlling interests		-	(65)
		474	**(4,194)**
Total comprehensive income attributable to			
Owners of the company		474	(3,808)
Non-controlling interests		-	(74)
		474	**(3,882)**
Earnings per share (cents per share)			
Basic/diluted profit/(loss) for the period attributable to ordinary equity holders of the parent	2.2	0.2	(1.9)
Earnings per share (cents per share) for continuing operations			
Basic/diluted profit/(loss) for the period attributable to ordinary equity holders of the parent	2.2	0.2	(1.7)
Earnings per share (cents per share) for discontinued operations			
Basic/diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	2.2	-	(0.2)

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	CONSOLIDATED	
	DEC 2021 $'000	JUN 2021 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	12,406	9,433
Trade and other receivables	9,206	14,864
Trail commission receivable	33,112	33,407
Other assets	2,689	3,907
Total Current Assets	**57,413**	**61,611**
Non-Current Assets		
Trail commission receivable	90,313	91,361
Property, plant and equipment	3,296	4,538
Other intangible assets	13,254	14,772
Other assets	25	25
Total Non-Current Assets	**106,888**	**110,696**
Total Assets	**164,301**	**172,307**
LIABILITIES		
Current Liabilities		
Trade and other payables	15,132	21,762
Lease liabilities	2,815	2,747
Provisions	4,992	6,058
Total Current Liabilities	**22,939**	**30,567**
Non-Current Liabilities		
Lease liabilities	-	1,443
Provisions	303	395
Net deferred tax liabilities	29.387	29,195
Total Non-Current Liabilities	**29,690**	**31,033**
Total Liabilities	**52,629**	**61,600**
Net Assets	**111,672**	**110,707**
EQUITY		
Contributed equity	111,711	111,425
Reserves	11,493	11,288
Accumulated losses	(11,532)	(12,006)
Equity attributable to owners of the Company	**111,672**	**110,707**

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2021

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	CONTRIBUTED EQUITY $'000	SHARE BASED PAYMENT RESERVE $'000	BUSINESS COMBINATION RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2020	**111,290**	**4,870**	**5,571**	**177**	**(4,814)**	**117,094**	**(2,377)**	**114,717**
Profit for the period	-	-	-	-	(4,129)	(4,129)	(65)	(4,194)
Other comprehensive income	-	-	-	303	-	303	9	312
Total Comprehensive Income	-	-	-	303	(4,129)	(3,826)	(56)	(3,882)
Transactions with Owners in their Capacity as Owners								
Disposal of subsidiary with NCI	-	-	-	(480)	(2,433)	(2,913)	2,433	(480)
Issue of shares / recognition of share-based payments	-	454	-	-	-	454	-	454
Balance at 31 December 2020	**111,290**	**5,324**	**5,571**	**-**	**(11,376)**	**110,809**	**-**	**110,809**
Balance at 1 July 2021	**111,425**	**5,717**	**5,571**	**-**	**(12,006)**	**110,707**	**-**	**110,707**
Profit for the period	-	-	-	-	474	474	-	474
Other comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	**474**	**474**	-	**474**
Transactions with Owners in their Capacity as Owners								
Issue of shares / recognition of share-based payments	286	205	-	-	-	491	-	491
Balance at 31 December 2021	**111,711**	**5,922**	**5,571**	**-**	**(11,532)**	**111,672**	**-**	**111,672**

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2021

	CONSOLIDATED	
	DEC 2021 $'000	DEC 2020 $'000
Cash Flows from Operating Activities		
Receipts from customers	55,056	61,050
Government grant	-	3,409
Payments to suppliers and employees	(48,335)	(57,832)
Interest received	-	2
Net cash provided by operating activities	**6,721**	**6,629**
Cash Flows from Investing Activities		
Payments for property, plant and equipment and intangible assets	(2,188)	(2,566)
Cash sold as a part of discontinued operations	-	(1,576)
Net cash used in investing activities	**(2,188)**	**(4,142)**
Cash Flows from Financing Activities		
Repayment of lease liabilities	(1,375)	(1,222)
Interest paid	(188)	(259)
Net cash used in financing activities	**(1,563)**	**(1,481)**
Net increase in cash and cash equivalents	2,970	1,006
Net foreign exchange difference	3	193
Cash and cash equivalents at the beginning of the year	9,433	11,256
Cash and cash equivalents at the end of the year	**12,406**	**12,455**

The accompanying notes form part of these condensed consolidated interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2021

SECTION 1: BASIS OF PREPARATION

This section explains the basis of preparation of our financial report and provides a summary of our key accounting estimates and judgements.

1.1 Basis of preparation of the financial report

Our half year financial report (the Report) is a condensed general purpose financial report, which has been prepared by a 'for-profit' entity in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting" issued by the Australian Accounting Standards Board (AASB).

All amounts are presented in Australian dollars unless otherwise noted. The company is a company of a kind referred to in ASIC Class Order 2016/191, dated March 2016, and in accordance with that Class Order, amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars ($'000) unless otherwise stated.

The same accounting policies including the principles of consolidation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in our 2021 Annual Report.

1.2 Seasonality of operations

The Group offers comparison, purchase and referral services across a number of insurance, utility and financial products. Due to the seasonal nature of the Health business in particular, lower revenues and operating profits are usually expected in the first half of the Group's financial year than in the second half. Significantly higher customer sales during the months of March and June each year are mainly attributed to the increased demand for health products as a result of customers looking to optimise their health rebates before the health insurance rate rise and prior to 30 June each year.

1.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021 except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

1.4 Other accounting policies

The Group has had regard to Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group, as outlined in iSelect's Annual Report for the year ended 30 June 2021.

The Group has determined that they do not impact the accounting policies applied in the preparation of the Group's condensed consolidated interim financial statements. No other new accounting standards effective from 1 July 2021 have a material impact on the financial results of the Group.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

SECTION 2: PERFORMANCE FOR THE HALF YEAR

This section explains our results and performance and includes our segment results, which are reported on the same basis as our internal management structure. It also provides our earnings per share for the period and information about taxation.

2.1 Segment information

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. We present our reportable segments and measure our segment results on a continuing operations basis, i.e. the same basis as our internal management reporting structure.

We have four reportable segments which offer a service that includes comparison, purchase support and lead referrals across:

- Health (private health insurance),
- Life and General Insurance,
- Energy and Telecommunications, and
- Other, predominately offering financial service products including home loans in Australia.

In the current year, unallocated corporate costs include costs associated with the business restructure.

All revenue from continuing operations is generated from Australia. All non-current assets from continuing operations are also located in Australia.

	DEC 2021 $'000	JUN 2021 $'000
Trail commission asset		
Health	82,259	81,645
Life and General Insurance	37,759	39,207
Other	3,407	3,916
	123,425	**124,768**

	CONSOLIDATED DEC 2021 $'000	DEC 2020 $'000
Operating revenue		
Upfront revenue	15,671	18,496
Trail commission revenue	14,685	15,550
Health Insurance	30,356	34,046
Upfront revenue	4,475	5,438
Trail commission revenue	2,125	1,967
Life and General Insurance	6,600	7,405
Upfront revenue	7,386	10,080
Trail commission revenue	8	60
Energy and Telecommunications	7,394	10,140
Upfront revenue	212	157
Trail commission revenue	53	25
Other	265	182
Consolidated Group operating revenue from continuing operations	**44,615**	**51,773**
EBITDA		
Health Insurance	4,806	6,557
Life and General Insurance	3,333	3,415
Energy and Telecommunications	(428)	1,038
Other	6	169
Unallocated corporate costs	(1,914)	(7,277)
Consolidated Group EBITDA from continuing operations	**5,803**	**3,902**
Depreciation and amortisation	(4,948)	(5,210)
Net finance cost	(188)	(223)
Consolidated Group profit/(loss) before income tax from continuing operations	**667**	**(1,531)**
Income tax expense	(193)	(2,083)
Consolidated Group net profit/(loss) for the year from continuing operations	**474**	**(3,614)**

2.2 Earnings per share

This note outlines the calculation of Earnings Per Share (EPS) which is the amount of post-tax profit attributable to each share.

We calculate basic and diluted EPS. Diluted EPS reflects the effects of the equity instruments allocated to our employee share schemes under iSelect Limited's share-based payment plans.

	CONSOLIDATED	
	DEC 2021 $'000	DEC 2020 $'000
Continuing operations	474	(3,549)
Discontinued operations	-	(580)
Profit/(loss) attributable to the owners of the Group	**474**	**(4,129)**
	SHARES ('000)	SHARES ('000)
WANOS[1] for basic earnings per share	218,752	217,761
Effect of dilution[2]	161	-
WANOS[1] adjusted for effect of dilution	218,913	217,761
	Cents	Cents
Earnings/(loss) per share:		
Basic/Diluted EPS	0.2	(1.9)
Basic/Diluted EPS – continuing operations	0.2	(1.7)
Basic/Diluted EPS – discontinued operations	-	(0.2)

[1] Weighted average number of ordinary shares.

[2] In HY21 LTIP shares granted but not issued are not included in the diluted earning per share calculation due to losses and any potential increases in the number of shares are considered anti-dilutive.

Recognition and measurement

Basic Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.3 Taxes

Current income tax is calculated by applying the statutory tax rate to taxable income. Taxable income is calculated as the accounting profit adjusted for differences in income and expenses where the tax and accounting treatments differ.

Deferred income tax, which is accounted for using the balance sheet method, arises because timing of recognition of accounting income is not always the same as taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, a deferred tax asset or liability must be recognised on the balance sheet.

The following tables provide a reconciliation of notional income tax expense to actual income tax expense.

	CONSOLIDATED DEC 2021 $'000	CONSOLIDATED DEC 2020 $'000
Current taxes		
Amounts recognised in profit or loss		
Current income tax		
Current income tax (expense) / benefit	64	(1,790)
Deferred income tax		
Origination and reversal of temporary differences	(257)	(335)
Previous years' adjustment[1]	-	42
Income tax expense reported in income statement	**(193)**	**(2,083)**

	CONSOLIDATED DEC 2021 $'000	CONSOLIDATED DEC 2020 $'000
Tax reconciliation		
Accounting loss/(profit) before income tax	**(667)**	**2,111**
Notional income tax at the domestic statutory income tax rate of 30%	(200)	633
Effect of tax rate in foreign jurisdiction at (0.83%)	-	(28)
Non temporary differences		
Loss on disposal of subsidiary	-	(1)
Fines and penalties	-	(2,580)
Share-based payments	(61)	(136)
Entertainment	(2)	(1)
Initial recognition of research and development concessional credits	70	133
Other	-	(103)
Total income tax expense	**(193)**	**(2,083)**

[1]Adjustment arises from difference between provision for income tax at previous reporting periods and final lodged income tax returns which occur in the current financial year.

SECTION 3: OUR CAPITAL AND RISK MANAGEMENT

This section sets out the policies and procedures applied to manage our capital structure and the financial risks we are exposed to. We manage our capital structure in order to maximise shareholders' return, maintain optimal cost of capital and provide flexibility for strategic investments.

3.1 Dividends

This note also provides information about the current year interim dividend to be paid. No provision for the current year interim dividend has been raised as it was not determined or publicly recommended by the Board as at 31 December 2021.

Dividends paid during the financial half year are as follows:

	CONSOLIDATED DEC 2021 $'000	DEC 2020 $'000
Previous year final dividend paid	-	-
Interim dividend paid	-	-
	-	-

Franking credit balance

Our franking credits available for use in subsequent reporting periods can be summarised as follows:

	CONSOLIDATED DEC 2021 $'000	DEC 2020 $'000
Franking account balance	130	130
Franking debits from the refund of income tax as at 31 December (at a tax rate of 30% on a tax paid basis)	-	-
	130	**130**

3.2 Fair value

Valuation and disclosure within fair value hierarchy

The financial instruments included in the Statement of Financial Position are measured either at fair value or their carrying value approximates fair value, with the exception of borrowings, which are held at amortised cost.

To determine fair value we use both observable and unobservable inputs. We classify inputs used in the valuation of our financial instruments according to three level hierarchy as shown below:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair values of all financial assets and liabilities approximate their carrying amounts shown in the Statement of Financial Position except for the trail commission receivable.

For financial instruments not quoted in the active markets, the Group used valuation techniques such as present value techniques (which include lapse and mortality rates, commission terms, premium increases and credit risk), comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Sensitivity of trail commission receivable

A combined premium price decrease of 1% and termination rate increase of 1% would have the effect of reducing the carrying value by $11,048,000 (30 June 2021: $10,416,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by $10,502,000 (30 June 2021 $9,900,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

SECTION 4: OTHER INFORMATION

This section provides other information and disclosures not included in the other sections, for example, commitments and contingencies and significant events occurring after the reporting date.

4.1 Other accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2021, except for the adoption of new standards and interpretations as of 1 July 2021 as disclosed in the 30 June 2021 financial accounts.

4.2 Related party transactions

Transactions and their terms and conditions with other related parties

Arnhold Investments Pty Ltd

All remuneration for Mr Brodie Arnhold including payment for his position of Chief Executive Officer and Executive Director, and all related fees for his positions of Non-Executive Director and Non-Executive Chairman was paid to Arnhold Investments Pty Ltd. Mr Arnhold is the Director and Company Secretary of Arnhold Investments Pty Ltd.

Prezzee Pty Ltd

During the half year, the Group paid Prezzee Pty Ltd $83,148 (30 June 2021: $112,043) in relation to digital gift cards for customer and staff incentives. Prezzee Pty Ltd is considered to be a related party of the Group due to Precision Group's (under significant influence of Mr Shaun Bonett, a Non-Executive Director of the Group) investment in Prezzee Pty Ltd. and noting Mr Bonett is Chairman and a Non-Executive Director of Prezzee Pty Ltd. The amount payable to Prezzee Pty Ltd as at 31 December 2021 was $14,108 (30 June 2021: $9,020).

4.3 Events after the reporting date

CIMET investment

The Group has entered into an agreement to acquire a 49% share in CIMET Holdings Pty Ltd, the holding company of CIMET Sales Pty Ltd and Bulk Bargains Pty Ltd ("the CIMET Group") on 27 February 2022. The Group will also acquire a 49% share in VConnex Private Limited, a company located in India which exclusively provides technology and other services to the CIMET Group. Total consideration for the 49% investment in CIMET is comprised of $20.7m upfront ("Upfront Amount"), plus up to a $3.6m performance based earn-out ("Earn-out"), plus $2.24m deferred consideration due 12 months post Completion ("Deferred Amount"), leading to a maximum potential consideration of $26.6m. The Earn-out will be payable if CIMET achieves defined volume and margin targets in the 6 months post Completion, with the option of a pro-rata payment if performance targets are partially achieved.

Consideration will be satisfied via $14m cash at completion with the balance, including the Earn-Out and Deferred Amount to be satisfied via cash or iSelect Scrip (issuance of new shares), at the election of iSelect. The $14m cash component will be funded via 2 loan facilities from ANZ. This replaces the existing working capital facility with CBA, which remain undrawn. The shares issued at completion will go to the CIMET shareholders with 24-month escrow terms.

Due to the proximity of the acquisition to the release of the interim financial statements, it is impracticable at this stage to include other disclosures in relation to the business combination such as the purchase price accounting including the fair value of net assets acquired, any prospective intangibles, the amount of revenue or profit or loss of CIMIT post acquisition due to the acquisition accounting not being finalised at the date of the release of the 31 December 2021 half-year report.

Sale of Legacy Trail Asset

On 27 February 2022, the Group has also reached an agreement with The Hospitals Contribution Fund Ltd ("HCF") to sell a small portion of the Health Trail Book to HCF for $4.6m. This sale relates to a 'closed trail book' stemming from legacy commercial agreements in relation to previous health insurance sales. The carrying value of the trail asset at 31 December 2022 was $6,146,000.

Dividend

On 27 April 2021, iSelect announced a Dividend program, with the next dividend (at a level of $0.01 per share) planned to be payable in March 2022. Following the investment in CIMET, the Board has determined that the Dividend program will be cancelled, unless and until otherwise determined by the Board, effective immediately.

4.4 Leases

Additional information relating to the Group's leases and its impact on the balance sheet and Statement of Profit and Loss is detailed below:

LEASES IN THE BALANCE SHEET	CONSOLIDATED	
	DEC 2021 $'000	JUN 2021 $'000
Right-of-use assets		
Office premises	1,887	2,827
Office equipment	5	33
Total right-of-use assets	**1892**	**2,860**
Lease liabilities		
Office premises	2,810	4,157
Office equipment	5	33
Total lease liabilities	**2,815**	**4,190**

4.4 Leases (continued)

Leases in the Statement of Profit or Loss, for the period ended:

	CONSOLIDATED	
	DEC 2021 $'000	DEC 2020 $'000
Depreciation charge	968	966
Low value lease expense	-	-
Interest expense on lease liabilities	53	90
Cash outflow	1,428	1,312

4.5 Commitments and contingencies

Other

Life insurance policies

On 24 October 2011, iSelect Life Pty Ltd reported to the Australian Securities and Investment Commission a breach in relation to its Australian financial services license relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period was undertaken. The review and remediation work commenced in October 2011. As at 31 December 2021, 100% (30 June 2021: 100%) of the initial 5,095 policies had been reviewed by iSelect with only 476 (30 June 2021: 489) policies in relation to one provider still subject to final remediation.

The amount, if any, of liability associated with those policies yet to be remediated cannot be reliably determined at this time, and accordingly no amounts have been recorded in the condensed consolidated interim financial statements for the half year ended 31 December 2021 (30 June 2021: nil).

Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

Directors' Declaration

In accordance with a resolution of the Directors of iSelect Limited we state that:

1. In the opinion of the Directors:

    a. the condensed consolidated interim financial statements and notes that are set out on pages 8 to 20 and the Directors' report, are in accordance with the *Corporations Act 2001*, including:
        i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance, for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
        iii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the Group entities will be able to meet any obligations or liabilities;

3. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Directors

Brodie Arnhold

Brodie Arnhold

Director

Melbourne,

28 February 2022

Geoff Stalley

Director

Melbourne,

28 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of iSelect Limited

Report on the Half-Year Financial Report

Conclusion

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

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

Independent Auditor's Report

Auditor's responsibility for the review of the financial report

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

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

BDO Audit Pty Ltd

James Mooney
Director

Melbourne, 28 February 2022

Reported vs Underlying Results

	REPORTED HY22 $'000	ADJUSTMENT MERGER & ACQUISITION INVESTIGATION $'000	UNDERLYING HY22 $'000
EBITDA	5,803	830	6,633
Depreciation and amortisation	(4,948)	-	(4,948)
EBIT	855	830	1,685
Net finance costs	(188)	-	(188)
Profit/(loss) before income tax expense	667	830	1,497
Income tax benefit	(193)	-	(193)
Profit for the period	474	830	1,304
EPS (cents)	0.2	0.4	0.6

Corporate Information

DIRECTORS

Brodie Arnhold

Shaun Bonett

Bridget Fair

Geoff Stalley

COMPANY SECRETARY

Mark Licciardo

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