



24 February 2021

Appendix 4D

Half- yearly report

Period ended 31 December 2020

EUROZ LIMITED

ABN 53 000 364 465

Results for announcement to the market

Extracts from this report for announcement to the market

	31 Dec 20	31 Dec 19 (Restated)	Change \$	\$AUD Change %
Revenue from ordinary activities	\$47,882,955	\$26,419,377	\$21,463,578	81%
Profit/(loss) from ordinary activities after tax attributable to members	\$25,077,161	\$8,551,519	\$16,525,642	193%
Net Profit/(loss) for the period attributable to members	\$25,077,161	\$8,551,519	\$16,525,642	193%
Net Tangible Assets per share	\$0.66	\$0.69		(4.3%)
Dividends and Distributions	Amount per security	Franked amount per security		
Interim Dividend	2.50 cents	2.50 cents		
Record date for determining entitlements to the interim dividend				4 Feb 2021
Last date for election to participate in Dividend Reinvestment Plan				5 Feb 2021
Dividend payable date				19 Feb 2021
The Company's dividend reinvestment plan was applicable to the interim dividend.				

Results commentary for announcement to the market

The Directors of Euroz Limited announce a net profit after tax (attributable to members) of \$25.1 million for the 6 months to 31 December 2020 (2019: \$8.6 million).

On 1 October 2020, Euroz completed the acquisition of Hartleys Limited through the issuance of 33,000,075 shares. Euroz Hartleys is now Western Australia's largest stockbroking and wealth management business. We are pleased to report excellent progress on this merger of equals and our ongoing cultural and brand alignment has been well received by our clients. This is the direct result of the significant efforts of our major asset – our staff, who have embraced this merger and worked tirelessly to ensure its success.

Underlying "cash" profits after tax of \$10.9 million were combined with \$14.2 million in "non-cash" after tax profits from the mark to market on investments.

Underlying cash profitability was driven by a strong performance from Euroz Hartleys which delivered Equity Capital Market ("ECM") raisings of \$918 million versus the corresponding half year of \$519 million. It is also pleasing that brokerage income at the half year was up 68% versus the previous corresponding half with 3 months of revenue contribution from Hartleys following completion on 1 October 2020.

Euroz Hartleys combined Funds Under Management (“**FUM**”) as at 31 December was \$1.8 billion an increase of 377% from the last half.

Entrust Wealth Management (“**Entrust**”) has seen a continuation of solid organic growth with FUM of \$1.06 billion. Entrust has now grown FUM from \$565 million since being acquired in July 2015 and we remain pleased with its performance and ability to continue to drive further organic growth.

Westoz Investment Company Limited (ASX:WIC) and Ozgrowth Limited (ASX:OZG) both had very solid investment performance of 38.8% and 45% respectively (gross) for the 6 months to 31 December 2020. The share prices of these significant investments continue to be a major influence on our reported profitability and the increase in their share prices for the 6 months to 31 December 2020 contributed \$16.9 million to our headline reported profit.

The Board is pleased that our businesses remain strongly leveraged to the commodity price cycle and to Western Australia in general and are both performing well.

We remind investors that our second half year performance and final dividend will be dependent on market sentiment, commodity prices and resulting ECM activity.

A fully franked dividend of 2.5 cents per share was provided for and has subsequently been paid on 19 February 2021.

For further information please contact:

Andrew McKenzie

Executive Chairman

M: 0438755727

E: amckenzie@euroz.com

This announcement is authorised for release by the officer named above.

Reporting period

The financial information contained in this report is for the six-month period ended 31 December 2020. This document should be read in conjunction with the Interim Financial Report and any public announcements made in the period by Euroz in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Euroz Limited

ABN 53 000 364 465

Financial Report

For the half year ended 31 December 2020

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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EUROZ LIMITED

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated group (“**Euroz Limited** and its controlled entities”) for the half-year ended 31 December 2020.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Andrew McKenzie

Jay Hughes

Greg Chessell – *Resigned 9 October 2020*

Russell Kane – *Resigned 9 October 2020*

Simon Yeo – *Resigned 9 October 2020*

Anthony Brittain – *Resigned 9 October 2020*

Robert Black

Ian Parker – *Appointed 6 October 2020*

Richard Simpson – *Appointed 6 October 2020*

Robin Romero – *Non-Executive Director - Appointed 2 December 2020*

COMPANY SECRETARY

Anthony Hewett

PRINCIPAL ACTIVITIES

During the half-year the principal activities of the consolidated group consisted of:

- Stockbroking (including Corporate Finance);
- Funds management;
- Wealth management; and
- Investing.

OPERATING RESULTS AND REVIEW OF OPERATIONS

The Directors of Euroz Limited announce a net profit after tax (attributable to members) of \$25.1 million for the 6 months to 31 December 2020 (2019: \$8.6 million).

On 1 October 2020, Euroz completed the acquisition of Hartleys Limited through the issuance of 33,000,075 shares. Euroz Hartleys is now Western Australia’s largest stockbroking and wealth management business. We are pleased to report excellent progress on this merger of equals and our ongoing cultural and brand alignment has been well received by our clients. This is the direct result of the significant efforts of our major asset – our staff, who have embraced this merger and worked tirelessly to ensure its success.

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Underlying cash profitability was driven by a strong performance from Euroz Hartleys which delivered Equity Capital Market (“**ECM**”) raisings of \$918 million versus the corresponding half year of \$519 million. It is also pleasing that brokerage income at the half year was up 68% versus the previous corresponding half with 3 months of revenue contribution from Hartleys following completion on 1 October 2020. Euroz Hartleys combined Funds Under Management (“**FUM**”) as at 31 December was \$1.8 billion an increase of 377% from the last half.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

DIRECTORS' REPORT (continued)

Entrust Wealth Management (“**Entrust**”) has seen a continuation of solid organic growth with FUM of \$1.06 billion. Entrust has now grown FUM from \$565 million since being acquired in July 2015 and we remain pleased with its performance and ability to continue to drive further organic growth.

Westoz Investment Company Limited (ASX:WIC) and Ozgrowth Limited (ASX:OZG) both had very solid investment performance of 38.8% and 45% respectively (gross) for the 6 months to 31 December 2020. The share prices of these significant investments continue to be a major influence on our reported profitability and the increase in their share prices for the 6 months to 31 December 2020 contributed \$16.9 million to our headline reported profit.

The Board is pleased that our businesses remain strongly leveraged to the commodity price cycle and to Western Australia in general and are both performing well.

We remind investors that our second half year performance and final dividend will be dependent on market sentiment, commodity prices and resulting ECM activity.


DIVIDENDS

A fully franked dividend of 2.5 cents per share was provided for and has subsequently been paid on 19 February 2021.

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2020.

This report is made in accordance with a resolution of the Directors.



Andrew McKenzie
Executive Chairman
23 February 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Euroz Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Euroz Limited for the Half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trevor Hart
Partner

Perth

23 February 2021



Independent Auditor's Review Report

To the shareholders of Euroz Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Euroz Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Euroz Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Euroz Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

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 Group 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Emphasis of matter – restatement of comparative balances

We draw attention to Note 3(a) of the Half-year Financial Report which states that the amounts reported in the previously issued 31 December 2019 Half-year Financial Report have been restated and disclosed as comparatives in this Half-year Financial Report. Our conclusion is not modified in respect of this matter.

The Half-year Financial Report of Euroz Limited for the half-year ended 31 December 2019 was reviewed by another auditor who issued an unmodified conclusion on that Half-year Financial Report on 14 February 2020.

Responsibilities of the Directors for the Half-year 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*
- 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.

Auditor's Responsibilities for the Review of the Half-year 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 does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian 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.

KPMG

Trevor Hart
Partner

Perth

23 February 2021

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

	Note	31 December 2020 \$	Restated (i) 31 December 2019 \$
Revenue	3	47,882,955	26,419,377
Gain on fair value movement on investments		26,395,715	6,760,118
Brokerage and underwriting expenses		(4,663,654)	(2,417,867)
Employee benefits expense		(28,792,014)	(14,483,276)
Depreciation and amortisation expenses		(814,271)	(703,901)
Regulatory expenses		(295,710)	(224,597)
Consultancy expenses		(615,641)	(297,898)
Conference and seminar expenses		(106,997)	(456,441)
Communication expenses		(114,942)	(177,998)
Impairment expense		(425,371)	-
Other expenses		(2,520,583)	(2,368,631)
Profit before income tax expense		35,929,487	12,048,886
Income tax expense		(10,852,326)	(5,499,884)
Profit after income tax expense for the period		25,077,161	6,549,002
Other comprehensive income			
Other comprehensive income net of tax		-	-
Total comprehensive income for the period		25,077,161	6,549,002
Profit for the period is attributable to:			
Non-Controlling interest		-	(2,002,517)
Owners of Euroz Limited		25,077,161	8,551,519
		25,077,161	6,549,002
Total comprehensive income for the period is attributable to:			
Non-Controlling interest		-	(2,002,517)
Owners of Euroz Limited		25,077,161	8,551,519
		25,077,161	6,549,002
		Cents	Cents
Basic earnings per share		14.23	5.45
Diluted earnings per share		14.11	5.31

(i) Refer Note 3(a)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EUROZ LIMITED
AS AT 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents	7	55,096,132	41,106,390
Trade and other receivables		6,101,506	2,368,924
Financial assets	8	9,788,608	7,164,665
Other current assets		<u>1,538,417</u>	<u>1,418,940</u>
Total current assets		<u>72,524,663</u>	<u>52,058,919</u>
Non-current assets			
Long term receivable		5,997,561	5,216,699
Financial assets	8	82,549,666	57,597,880
Plant and equipment		1,163,138	472,987
Deferred tax assets		8,877,839	9,464,820
Intangible assets		40,731,404	9,798,785
Other non-current assets		1,190,721	-
Right of use assets		<u>6,051,520</u>	<u>4,556,400</u>
Total non-current assets		<u>146,561,849</u>	<u>87,107,571</u>
Total assets		<u>219,086,512</u>	<u>139,166,490</u>
Current liabilities			
Trade and other payables		20,981,121	3,639,785
Current tax liabilities		1,950,011	2,548,489
Short term provisions		10,839,517	13,090,873
Lease liabilities		<u>1,158,838</u>	<u>879,398</u>
Total current liabilities		<u>34,929,487</u>	<u>20,158,545</u>
Non-current liabilities			
Deferred tax liabilities		6,195,837	946,875
Long term provisions		87,765	72,656
Lease liabilities		<u>5,644,578</u>	<u>3,653,897</u>
Total non-current liabilities		<u>11,928,180</u>	<u>4,673,428</u>
Total liabilities		<u>46,857,667</u>	<u>24,831,973</u>
Net assets		<u>172,228,845</u>	<u>114,334,517</u>
Equity			
Share capital	9(a)	140,876,652	102,167,440
Reserve	9(e)	3,965,038	4,869,667
Retained earnings		<u>27,387,155</u>	<u>7,267,597</u>
Total Equity attributable to the holders of the Company		172,228,845	114,304,704
Minority interest		<u>-</u>	<u>29,813</u>
Total equity		<u>172,228,845</u>	<u>114,334,517</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Retained Earnings	Share based payment reserve	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	102,167,440	7,267,597	4,869,667	29,813	114,334,517
Profit for the period	-	25,077,161	-	(29,813)	25,047,348
Total comprehensive income for the period	-	25,077,161	-	(29,813)	25,047,348
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period (Note 9)	38,280,087	-	-	-	38,280,087
Vested shares under Performance Rights Plan	2,167,647	-	(2,167,647)	-	-
Treasury shares acquired	(1,738,522)	-	-	-	(1,738,522)
Share based payments	-	-	1,263,018	-	1,263,018
Dividends to equity holders	-	(4,957,603)	-	-	(4,957,603)
Total contributions by and distributions to owners	38,709,212	(4,957,603)	(904,629)	-	32,846,980
Balance at 31 December 2020	140,876,652	27,387,155	3,965,038	-	172,228,845

	Issued Capital	Retained Earnings	Share based payment reserve	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	101,333,244	18,503,754	3,846,281	(5,887,863)	117,795,416
Adjustment for change in accounting policy	-	(46,036)	-	-	(46,036)
Balance at 1 July 2019 - restated	101,333,244	18,457,718	3,846,281	(5,887,863)	117,749,380
Profit for the period	-	8,551,519	-	(2,002,517)	6,549,002
Total comprehensive income for the period	-	8,551,519	-	(2,002,517)	6,549,002
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	1,316,424	-	-	212,500	1,528,924
Vested shares under Performance Rights Plan	902,233	-	(902,233)	-	-
Treasury shares acquired	(100,064)	-	-	-	(100,064)
Share based payments	-	-	982,555	-	982,555
Dividends to equity holders	-	(2,837,577)	-	-	(2,837,577)
Total contributions by and distributions to owners	2,118,593	(2,837,577)	80,322	212,500	(426,162)
Balance at 31 December 2019	103,451,837	24,171,660	3,926,603	(7,677,880)	123,872,220

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	56,764,052	23,479,334
Proceeds from sale of shares	7,019,904	5,662,675
Payments to suppliers and employees	(48,262,004)	(18,059,987)
Payments for shares	(6,980,138)	(3,653,189)
Interest received	102,477	163,687
Income taxes paid	(5,343,157)	(1,352,709)
	<u>3,301,134</u>	<u>6,239,811</u>
Net cash inflow from operating activities		
Cash flows from investing activities		
Payments for investment in Westoz Investment Company & Ozgrowth	-	(164,750)
Receipts/payments for management investment schemes	-	9,498
Cash acquired on acquisition of subsidiary	21,553,543	-
Dividends and trust distributions received	1,494,686	1,498,363
Payments for property, plant and equipment	(170,390)	(145,406)
	<u>22,877,839</u>	<u>1,197,705</u>
Net cash from investing activities		
Cash flows from financing activities		
Payment for treasury shares	(1,738,522)	(100,062)
Dividends paid	(9,820,740)	(8,048,597)
Repayment of lease liabilities	(528,525)	(538,982)
Interest paid on lease liabilities	(101,444)	(80,028)
Proceeds from share issue	-	1,316,424
	<u>(12,189,231)</u>	<u>(7,451,245)</u>
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents	13,989,742	(13,729)
Cash and cash equivalents at 1 July	<u>41,106,390</u>	<u>27,383,046</u>
Cash and cash equivalents at 31 December	<u>55,096,132</u>	<u>27,369,317</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Euroz Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Euroz Limited is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange. The half-year financial report is presented in Australian dollars.

This consolidated half-year financial report was approved by the Board of Directors for issue on 23 February 2021.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain investments and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated group's annual financial report for the financial year ended 30 June 2020 with the exception of those noted below in "*Adoption of new or revised accounting standards and interpretations*".

The half-year report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

Adoption of new or revised accounting standards and interpretations

The consolidated group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgment made by management in applying the consolidated group's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Business combination

Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed are measured on a provisional basis.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2: Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The consolidated group has identified its operating segments based on the internal reports that are reviewed and used by the executive team (the chief operating decision makers) in assessing performance and in allocating resources.

The consolidated group's reportable segments under AASB 8 are therefore as follows;

Stockbroking & Corporate Finance

Stockbroking business offering trading of Australian securities, post trade reporting, corporate finance opportunities and provision of company research.

Principal Trading

Principal trading relates to the purchase and sale of securities by the consolidated group.

Funds Management

The consolidated group provides funds management services.

Investments

The consolidated group invests in listed and unlisted securities from which it derives dividends.

Wealth Management

The consolidated group provides wealth management services including portfolio advice and the administration of funds under management.

Basis of accounting for purpose of reporting by operating segments

The accounting policies used by the consolidated group in reporting segments internally are consistent with those adopted in the financial statements of the consolidated group.

Segment assets and liabilities

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset.

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2: Segment information (continued)

Segment performance

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment Income	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
31 December 2020:						
Revenue	39,939,377	-	1,226,787	-	4,608,330	45,774,494
Interest revenue	69,289	11	5,272	21,997	3,975	100,544
Other revenue	498,853	6,943	-	1,495,127	6,994	2,007,917
Total segment revenue	40,507,519	6,954	1,232,059	1,517,124	4,619,299	47,882,955
Segment net profit/ (loss) after tax	7,968,635	3,081,371	(31,864)	13,198,295	860,724	25,077,161
Depreciation & amortisation	706,744	-	102,962	-	4,565	814,271
Gain on fair value of investment entities	3,911,505	5,406,386	-	17,077,824	-	26,395,715
Impairment expense	-	-	200,371	-	225,000	425,371
Segment assets	76,942,180	8,006,225	2,737,179	125,734,408	5,666,520	219,086,512
Segment liabilities	33,743,607	248,462	751,811	10,925,883	1,187,904	46,857,667
31 December 2019:						
Revenue	17,473,635	-	2,654,049	-	4,592,913	24,720,597
Interest revenue	117,040	1,057	14,456	19,969	9,662	162,184
Other revenue	36,439	17,261	-	1,481,184	1,712	1,536,596
Total segment revenue	17,627,114	5,680,993	2,668,505	1,501,153	4,604,287	26,419,377
Segment net profit/ (loss) after tax	2,641,816	282,902	(3,146,081)	5,547,750	1,222,915	6,549,002
Depreciation & amortisation	550,642	-	148,573	-	4,686	703,901
Gain on fair value of investment entities	-	2,156,455	-	4,603,663	-	6,760,117
Segment assets	33,105,152	6,500,115	5,267,183	89,207,777	5,411,657	139,491,884
Segment liabilities	8,333,791	82,674	1,695,439	4,489,153	1,018,607	15,619,664

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3: Revenue (Restated)

	Stockbroking & Corporate Finance	Principal Trading	Funds Management	Investment Income	Wealth Management	Total
	\$	\$	\$	\$	\$	\$
31 December 2020:						
Brokerage	17,152,830	-	-	-	361,392	17,514,222
Underwriting and placement fees	17,644,315	-	-	-	151,934	17,796,249
Performance and management fees	3,471,958	-	1,226,787	-	-	4,698,745
Wealth management fees	-	-	-	-	4,095,004	4,095,004
Corporate retainers	1,670,275	-	-	-	-	1,670,275
Other income						
Interest received	69,289	11	5,272	21,997	3,975	100,544
Other revenue	498,853	45	-	441	6,994	506,333
Dividends and trust distributions received	-	6,898	-	1,494,685	-	1,501,583
	40,507,520	6,954	1,232,059	1,517,123	4,619,299	47,882,955
31 December 2019:						
Brokerage	8,686,065	-	-	-	310,053	8,996,118
Underwriting and placement fees	6,450,604	-	-	-	329,698	6,780,302
Performance and management fees	1,988,705	-	2,654,049	-	-	4,642,754
Wealth management fees	-	-	-	-	3,953,162	3,953,162
Corporate retainers	348,261	-	-	-	-	348,261
Other income						
Interest received	117,040	1,057	14,456	19,969	9,662	162,184
Other revenue	36,439	82	-	303	1,712	38,536
Dividends and trust distributions received	-	17,179	-	1,480,881	-	1,498,060
	17,627,114	18,318	2,668,505	1,501,153	4,604,287	26,419,377

(a) Restatement

In the comparative period, in the statement of profit or loss, the Group included within Revenue the proceeds on sale of financial assets as "Proceeds on sale of principal trading shares" when securities were sold. In addition, the cost of those securities was disclosed as an expense described as "Carrying value of principle trading stock sold" with any prior period revaluation gains/losses on those securities sold being recognised in "Gain/(Loss) on fair value movement on investments". In order to comply with the requirements of AASB15 Revenue from Contracts with Customers and AASB 9 Financial Instruments, the Directors have restated the presentation of the Consolidated Statement of Profit or Loss and Other Comprehensive Income to disclose the difference between the proceeds and the carrying amount of securities sold as part of "Gain/(Loss) on fair value movement on investments". No restatement was required for Profit before income tax or Profit after income tax for the period. No restatement was required to the consolidated statement of financial position (other than to refer to investments in traded securities as other financial assets rather than inventory), consolidated statement of changes in equity and consolidated statement of cash flows in relation to the above.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3: Revenue (Restated) (continued)

(a) Restatement (continued)

Extracts from the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the table below set out the impact on the comparative for the half year ended 31 December 2019.

	31 Dec 2019	Adjustment	Restated Amount
Revenue	32,082,052	(5,662,675)	26,419,377
Gain on fair value movement on investments	6,968,053	(207,935)	6,760,118
Carrying Value of principal trading stock	(5,870,610)	5,870,610	-
Profit Before Tax	12,048,886	-	12,048,886
Profit after tax expense for the period	6,549,002	-	6,549,002

Note 4: Dividends

31 December 2020 \$	31 December 2019 \$
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Fully franked ordinary dividend declared on 31 December 2020 of 2.5 cents (2019: 1.75 cents) per share franked at the tax rate of 30% (2019: 30%).

This has been recognised as a provision in the consolidated statement of financial position at 31 December 2020.

4,887,958	2,838,449
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Note 5: Contingent liabilities and assets

The consolidated group had contingent liabilities at 31 December 2020 as follows:

	31 December 2020 \$	30 June 2020 \$
(i) Secured guarantees in respect of: Operating lease of the consolidated group	1,590,514	1,013,514

The consolidated group has a deposit with Pershing Securities (Australia) Pty Ltd as part of Euroz Hartleys Securities Limited third party clearing arrangements. This deposit totalled \$5,000,000 at reporting date (30 June 2020: \$5,000,000).

The group has no contingent assets at reporting date.

Note 6: Subsequent events

The Directors are not aware of any other matter or circumstance subsequent to 31 December 2020 that has significantly affected, or may significantly affect the consolidated group's operations in future financial years, the results of those operations in future financial years, or the consolidated group's state of affairs in future financial years.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7: Cash and cash equivalents

	31 December 2020	30 June 2020
Cash at bank and on hand	49,366,960	41,106,390
Restricted cash:		
Cash margin account	743,252	-
Client trust account	4,985,920	-
Total restricted cash	<u>5,729,172</u>	<u>-</u>
Total cash and cash equivalents	<u>55,096,132</u>	<u>41,106,390</u>

The cash margin account is held by the Australian Securities Exchange (ASX) as a margin requirement to cover possible market participant default and is adjusted each day to reflect the Company's current obligation to the clearing house at ASX.

Note 8: Fair value measurement

The following table details the consolidated group's fair value of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Such unlisted investments are held at recent trading prices.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

31 December 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Financial asset - current	9,726,108	62,500	-	9,788,608
Financial asset – non - current	78,235,878	4,313,788	-	82,549,666
Total Assets	87,961,986	4,376,288	-	92,338,274
30 June 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets:				
Financial asset - current	6,655,165	509,500	-	7,164,665
Financial asset – non - current	56,998,090	599,790	-	57,597,880
Total Assets	63,653,255	1,109,290	-	64,762,545

Note 9: Share capital

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
(a) Share capital				
Ordinary shares:				
Issued and paid up capital - consisting of ordinary shares (net of treasury shares)	<u>189,266,943</u>	<u>155,676,401</u>	<u>140,876,652</u>	<u>102,167,440</u>

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9: Share capital (continued)

(b) Movements in ordinary share capital

	31 December 2020 Shares	30 June 2020 Shares
At the beginning of the period	155,676,401	155,012,651
Acquisition of treasury shares	(1,405,609)	(1,940,740)
Shares issued during the period	33,000,075	1,528,860
Vested shares under Performance Rights Plan	<u>1,996,076</u>	<u>1,075,630</u>
At the end of the period	<u><u>189,266,943</u></u>	<u><u>155,676,401</u></u>

(c) Movements in ordinary share capital

	31 December 2020 \$	30 June 2020 \$
At the beginning of the period	102,167,440	101,333,244
Acquisition of treasury shares	(1,738,522)	(1,707,400)
Shares issued during the period (Note 10)	38,280,087	1,639,362
Vested shares under Performance Rights Plan	2,167,647	902,234
Share issue cost	<u>-</u>	<u>-</u>
At the end of the period	<u><u>140,876,652</u></u>	<u><u>102,167,440</u></u>

(d) Movements in treasury shares

	31 December 2020 Shares	30 June 2020 Shares
Opening balance	(6,841,841)	(5,976,731)
On-market purchase during the period	(1,405,609)	(1,940,740)
Vested shares under Performance Rights Plan	<u>1,996,076</u>	<u>1,075,630</u>
At the end of the period	<u><u>(6,251,374)</u></u>	<u><u>(6,841,841)</u></u>

(e) Movements in share based payments reserve

The reserve records items recognised as expenses on valuation of share based payments. The movement in the current period totalling \$1,263,018 (2019: \$982,555) relates to the vesting expense related to the fair value of performance rights issued in the prior year and the current year in connection with the Performance Rights Plan.

	31 December 2020 \$	30 June 2020 \$
Opening balance	4,869,667	3,846,281
Vested shares under Performance Rights Plan	(2,167,647)	(902,234)
Share based payments expense	<u>1,263,018</u>	<u>1,925,620</u>
Closing balance	<u><u>3,965,038</u></u>	<u><u>4,869,667</u></u>

The movement in share based payments reserve relates to the fair value of performance rights that vested and issued as part of the performance rights plan. The fair value of performance rights is calculated as 25% of an individual's annual bonus as determined by the Board.

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9: Share capital (continued)

Advisors who are paid a commission may also be paid in equity when they meet specific performance hurdles as set out in their individual employment contract. Performance rights convert to plan shares after year 1 which are held as treasury shares by the Euroz Share Trust. These plan shares are subject to a 3 year vesting period.

Note 10: Acquisition of Euroz Hartleys Limited

On 1 October 2020, the Group completed the acquisition of Euroz Hartleys Limited (previously Hartleys Limited) when it received 100% acceptances of the takeover offer. The Group has determined that with the takeover, Euroz Hartleys has become one of Western Australia's largest stockbroking and wealth management business. In addition, the Group also expects cost synergies from the merger of the operations. For the 3 months ended 31 December 2020, Euroz Hartleys Limited contributed revenue of \$13.8 million and profit of \$3.1 million.

Consideration transferred

The consideration transferred in relation to the acquisition is the issuance of 33,000,075 EZL shares. The fair value of the ordinary shares issued was \$38,280,087, based on the listed share price of the Group at 1 October 2020 (determined to be the acquisition date) of \$1.16.

A portion of the consideration to the Euroz Hartleys shareholder who were also an employee was placed on voluntary escrow as follows:

- 12% of the EZL shares are subject to voluntary escrow period of 42 months.
- Further 12% of the EZL shares are subject to voluntary escrow period of 54 months.

As all shares were issued on 1 October 2020, the fair value of the contingent consideration above was also based on the listed share price as at 1 October 2020 of \$1.16.

Acquisition related costs

The Group incurred acquisition-related costs of \$208,188 on legal fees and due diligence costs. These costs have been included in "Consultancy expenses".

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of the acquisition on a provisional basis.

	1 October 2020
	\$
Cash and cash equivalents	32,168,127
Trade and other receivables	14,856,238
Financial assets	652,048
Other current assets	210,240
Right of use asset	2,531,575
Plant and equipment	740,377
Intangible assets	250,000
Deferred tax assets	596,351
Trade and other payables	(29,049,989)
Subordinated loans	(10,000,000)
Current tax liabilities	(324,648)
Employee benefits provision	(2,464,011)
Lease liability	(2,793,840)
Total identifiable net assets acquired	<u>7,372,468</u>

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10: Acquisition of Euroz Hartleys Limited (continued)

Measurement of fair values

AASB 3 requires the acquirer to recognise the assets acquired and liabilities assumed at fair value. The above-mentioned assets and liabilities have been determined on a provisional basis.

- The assessment of fair values of identified assets and liabilities acquired has not been finalised; and
- The fair value of any unrecognised intangible assets is subject to a valuation process that is not yet complete.

Goodwill

Goodwill arising from the acquisition has been provisionally recognised as follows.

Consideration transferred	\$ 38,280,087
Fair value of identifiable net assets on a provision basis	<u>(7,372,468)</u>
Goodwill	<u>30,907,619</u>

EUROZ LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, of the consolidated group are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



Andrew McKenzie
Executive Chairman

Dated: 23 February 2021