

EUROZ HARTLEYS GROUP

ABN 53 000 364 465

17 November 2022

Chairman's Address to Shareholders and Trading Update

Financial Year in Review

Last year Euroz Hartleys Group Limited ("**Euroz Hartleys**" or the "**Company**") completed the merger of three separate licenses: Euroz Securities Limited, Hartleys Limited and Entrust Wealth Management Pty Ltd. Throughout 2022, our integration program continued to bring these significant WA brands together in order to provide the best possible platform for our staff, clients and shareholders.

We believe that Euroz Hartleys Limited is now recognised as Western Australia's leading financial services business.

Following a successful vote at our 2021 AGM the Company changed the name of our listed parent company to "Euroz Hartleys Group Limited" to reflect the deep history of our two iconic Western Australian businesses.

The past year also delivered strong profitability, a significantly stronger balance sheet and a simplified corporate structure.

Euroz Hartleys reported an audited result of \$40.7 million net profit after tax attributable to members for the financial year ended 30 June 2022.

Underlying cash profitability was driven by a solid performance from Euroz Hartleys Limited which delivered Equity Capital Market ("**ECM**") raisings of \$2.2 billion versus \$2.0 billion in the previous year. ECM revenue was down approximately 16% and overall corporate revenues down approximately 23% from the previous exceptional year.

Brokerage and recurring Funds Under Management ("**FUM**") revenue for the year were broadly in line with the previous year. Euroz Hartleys Limited FUM as at 30 June 2022 was \$3.0 billion.

Solid underlying cash profitability enabled your Directors to declare and pay a final fully franked dividend of 8.5 cents per share ("**cps**") which combined with the interim dividend of 2.5 cps brought the full year dividend to 11 cps.

Westoz Funds Management Pty Ltd ("**WFM**"), a wholly owned subsidiary of Euroz Hartleys, was responsible for managing the mandates of Westoz Investment Company Limited ("**Westoz**") and Ozgrowth Limited ("**Ozgrowth**"). On 23 December 2021, Westoz and Ozgrowth announced that they had entered into separate Schemes of Arrangements with WAM Capital Limited. On 21 April 2022, WAM Capital Limited acquired Westoz and Ozgrowth following the completion of two separate Scheme of Arrangements.

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Euroz Hartleys Group received approximately 49.95 million WAM Capital Limited ordinary shares upon the finalisation of the Scheme of Arrangements, which were sold resulting in proceeds of approximately \$103.9 million.

The returns realised from this sale allowed us to pay a fully franked special dividend of \$0.2027 cps on 7 October 2022 and the proposed capital return of \$0.20274 cps by way of share cancellation that forms part of today's Annual General Meeting resolutions.

WFM will no longer receive management or performance fees from these funds. We have retained the WFM Australian Financial Services Licence (AFSL).

Trading Update

We have been the beneficiaries of strong markets in the previous two financial years but we remind staff and shareholders that whilst we are building a stronger overall business with an increasing base of underlying recurring revenues our earnings can still be quite cyclical/volatile.

This calendar year has been marked by rapidly increasing inflation and interest rates, a slowdown in broader markets and significantly lower levels of capital raisings and trading volumes.

We provide the following trading update and commentary for the first four months of this financial year to 31 October 2022.

Unaudited headline net profit after tax of \$2.1 million and unaudited underlying cash profitability of \$2.3 million after tax.

We are pleased to maintain profitability during a difficult and volatile inflection point in uncertain markets.

We strongly believe that the current market provides the perfect opportunity to work even harder to improve our underlying business.

Group FUM has risen to \$3.2 billion reflecting our important and ongoing focus on building recurring revenue streams.

Another significant point of differentiation to most of our competitors is our strong balance sheet. We are pleased to report cash and investments as at 31 October 2022 of \$134 million and zero debt (prior to the final \$40 million tranche of our capital management initiative).

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Summary

The best measure of a strong business and underlying cashflow is of course the payment of dividends. We are proud that, subject to the approval of our capital management initiative at today's meeting, we will have returned \$327 million in fully franked dividends and \$40 million of capital to shareholders across our 22-year history.

Your Company has an excellent track record of counter cyclical and well executed acquisitions in a financial landscape that continues to evolve and benefit those that have true scale and that can provide the best investment solutions to their clients.

We are a "Best of the Best" combination of four major Western Australian financial advice businesses and with our balance sheet, people and track record of successful integrations/mergers believe we will continue to be a natural consolidator in an exciting growth industry.

I would like to sincerely thank all of our 183 staff for their significant efforts and who represent 100% of the goodwill in our business.

Together, we are strongly aligned to make Euroz Hartleys the leading brand in Western Australian financial services.

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