



ABN 53 000 364 465

20 November 2020

Chairman's Address to Shareholders

Financial Year in Review

Euroz Limited ("**Euroz**") reported a headline $-\$1.4$ million net loss for the financial year ended 30 June 2020. The major factor in this reported loss is the previously mostly "non-cash" write downs associated with the closure of the Prodigy business.

Our established Euroz Securities, Entrust Wealth Management and Westoz Funds Management businesses performed well in a volatile market and contributed solid underlying profitability of $\$6.5$ million after tax.

Our headline profitability can be summarised as follows: Underlying "cash" profits of approximately $\$6.5$ million plus $\$0.3$ million "non-cash" after tax profits from the mark-to-market of investments were offset by $-\$8.2$ million "non-cash" after tax losses (mostly relating to Prodigy closure costs) resulting in a $-\$1.4$ million net loss after tax attributable to members.

Solid underlying cash profitability and the realisation of some of our fund investments enabled your Directors to declare and pay a final fully franked dividend of 6 cents per share ("**cps**") which combined with the interim dividend of 1.75 cps brought the full year dividend to 7.75 cps (previous year 6.75 cps).

Merger with Hartleys

On 17 July 2020, Euroz announced that it had entered into a Bid Implementation Agreement to acquire 100% of the issued capital of Hartleys Limited (**Hartleys**). The transaction then successfully completed on 8 October 2020.

Hartleys, was founded in 1955, and is a leading Western Australian-based stockbroking, corporate finance, institutional dealing and wealth management firm with Funds Under Management (**FUM**) exceeding $\$1$ billion.

The merger of Euroz Securities and Hartleys brings together the two most iconic and successful stockbroking, corporate finance and wealth management businesses in Western Australia. The combined businesses have been rebranded "Euroz Hartleys" and work is well underway to bring our businesses together as one.

The merger of the two businesses has created a leading financial services firm, with combined history of over 85 years and a deep understanding of the local Western Australian investment landscape.

We believe that our combined businesses are a great outcome for shareholders of both businesses and we emerge much stronger together. Our complementary strengths, solid balance sheet and scale will provide increased opportunity to build on both firms' strong history of providing exceptional service to clients.

Trading Update

We provide the following trading update for the first four months of the financial year to 31 October 2020.

Unaudited headline net profit after tax of \$11.5 million was driven by strong contributions from Euroz Hartleys Securities Limited and improved share prices in our investments in the Westoz Investment Company Limited (WIC) and Ozgrowth Limited (OZG). We report unaudited underlying cash profitability of \$5.8 million after tax.

We highlight that the above excludes a similarly strong first quarter performance from Euroz Hartleys Limited (formerly Hartleys Limited) of approximately \$3 million. The cash profit of the first quarter above will still flow directly to Euroz in the form of net cash for the benefit of Euroz shareholders. From 1 October 2020 we consolidate all future profits of Euroz Hartleys Limited.

Group Funds Under Management (FUM) has risen strongly to a record \$2.87 billion reflecting our ongoing focus on building recurring revenue streams.

Summary

As we continue to pursue our diversification and consolidation strategy Euroz Limited now employs 190 staff across our businesses.

Our stockbroking and wealth management industry continues to evolve rapidly and remains intensely competitive. We strongly believe your company is now in a much stronger position to continue to consolidate opportunities in our local market.

Euroz maintains a strong balance sheet with cash and investments at 31 October 2020 of \$128 million and zero debt.

Euroz Limited has paid \$235 million in fully franked dividends to shareholders across our 20-year history. We are justifiably proud of this history and it is our intention post-merger to attempt to continue this strong dividend paying track record.

Our businesses retain strong leverage to an improving Western Australian economy and commodity prices in general.

I would once again like to sincerely thank our staff for their significant efforts and who as our largest shareholders remain committed to growing this proudly Western Australian diversified financial services company.

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