

EUROZ HARTLEYS GROUP

ABN 53 000 364 465

17 November 2023

Chairman's Address to Shareholders and Trading Update

Financial Year in Review

The past year delivered solid profitability in quieter and more uncertain markets. During the 2023 financial year, Euroz Hartleys Group Limited ("**Euroz Hartleys**" or the "**Company**") continued our journey to provide the best possible platform for our staff, clients and shareholders.

We believe that Euroz Hartleys is now recognised as Western Australia's leading financial services business which reflects the deep history and trust in our iconic Western Australian brand. Euroz Hartleys reported an audited result of \$9.3 million net profit after tax attributable to members for the financial year ended 30 June 2023.

This result is difficult to compare with the previous financial year which included significant one-off profits related to the sale of our Westoz and Ozgrowth investments and performance fees associated with these funds.

Underlying cash profitability was driven by a solid performance from Euroz Hartleys Limited in a year in which markets, volumes and capital raising activity were all negatively influenced by rising interest rates and inflationary concerns.

Equity Capital Market (ECM) raisings during the year of ~\$1.9 billion were similar to the previous year and were an excellent achievement given lower ECM market activity over the period. This was evidenced by our Number 1 ranking in the Business News Western Australian (CYTD) ECM League Tables and a National Number 6 ranking in the Australian Financial Review (FY) ECM rankings.

Our Advisory revenues doubled during this period and we see further opportunity to provide quality Merger and Acquisitions advice to our extensive client base going forward. Transactional brokerage revenues were down 31.2% for the period, reflecting markets that lacked direction and confidence for the majority of the year.

We remain focused on increasing our proportion of recurring revenues and can report a modest increase in Funds Under Management (FUM) to \$3.4 billion. Our team has spent considerable time and effort in developing new strategies to drive FUM growth and consolidate our wealth offering. We are confident our investment in improving our adviser platforms, support and capabilities will enable the largest team of Private Wealth advisers in WA to continue to grow FUM.

Underlying cash profitability enabled your Directors to declare and pay a final fully franked dividend of 3.5 cents per share ("cps") which combined with the interim dividend of 2.5 cps brought the full year dividend to 6 cps.

Trading Update

The first four months of the financial year have seen further market weakness and subdued trading conditions with markets obsessed on peak interest rates while two major conflicts continue to escalate. This uncertainty continues to have a major impact on ASX trading volumes and capital raisings.

Our major subsidiary Euroz Hartleys Limited has experienced modest profitability and can report an unaudited net profit after tax of \$1.68m (pre-unrealised mark to market on investments). After including the non-cash mark to market valuation of our various investments Euroz Hartleys Group Limited can report an unaudited net profit after tax of approximately \$300k to 31 October 2023.

ECM activity remains a very important part of our business with \$315 million of raisings in the financial year to 31 October with Dealogic recently ranking Euroz Hartleys as number 10 nationally for ECM raisings in the calendar year to date. On an absolute basis our ECM revenues are down 30% versus the same corresponding period last year.

Against this weaker backdrop our ASX broking revenues were pleasingly up 41% for the first four months of the year versus the same corresponding period last year due to strong block trading from our institutional sales business.

Increasing our recurring revenues remains a strategic priority and we can report Group Funds Under Management (FUM) was steady around \$3.4 billion.

Approximately 81% of our revenues are still transactional and our established and powerful trading and distribution platform retains very good upside leverage to better markets when they inevitably return.

A 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 2023 of \$84.6 million and zero debt.

Thankyou

On behalf of the board and all shareholders I would like to thank Mr Jay Hughes for his invaluable service and guidance as a Director of your Company for the past 23 years. We are also very pleased that he will continue in his role as a key employee of Euroz Hartleys Limited and as Non-Executive Chairman of Westoz Funds Management and Westoz Resources Fund Limited.

I would also like to thank Mr Rob Black on behalf of all shareholders, clients and staff for his dedication, loyalty and service to the Euroz Hartleys Group over the last 21 years. He has played a pivotal role in the strategic direction of our business and has been an integral member of our executive team. We wish Rob all the very best in his future endeavours.

Summary

The best measure of a strong business is the payment of dividends and we are proud that we have now returned \$337.3 million in fully franked dividends and \$40 million of capital to shareholders across our 23-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 189 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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