



EUROZ HARTLEYS
GROUP

ANNUAL REPORT

2023

CORPORATE DIRECTORY

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000
Telephone: +61 8 9488 1400
Facsimile: +61 8 9488 1477
Email: info@euroz.com

SHARE REGISTRY

Computershare Investor
Services Pty Ltd
Level 17
221 St Georges Terrace
PERTH WA 6000
Telephone: 1300 787 575

AUDITORS

KPMG
235 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9263 7171

BANKERS

Westpac Banking Corporation
Level 3, Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

Bankwest

306 Murray Street
PERTH WA 6000

SECURITIES EXCHANGE LISTINGS

Euroz Hartleys Group Limited shares
are listed on the Australian Securities
Exchange (ASX:EZL)

WEBSITE ADDRESS

www.euroz.com

CORPORATE GOVERNANCE STATEMENT

[www.euroz.com/investor-relations/
corporate-governance](http://www.euroz.com/investor-relations/corporate-governance)

BOARD OF DIRECTORS

Andrew McKenzie
Executive Chairman

Robin Romero
Independent Non - Executive Director

Fiona Kalaf
Independent Non - Executive Director

Richard Simpson
Executive Director

Ian Parker
Executive Director

Jay Hughes
Executive Director
- Retired as a Director 8 August 2023

Robert Black
Executive Director
- Retired 31 May 2023

COMPANY SECRETARY

Anthony Hewett



FINANCIAL YEAR HIGHLIGHTS

2023

\$178.3m¹

MARKET
CAPITALISATION

\$3.4b¹

FUNDS UNDER
MANAGEMENT

6cps

ORDINARY
DIVIDENDS

20.27cps

SPECIAL
DIVIDEND

\$40m

EQUAL CAPITAL
REDUCTION

\$94.5m¹

CASH &
INVESTMENTS

\$337.3m¹

FULLY FRANKED
DIVIDENDS IN 23 YEARS

\$9.3m¹

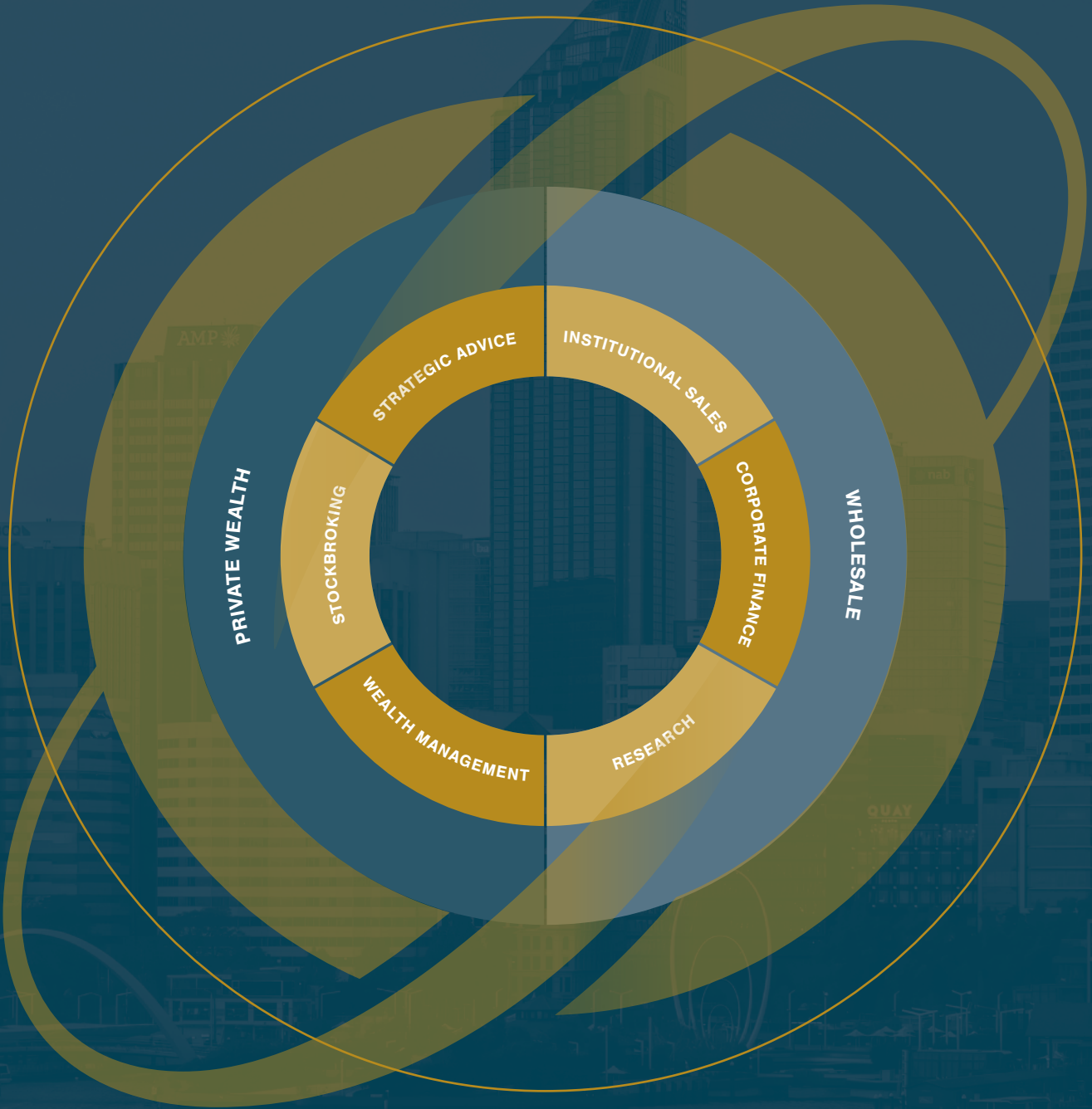
NET PROFIT
AFTER TAX

1. As at 30 June 2023

ANNUAL REPORT 2023

Table of Contents

| | |
|---|----|
| Corporate Directory | 2 |
| Financial Year Highlights | 3 |
| Contents Page | 4 |
| Executive Chairman's Report | 6 |
| Euroz Hartleys Group Limited Director Profiles | 10 |
| Euroz Hartleys Limited Managing Director's Report | 12 |
| Euroz Hartleys Limited Director and Officer Profiles | 14 |
| Selected Corporate Transactions | 18 |
| Euroz Hartleys Foundation | 20 |
| Directors' Report | 23 |
| Auditor's Independence Declaration | 42 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 43 |
| Consolidated Statement of Financial Position | 44 |
| Consolidated Statement of Changes In Equity | 45 |
| Consolidated Statement of Cash Flows | 46 |
| Notes to the Financial Statements | 47 |
| Directors' Declaration | 86 |
| Independent Auditor's Report | 87 |
| ASX Additional Information | 91 |
| Euroz Hartleys Group Contact Details | 93 |



Built on relationships and
connected by our people



REFLECTING ON 2023

Executive Chairman's Report

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 is a reflection of 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 but was 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.

The best measure of a strong business is the payment of dividends and we are proud that we have now returned \$337.3

“

We are proud of our results and achievements while we continue to build and consolidate of our Western Australian market position.

”



million in fully franked dividends and \$40 million of capital to shareholders across our 23-year history.

During this past year we have simplified our overall business, returned \$80 million of excess cash to shareholders and simultaneously cancelled 16.85% of our issued capital via a capital return.

Thank you

In May 2023 Mr Robert Black retired as a Director of Euroz Hartleys. Rob joined the business in January of 2002 as an institutional sales dealer and subsequently became Head of Institutional Sales. He was Managing Director of Euroz Hartleys Limited from 2014 to 2022 and was appointed a Director of Euroz Hartleys in 2017.

Post balance date we announced the retirement of Mr Jay Hughes as a Director of Euroz Hartleys. Mr Hughes continues in his role as a key employee of Euroz Hartleys Limited and Non-executive Chairman of Westoz Funds Management Pty Ltd and Westoz Resources Fund Limited.

The Board would like to thank Mr Robert Black and Mr Jay Hughes for their invaluable service as Directors of Euroz Hartleys. They have been instrumental in driving and

supporting the strategy and growth of the business during their respective tenures.

Summary

Euroz Hartleys maintains a strong balance sheet with cash and investments at 30 June 2023 of \$94.5 million and zero debt. This balance sheet strength gives our advisers and clients significant confidence and differentiates us from many of our competitors.

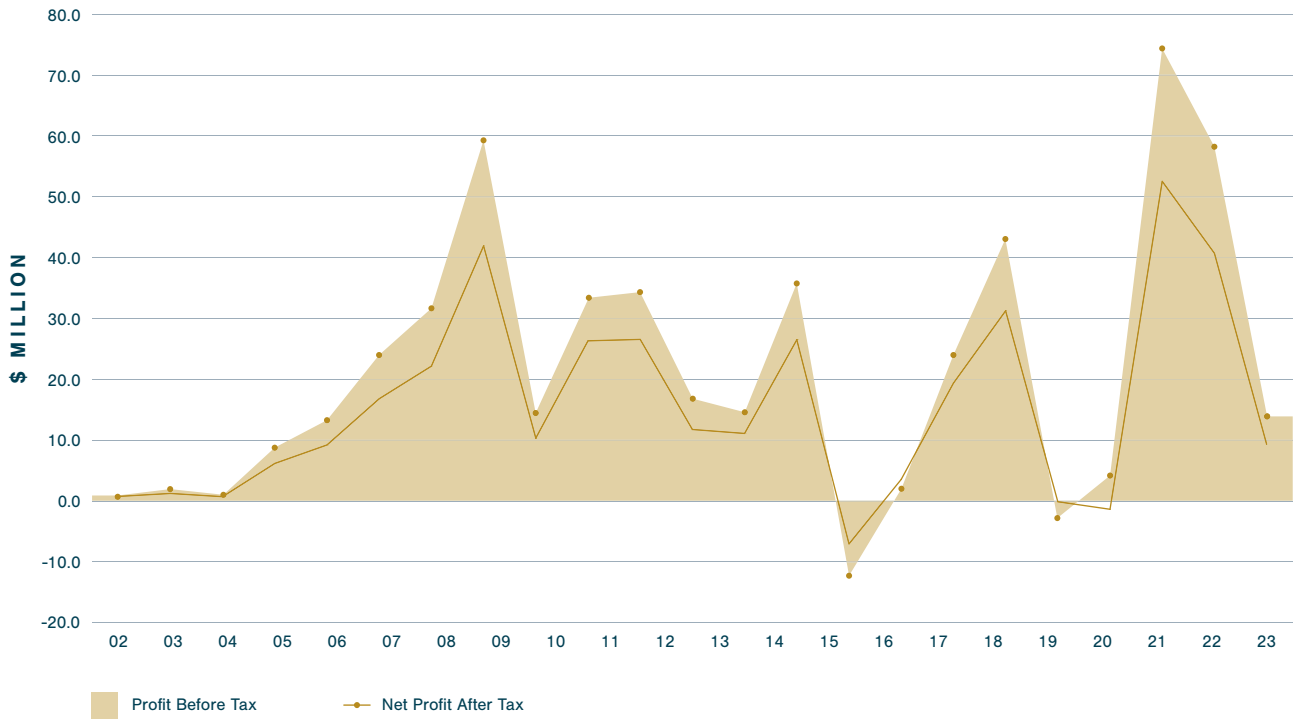
I would like to sincerely thank our 189 staff who represent 100% of the goodwill in our business. Our people are what ultimately drives our success and our significant reinvestment into our team and our culture will help to ensure growth and resilience in all aspects of our Euroz Hartleys business going forward.

Andrew McKenzie

Executive Chairman

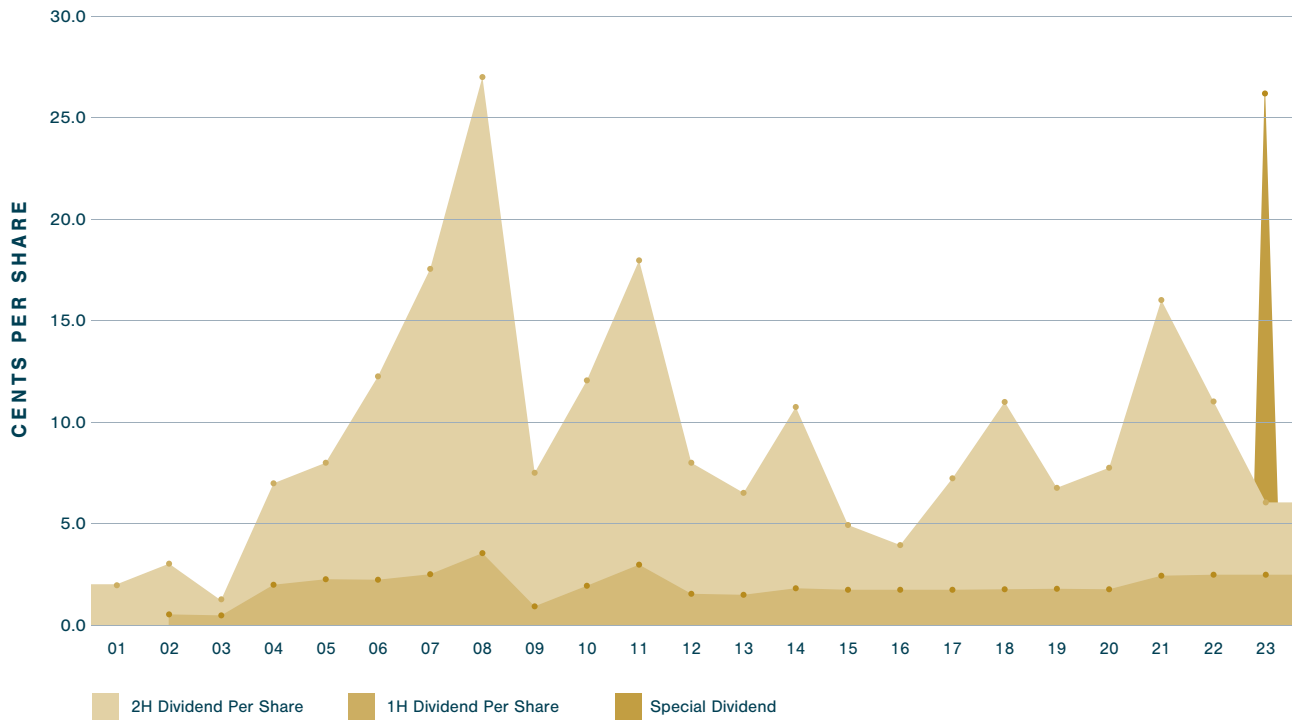
EUROZ HARTLEYS GROUP

Profit Before Tax & Net Profit After Tax

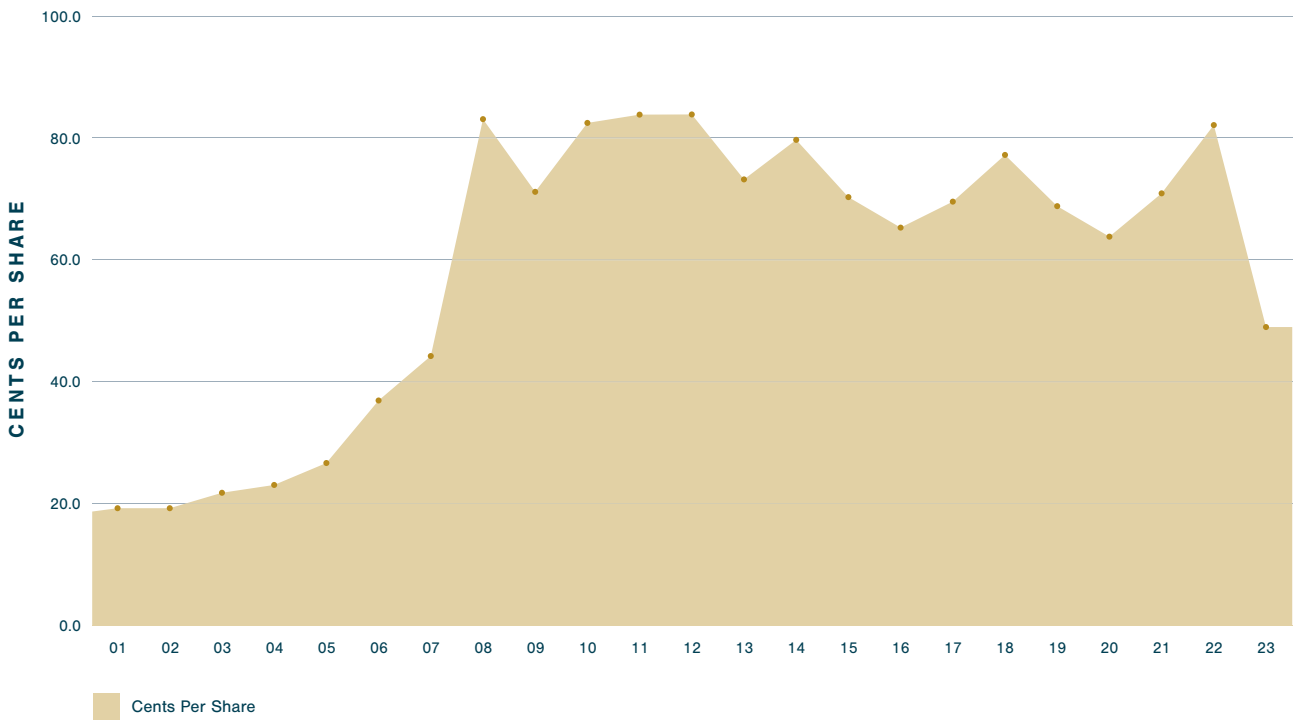


EUROZ HARTLEYS GROUP

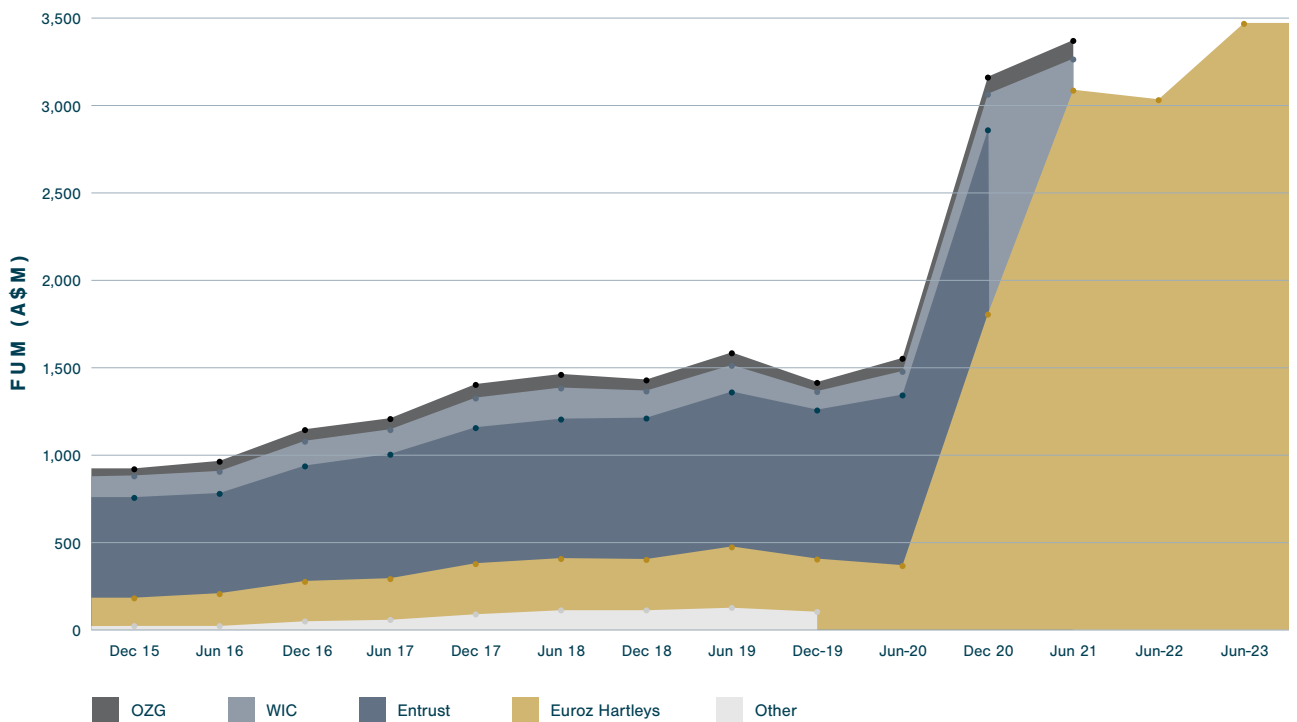
Dividend History



EUROZ HARTLEYS GROUP NTA per share



EUROZ HARTLEYS GROUP Funds Under Management



'Other' represents historical FUM from Flinders Investment Partners, Dalton Street Capital and Equus Point Capital. Entrust FUM included within Euroz Hartleys from Jun '21 onwards

EUROZ HARTLEYS GROUP LIMITED

Director Profiles

**Andrew McKenzie**

EXECUTIVE CHAIRMAN

Andrew is Executive Chairman of Euroz Hartleys Group Limited (ASX:EZL), Euroz Hartleys Limited and is Chairman of the Euroz Hartleys Foundation. Andrew is a board member of the Perth Children's Hospital Foundation and Chairman of their Investment Sub-Committee. Andrew is a past board member of the Australian Stockbrokers Association, Presbyterian Ladies College (PLC) and the PLC Foundation. He holds a Bachelor of Economics from the University of Western Australia (UWA), a Graduate Diploma in Applied Finance and Investment and is a Master Practitioner Member (MSIAA) of the Stockbrokers and Investment Advisers Association (SIAA).

**Robin Romero**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Robin brings to the board extensive legal, accounting and commercial experience. Robin is Legal Counsel and a former Executive Director of FMR Investments Pty Ltd (formerly Barminco Pty Ltd) and a Non-Executive Director of West African Resources Limited and Greening Australia Limited. She has 20 years of in-house legal experience, largely in the mining sector. Prior to this, Robin spent 11 years working in large commercial law and accounting firms including King & Wood Mallesons, Corrs Chambers Westgarth and KPMG servicing medium to large clients across diverse sectors, predominantly ASX listed companies. Robin holds a Bachelor of Commerce and a Bachelor of Laws, is a Chartered Accountant and a graduate of the AICD. She also holds a practising certificate from the Legal Practice Board of Western Australia.

**Fiona Kalaf**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Fiona is an experienced CEO, senior executive and director across a broad range of sectors, including financial services and wealth management, private health insurance and mental health services. Fiona is also a Director of Perth Festival and Celebrate WA. She has held numerous senior executive and directorship roles, including CEO of Lifeline WA and Youth Focus, executive roles at Wesfarmers and HBF, and board roles, including Chair of the Art Gallery of WA and Deputy Presiding Member of Healthway. Fiona holds a Bachelor of Arts, a Bachelor of Architecture and a Master of Business Administration (Advanced), and is a graduate of the AICD. Fiona has also completed the Strategic Perspectives in Non-profit Management course at Harvard Business School.

**Richard Simpson**

EXECUTIVE DIRECTOR

Richard brings to the board extensive corporate finance, advisory and equity capital market experience gained through a number of senior Australian and international investment banking positions. Richard is a past board member of Hartleys Limited (Chairman and Managing Director), Botanic Gardens & Parks Authority (Chairman 2002-2021), State Emergency Management Authority and FINSIA. Richard holds a Bachelor of Applied Science (Hons), and an MBA from the University of Western Australia. Richard began his career as a petroleum engineer prior to joining NM Rothschild & Sons in London, Salomon Brothers Inc (now Citigroup) based in both Sydney and Melbourne, and returning to Perth to join Hartleys in 1994.



Ian Parker

EXECUTIVE DIRECTOR

Ian has extensive knowledge in the areas of stockbroking, investment advice and domestic equities. Ian holds a Bachelor of Arts (Economics) degree from Murdoch University (WA) and is a master member of SIAA. Ian has been in the financial services industry since 1981 initially with a financial planning group. In January 1991 Ian joined Hartleys Limited as a Private Client Adviser, was a member of the Executive Council, Underwriting Committee and Head of the Private Client Advisory Board for 2 years. Ian was appointed a Director of Hartleys Limited in May 2003 as part of the successful management buyout in October 2003 and was appointed Chairman of Hartleys Limited in February 2015.



Jay Hughes

EXECUTIVE DIRECTOR

Jay has worked in stockbroking since 1986, starting his career on the trading floor. He is the Non-Executive Chairman of Westoz Funds Management Pty Ltd, Non-Executive Chairman Westoz Resources Fund Limited and a Non-Executive Director of Emerald Resources NL. Jay holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA). He was recognised as an affiliate of the ASX in December 2000 and was admitted in May 2004 as a master member of SIAA. Mr Hughes retired as a Director of Euroz Hartleys Group Limited effective 8 August 2023.



REFLECTING ON 2023

Managing Director's Report



In FY23 we continued our efforts to maximise our existing asset base; we have the best people, a strong culture and the right resources which enable us to deliver exceptional outcomes for our clients across our entire business.

I'm proud to have had the opportunity to lead our exceptional team over the last 12 months and I look forward to supporting the business as we strive to be the pre-eminent financial services firm in Western Australia.

Market Conditions

Markets for the most part of FY23 were largely more subdued than previous years, interspersed with short periods of frenetic action and volatility. Macro factors such as rapid monetary policy changes, multiple interest rate rises and increasing inflationary pressure coupled with a continuing tumultuous geopolitical backdrop weighed heavily on markets. Notwithstanding these challenges, we experienced some good trading months. Euroz Hartleys and its clients took advantage of these market conditions where appropriate, however, significant economic concerns remain within the investment community and wider economy.

Financial Performance

Turning to our financial performance, Euroz Hartleys Group Limited reported a net profit after tax attributable to members of \$9.3 million for the year ended 30 June 2023, compared to \$40.7 million in the previous corresponding period, a decrease of 77.1%, and revenue of \$95.9 million for the year ended 30 June 2023 compared to \$118.7 million in the previous corresponding period, a decrease of 19.2%. 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.

This result in any market would be viewed as a solid year, but given the wider economic concerns and other disruptions this result is a credit to our staff and demonstrates the resilience of our business.

Operational Performance

Following the completion of the integration of Euroz Hartley Securities Limited (formerly Euroz Securities Limited), Euroz Hartleys Limited (formerly Hartleys Limited) and Entrust Wealth Management Pty Ltd in 2022 to create Western Australia's leading financial services firm, the focus for FY23 was the strengthening of our team and driving areas of improvement to ensure we remain at the forefront of excellence for our three main stakeholders: shareholders, clients and our people.

Throughout FY23 we continued to seek out operating efficiencies within the business and sought new pathways to enhance our product, service and system offering to all of our clients. These activities will continue into FY24 as we continually refine and streamline our offering. Our Operations team have continued to work



With global trends continuing to underwrite greater need for the world's natural resources we feel the time is right to continue to invest in our people and platforms to capitalise on this trend.



tirelessly to ensure business continuity whilst managing the demanding project timetables.

Community

In FY23 we donated in excess of \$504,000 to more than 20 separate charitable causes. Our 5th annual Commission for a Cause was again an amazing success raising \$300,000 for our chosen charities. Commission for a Cause has now raised more than \$1.57 million for charity since its inception five years ago and we look forward to continuing with this initiative. The enthusiasm and commitment that our people and clients bring to these events is a testament to our connections with the community. Euroz Hartleys ties to the community extend well beyond our business dealings and the Foundation reminds us of this throughout the year. We are all extremely proud of what the Euroz Hartleys Foundation delivers to the Western Australian community each year.

Divisional Update

Our Wholesale division consists of Research, Institutional Sales and Corporate Finance. Our Research division has deep connections to the WA business community. With over 120 stocks under coverage our knowledge of the WA mining and industrial landscape remains unparalleled. In FY23 Euroz Hartleys raised ~\$1.9 billion (2022: \$2.2 billion) for our corporate clients in what was a more subdued year for Equity Capital Markets (ECM) activity. Our Institutional Sales team is the largest small-mid cap institutional desk in Australia and provides significant domestic and global distribution capabilities.

The Private Wealth division hosts one of the largest teams in Western Australia. We have a team of 63 investment & wealth advisers which include some of the most experienced advisers in Western Australia. Our wealth advisory team oversees ~\$3.4 billion of Funds Under Management (FUM) (2022: \$3.1 billion) across a diverse range of clients including high net worth individuals, family offices and Not-For-Profit organisations. The continued growth of our Private Wealth division remains a key priority for the business.

Both divisions generate revenue across a range of services including brokerage, ECM transactions, corporate advisory, FUM fees and

incentive fees. This diversity of our earnings provides the business with a solid foundation for continued growth.

The business is supported by an experienced operations team, the day to day execution that our advisors provide their client is underpinned by the talent and dedication of our operations team. We continue to work with our operations team to enhance the client experience.

We will continue to review, refine and improve our operations to facilitate better client outcomes and, in turn, lead to better returns for our shareholders. Notwithstanding the macroeconomic and geopolitical challenges that take us into FY24, the combination of our people, our improved client offering and our strong balance sheet ensures that I remain optimistic that we can deliver another successful period for all stakeholders. I would like to take this opportunity to thank all Euroz Hartleys staff for their continued efforts in delivering a solid FY23 result in difficult market conditions and ensuring the company is in an enviable position for the years ahead.

Outlook

In December of 2023 we are targeting the move into our new office space on Levels 37 and 38 of QV1. This move will bring all our teams together in one location for the first time since the merger of Euroz Securities Limited and Hartleys Limited in 2020. As this piece of the puzzle falls into place we will be well positioned to forge ahead as one combined team leveraging off our strengths which will in turn further enhance our capacity to better serve our stakeholders. Although markets remain volatile in the short term, we have conviction around the mid-long term outlook for the Western Australian economy. With global trends continuing to underwrite greater need for the world's natural resources we feel the time is right to continue to invest in our people and platforms to capitalise on this trend.



Tim Bunney
Managing Director



EUROZ HARTLEYS LIMITED

Director and Officer Profiles



Andrew McKenzie

EXECUTIVE CHAIRMAN

Andrew is Executive Chairman of Euroz Hartleys Group Limited (ASX:EZL), Euroz Hartleys Limited and is Chairman of the Euroz Hartleys Foundation. Andrew is a board member of the Perth Children's Hospital Foundation and Chairman of their Investment Sub-Committee. Andrew is a past board member of the Australian Stockbrokers Association, Presbyterian Ladies College (PLC) and the PLC Foundation. He holds a Bachelor of Economics from the University of Western Australia (UWA), a Graduate Diploma in Applied Finance and Investment and is a Master Practitioner Member (MSIAA) of the Stockbrokers and Investment Advisers Association (SIAA).



Tim Bunney

MANAGING DIRECTOR AND HEAD OF INSTITUTIONAL SALES

Tim has been working in the stockbroking industry since 2010 and is the Managing Director of Euroz Hartleys Limited and Head of our Institutional Sales Division. He holds a Bachelor of Commerce from Curtin University majoring in finance and management. He is currently undertaking post graduate study in geology and finance. Tim is a member of the SIAA institutional broking committee.



Gavin Allen

EXECUTIVE DIRECTOR AND HEAD OF RESEARCH

Gavin is the department head of Euroz Hartley's Research Division and is a Research Analyst with 19 years' experience specialising in detailed analysis and research of mid cap industrial companies. Prior to joining Euroz, Gavin held a senior position in the Corporate Finance Division of a major accounting firm, specialising in the financial analysis of mergers and acquisitions. Gavin holds a Bachelor of Commerce, is a member of the Chartered Accountants Australia and New Zealand (CA) and holds a Chartered Financial Analyst (CFA) designation.



Anthony Brittain

EXECUTIVE DIRECTOR AND CHIEF OPERATING AND FINANCIAL OFFICER

Anthony is the Chief Operating and Financial Officer and an Executive Director of Euroz Hartleys Limited and is a former board member of Euroz Hartleys Group Limited. Prior to joining Euroz Hartleys, he spent 7 years with IWL Limited (and antecedent firms Hartley Poynton, Hartleys and JDV Limited). His career started with KPMG (and antecedent firm Touche Ross) and then worked in London and Singapore for 7 years with a UK fund manager, Newton Investment Management during which it was acquired by BNY Mellon. Anthony holds a Bachelor of Commerce from UWA, is a member of Chartered Accountants Australia and New Zealand (CA), holds a Graduate Diploma in Applied Finance and Investment from FINSIA, was formerly a Certified Information System Auditor, is a Graduate of AICD and is an individual member (MSIAA) of SIAA. Anthony is a member of the Audit and Risk, Compliance and Underwriting Committees of Euroz Hartleys. Anthony is a member of the Profession Committee and the Professional Conduct Tribunal of the SIAA and is a panel member of the Markets Disciplinary Panel (MDP) of the Australian Securities and Investment Commission (ASIC).



Ben Crossing

EXECUTIVE DIRECTOR AND HEAD OF CORPORATE

Ben is Head of Corporate Finance and has been a member of the Corporate Finance team since 2010. During this time, Ben has provided strategic corporate advice in relation to equity capital market transactions, mergers, takeovers and acquisitions for a number of Australian Securities Exchange (ASX) listed resource, energy and industrial companies.

Ben has broad corporate advisory experience, having originated and executed a wide range of corporate transactions focussed predominantly in the mid-large cap resources and mining services sectors. Ben holds a Masters in Applied Finance and a Bachelor of Science.



Brian Beresford

EXECUTIVE DIRECTOR AND CORPORATE FINANCE DIRECTOR

Brian is a Director in our Corporate Finance Division. Prior to joining Euroz in 2011, Brian was a Partner at PwC where he led the Corporate Finance and M&A practice in Western Australia. He has provided corporate advice to clients across the resources, mining services, engineering and technology sectors for over 25 years. Brian holds a Masters in Finance from London Business School, a Bachelor of Commerce and Bachelor of Laws from UWA.



Dale Bryan

EXECUTIVE DIRECTOR AND CORPORATE FINANCE DIRECTOR

Dale is a Director in our Corporate Finance Division and has been a member of the Corporate Finance team since 2004. During this time, Dale has provided strategic corporate advice to a number of Australian Securities Exchange (ASX) listed resource, energy and industrial clients, including originating and executing most types of corporate finance transactions. Dale holds a Bachelor of Laws and a Bachelor of Commerce (Finance, Accounting and Applied Statistics). Dale is a member of the Euroz Hartleys Remuneration Committee. Prior to the merger of Euroz and Hartleys, Dale was a Board member of Hartleys Limited, Chairman of the Risk Committee and a member of the Operating Committee.



Marc Lincoln

EXECUTIVE DIRECTOR AND HEAD OF PRIVATE WEALTH

Marc is currently serving as Head of Private Wealth and an Executive Director of Euroz Hartleys having spent more than 25 years in financial services.

Marc's journey in Stockbroking/Wealth Management began at Hartleys (then Hartley Poynton) in the late 90's before assuming the role of WA State Manager at Bell Potter.

In 2021, Marc returned to Euroz Hartleys, where he is dedicated to helping the Private Wealth advisers deliver exceptional service and investment solutions to private wealth clients.

EUROZ HARTLEYS LIMITED

Director and Officer Profiles



Amanda Boyce

EXECUTIVE DIRECTOR AND HEAD OF ADVICE

Amanda is an experienced financial market professional with 20 years of experience in the industry. She has held senior leadership roles in Advice, Institutional Wealth, and Strategic Projects and has a proven track record of success. Her career began with Goldman Sachs JBWere and later became Head of Syndicate at JBWere before becoming Head of Advice for WA & SA.

Amanda has had significant influence building and safeguarding the cultural and reputational interests of the businesses she works for through leadership, governance and committee roles she has held throughout her career. Amanda is Executive Director of Euroz Hartleys Limited & Euroz Hartleys Foundation and Head of Advice, responsible for shaping the growth and advice strategy. She joined Euroz Hartleys in July 2022.



Ian Parker

EXECUTIVE DIRECTOR AND PRIVATE WEALTH ADVISER

Ian has extensive knowledge in the areas of stockbroking, investment advice and domestic equities. Ian holds a Bachelor of Arts (Economics) degree from Murdoch University (WA) and is a master member of SIAA. Ian has been in the financial services industry since 1981 initially with a financial planning group. In January 1991 Ian joined Hartleys Limited as a Private Client Adviser, was a member of the Executive Council, Underwriting Committee and Head of the Private Client Advisory Board for 2 years. Ian was appointed a Director of Hartleys Limited in May 2003 as part of the successful management buyout in October 2003 and was appointed Chairman of Hartleys Limited in February 2015.



Rowan Jones

EXECUTIVE DIRECTOR AND HEAD OF ENTRUST WEALTH

Rowan joined Entrust Wealth Management Pty Ltd in January 2008 and was appointed an Executive Director in September 2016. He holds a Bachelor of Commerce from Curtin University, a Graduate Diploma of Applied Finance and Investment from FINSIA and he is a Self-Managed Superannuation Fund Specialist adviser through the SMSF Association. Rowan provides strategic and investment advice to a broad range of clients, including families and Not-For-Profit organisations. Prior to joining Entrust, Rowan spent ten years as a professional sportsperson in the AFL with the West Coast Eagles Football Club. He is now a member of Board of the West Coast Eagles Football Club. Rowan has completed and successfully passed the FASEA professional qualifications required to act as a financial adviser.



David Smyth

EXECUTIVE DIRECTOR AND PRIVATE WEALTH ADVISER

David advises and specialises in professional management of Investment and Superannuation Portfolios, and Asset Allocation.

David joined the industry in 2000 and works closely with clients to manage and build their wealth, by having a complete understanding of each client's financial position and goals. David is able to develop and manage a specifically tailored strategy for each client.

David holds a Graduate Diploma in Financial Planning and a Bachelor of Business Degree. David was on the Hartleys board for 6 years until the merger with Euroz and has served on numerous committees including the Investment and Compliance Committee. David remains an Executive Director of the merged Euroz Hartleys.



Anthony Hewett

GROUP COMPANY SECRETARY

Anthony is the group's Company Secretary and an Executive Director of the Euroz Hartleys Foundation. Anthony commenced his career in financial services in 2000 with Hartleys Limited and JDV Limited. In 2003 Anthony joined DJ Carmichaels before joining Euroz in 2004. During his career he has held a variety of positions in operations, and risk and compliance. Mr Hewett is a Chartered Secretary and Chartered Governance Professional and holds a Master of Business Law from Curtin University and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Mr Hewett is a Fellow of the Chartered Governance Institute (FCG), a Fellow of the Governance Institute of Australia (FGIA), a Master Member of SIAA and a member of AICD. Mr Hewett is also a board member and honorary treasurer of Holyoake.



FINANCIAL YEAR 2023

Selected Corporate Transactions

Equity Capital Markets



PLACEMENTS
\$570 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 JUL 22, APR 23



PLACEMENT + ANREO
\$244 Million

JOINT LEAD MANAGER + UNDERWRITER
 Euroz Hartleys Ltd
 JUL-22



PLACEMENT + ANREO
\$224 Million

JOINT LEAD MANAGER + UNDERWRITER
 Euroz Hartleys Ltd
 JAN-23



PLACEMENT
\$193 Million

JOINT LEAD MANAGER + UNDERWRITER
 Euroz Hartleys Ltd
 JUN-23



PLACEMENT
\$120 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 FEB-23



PLACEMENT
\$75 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 FEB-23



PLACEMENTS
\$62 Million

JOINT LEAD MANAGER + LEAD MANAGER
 Euroz Hartleys Ltd
 OCT 22, FEB 23



PLACEMENT
\$57 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 MAR-23



PLACEMENT
\$55 Million

LEAD MANAGER & UNDERWRITER
 Euroz Hartleys Ltd
 DEC-22



PLACEMENT
\$46 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 FEB-23



PLACEMENTS
\$43 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 AUG 22, APR 23



PLACEMENT
\$40 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 MAY-23



PLACEMENTS
\$37 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 JUL 22, APR 23



PLACEMENTS
\$32 Million

LEAD MANAGER
 Euroz Hartleys Ltd
 AUG 22, FEB 23



PLACEMENT
\$30 Million

JOINT LEAD MANAGER
 Euroz Hartleys Ltd
 SEP-22



PLACEMENT
\$30 Million

LEAD MANAGER
 Euroz Hartleys Ltd
 MAR-23

FINANCIAL YEAR 2023

Selected Corporate Transactions

Equity Capital Markets



PLACEMENT

\$20 Million

JOINT LEAD MANAGER

Euroz Hartleys Ltd
MAR-23

PLACEMENT

\$20 Million

JOINT LEAD MANAGER

Euroz Hartleys Ltd
APR-23

PLACEMENT

\$20 Million

JOINT LEAD MANAGER

Euroz Hartleys Ltd
APR-23

PLACEMENT

\$15 Million

JOINT LEAD MANAGER

Euroz Hartleys Ltd
MAY-23

PLACEMENT

\$10 Million

LEAD MANAGER

Euroz Hartleys Ltd
NOV-22

PLACEMENT

\$10 Million

JOINT LEAD MANAGER

Euroz Hartleys Ltd
APR-23

Mergers and Acquisitions



2023

\$497 MillionADVISER TO NORWEST
ENERGY IN RELATION TO
THE OFF-MARKET TAKEOVER
BY MINERAL RESOURCES

Euroz Hartleys Ltd



2022

\$367 MillionADVISER TO MACA
IN RELATION TO THE
OFF-MARKET TAKEOVER
BY THIESS

Euroz Hartleys Ltd



2022

\$117 MillionADVISER TO EMERALD
IN RELATION TO THE
OFF-MARKET TAKEOVER OF
BULLSEYE MINING

Euroz Hartleys Ltd



2022

\$42 MillionADVISER TO DEMETALLICA
IN RELATION TO THE
OFF-MARKET TAKEOVER BY
AIC MINES

Euroz Hartleys Ltd

SOCIAL GIVING

Euroz Hartleys Foundation



Proudly supporting



In 2006, the Euroz Hartleys Foundation (the Foundation) was formed in a Private Ancillary Fund structure through which the Euroz Group and its staff could make donations, invest these funds, make distributions to worthy charities and contribute to our broader community. Since its inception, the Foundation has donated in excess of \$3.6 million to over 100 individual charities and worthy causes.

The Foundation forms the central plank in our social giving program. As a proudly Western Australian company, we feel it is our obligation to give back to the community that has supported us over the past 23 years.

The Foundation's focus is on Western Australian charitable causes where we believe we can make a positive community impact.

On 9 June 2023 the Foundation held its 5th annual Commission for a Cause event. This year, the event raised \$300,000 which is an amazing outcome given the turbulent market conditions and trading headwinds. The funds were divided equally between Perth Children's Hospital Foundation (PCHF), Women and Infants Research Foundation (WIRF), WA Cricket Foundation (WACF) and Lifeline WA (Lifeline).

Since its inaugural event in 2019, Commission for a Cause has raised more than \$1.57m for charity through the generosity and support of our clients and staff.

Perth Children's Hospital Foundation will use the funds raised on the day to secure two urgently needed pieces of equipment. This includes electromagnetic navigation software to make brain surgery safer and more accurate for children under two, and an Indirect Calorimetry device, which more accurately estimates the energy requirements of children in Paediatric Critical Care, delivering tailored nutrition to improve recovery.

The Women & Infants Research Foundation is utilising the funds from Commission for a Cause to advance its pioneering Lyfe Languages program. Lyfe Languages brings medical students, doctors, and clinicians together with community to translate



complex medical terminology into accurate and culturally safe Indigenous languages making it easier for regional and remote First Nations people to get the healthcare they need.

The program was initially developed to close the major healthcare communication gap which continues to affect First Nations people and communities. Lye Languages aims to retain and empower Indigenous languages, partnering with new technologies to equitably transform health and well-being, and to create connected communities.

In 2023, Commission for a Cause supported the WA Cricket Foundation's programs that provide opportunities for young Aboriginal people, those in our community with a disability and young women who will benefit from an inclusive and supportive environment.

The WA Cricket Foundation continues to build an inclusive and diverse tomorrow, it is creating equal opportunity for every Western Australian to benefit from a sense of belonging to a team through the game of cricket.

Through the WACF, the Association is funding and supporting key initiatives that will deepen its engagement in the community.

The WA Cricket Foundation is active and engaged with leaders in Australian sport, who seek to enrich, support and inspire our state to be a better, healthier and more inclusive community.

Driven by a vision of a community safe from suicide, Lifeline WA has been providing a free, 24-hour, telephone crisis support service, 13 11 14, in Western Australia for more than 30 years.

Lifeline WA's mission is to prevent suicide, support people in crisis and reduce stigmas around mental health and suicide, which can be a barrier to people seeking help.

Lifeline WA are utilising funds from Commission for a Cause to provide ongoing resources, supervision and professional development to existing crisis supporters and onboard and train new crisis supporters who will collectively help more than 50,000 people via phone, text and online chat.

We are delighted with our significant contributions to support and give back to our local Western Australian community through our Foundation in this past year and look forward to continuing this important work in the years ahead.

ANNUAL REPORT 2023

Financial Report

CONTENTS

| | |
|---|----|
| Directors' Report | 23 |
| Auditor's Independence Declaration | 42 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 43 |
| Consolidated Statement of Financial Position | 44 |
| Consolidated Statement of Changes in Equity | 45 |
| Consolidated Statement of Cash Flows | 46 |
| Notes to the Financial Statements | 47 |
| Directors' Declaration | 86 |
| Independent Auditor's Report | 87 |



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

The Directors present their report on the consolidated group consisting of Euroz Hartleys Group Limited (Euroz Hartleys Group) and the entities it controlled (Group) at the end of, or during the year ended 30 June 2023.

The following persons were Directors of Euroz Hartleys Group at any time during or since the end of the financial year and up to the date of this report:

Executive chairman

Andrew McKenzie

Independent non-executive directors

Robin Romero

Fiona Kalaf

Executive directors

Jay Hughes (*retired 8 August 2023*)

Robert Black (*retired 31 May 2023*)

Ian Parker

Richard Simpson

Chief Operating Officer / Chief Financial Officer

Anthony Brittain is the Chief Operating Officer and Chief Financial Officer. Mr Brittain is an Executive Director of Euroz Hartleys Limited (Euroz Hartleys). He is a member of the Euroz Hartleys Group Limited Audit and Risk Committee as well as a member of Euroz Hartleys Limited Underwriting Committee and Compliance Committee. Mr Brittain holds a Bachelor of Commerce degree from the University of Western Australia (UWA) and is a member of the Chartered Accountants Australia and New Zealand (CA ANZ). He also holds a Graduate Diploma in Applied Finance and Investment from FINSIA, is a Graduate Member (GAICD) of the Australian Institute of Company Directors (AICD) and a Master Practitioner (MSIAA) of the Stockbrokers and Investment Advisers Association of Australia (SIAA) as well as a Member of SIAA Profession Committee and the Professional Conduct Tribunal. He is also a panel member of the Markets Disciplinary Tribunal (MDP) of the Australian Securities and Investment Committee (ASIC).

Company Secretary

Anthony Hewett is the Company Secretary. Mr Hewett is a Chartered Secretary, Chartered Governance Professional and holds a Master of Business Law (MBusLaw) from Curtin University and a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia. Mr Hewett is a Fellow of the Chartered Governance Institute (FCG), a Fellow of the Governance Institute of Australia (FGIA), a Master Practitioner (MSIAA) of SIAA and a member of the AICD.

Principal activities

During the year the principal activities of the Group consisted of:

- (a) Stockbroking & Corporate Finance;
- (b) Funds Management;
- (c) Wealth Management; and
- (d) Investing.

Review of results

The consolidated group reports a net profit attributable to members of \$9.3 million for the financial year ended 30 June 2023 (2022: \$40.7 million). This result represents basic earnings per share of 5.51 cents (2022: 21.68 cents).

Underlying cash profitability was driven by a solid performance from Euroz Hartleys. Equity Capital Market (ECM) raisings of \$1.9 billion versus \$2.2 billion last financial year led to ECM revenue being down approximately 11% while overall corporate revenues were down approximately 23% from the previous year. Brokerage revenues were down 31% for the period, reflecting equity markets that lacked direction and confidence for the majority of the year. Funds Under Management (FUM) revenue for the year was broadly in line with the previous year. Euroz Hartleys FUM as at 30 June 2023 was \$3.4 billion (2022: \$3.0 billion).

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 (2022: 11 cps).

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

| Review of operations | 2023 | 2022 |
|--|-------------------|--------------------|
| | \$ | \$ |
| Revenues | | |
| Brokerage | 25,111,267 | 36,499,569 |
| Underwriting and placement fees | 38,693,105 | 43,613,675 |
| Performance and management fees | 307,431 | 13,791,010 |
| Wealth management fees | 18,197,903 | 18,433,771 |
| Corporate advisory | 11,066,059 | 5,740,096 |
| Dividends and trust distributions received | - | 107,589 |
| Interest received | 2,320,121 | 239,070 |
| Other revenue | 239,572 | 266,118 |
| Total revenue | 95,935,458 | 118,690,898 |
| Net profit after tax | 9,338,637 | 40,723,715 |

Operating and financial review

The purpose of this review is to set out information that shareholders may require to assess Euroz Hartleys Group's operations, financial position, business strategies and prospects for future financial years. This information complements and supports the report presented herein.

Disclosure of operations – Profit

Net profit after tax attributable to members was \$9.3 million compared to \$40.7 million in the 2022 financial year. Previous financial year result included significant one-off profits related to the sale of Westoz Investment Company Limited (Westoz) and Ozgrowth Limited (Ozgrowth) investments and performance fees associated with these funds.

We are pleased with the overall performance of our underlying business during a year in which markets, volumes and capital raising activity were all negatively influenced by rising interest rates and inflationary concerns.

Disclosure of operations – Sales

Revenue has decreased by 19.2% to \$95.9 million from previous year amount of \$118.7 million.

(a) Stockbroking & Corporate Finance

Corporate Finance comprises of corporate advisory, underwriting and placement fees. Stockbroking and Corporate Finance revenue decreased by 12.9% to \$74.8 million from \$85.9 million.

Euroz Hartleys was Lead or Joint Lead Manager to 64 (2022: 76) ECM transactions this year raising \$1.9 billion (2022: \$2.2 billion), similar to the previous year, however, this was 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 ECM League Tables and a National Number 6 ranking in the Australian Financial Review ECM rankings.

Our Corporate Advisory revenues doubled during this period to \$11.1 million (2022: \$5.7 million) 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 to \$25.1 million (2022: \$36.5 million), reflecting markets that lacked direction and confidence for the majority of the year.

(b) Wealth Management

Wealth Management revenue decreased slightly by 1.1% to \$18.2 million from \$18.4 million. We are pleased with the quality and stability of our wealth management service offering at a time of significant change in the wealth management landscape. Euroz Hartleys is well positioned for continued growth given our established team of private wealth advisers. We report a modest increase in FUM to \$3.4 billion (2022: \$3.0 billion).

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Disclosure of operations – Sales (cont'd)

(c) Funds Management – Performance and Management fees

Revenue from Funds Management decreased by 97.8% to \$0.3 million from \$13.8 million in the prior year. This revenue consists of performance fees of \$0.15 million (2022: \$11.3 million) and management fees of \$0.15 million (2022: \$2.5 million). The decrease in revenue can be attributed to the completion of two separate Scheme of Arrangements in April 2022, where Westoz and Ozgrowth were disposed to WAM Capital Limited. As a result, Westoz Funds Management Pty Ltd (WFM), a subsidiary of Euroz Hartleys Group no longer manages the mandates of Westoz and Ozgrowth. In October 2022, a new fund was launched, Westoz Resources Fund Limited and the investment mandate is being managed by WFM. The revenue for this financial year is derived from the management of this new mandate.

(d) Investment Income

There was no dividend or trust distributions received during the year (2022: \$0.1 million).

Disclosure of operations

The Group is principally involved in the following activities:

- (a) Stockbroking & Corporate Finance;
- (b) Funds Management;
- (c) Wealth Management; and
- (d) Investing.

Our operations are conducted in Perth, Western Australia (WA) and details of our operations are outlined below:

(a) Stockbroking & Corporate Finance

The Euroz Hartleys stockbroking operation comprises 4 main divisions as follows:

i. Equities Research

- Highly rated research from market leading research team of 9 analysts
- Our views are highly regarded by Australian and international institutional investors
- Access to the latest online news and financial information
- Based on fundamental analysis, strict financial modelling and regular company contact:
 - Goal: Identify and maximise equity investment opportunities for our clients
 - Approach: Intimate knowledge of the companies we cover
 - Coverage: Broad cross section of mostly WA based industrial & resource companies
- Research Products:
 - Company Reports: Detailed analysis on companies as opportunities emerge
 - Morning Note: Overnight market updates
 - Weekly Informer: Compilation of all company reports throughout the preceding week
 - Quarterly and / or Semi-annual Review: Summary coverage on companies

ii. Institutional Sales

- One of the largest institutional small to mid-cap dealing desks in the Australian market with a sales team of 10 staff
- Extensive client base of Australian and International institutional investors with strong relationships with small company fund managers
- Distribution network strength - long standing relationships with major institutional investors in the small to mid-cap market
- Western Australia's geographic isolation makes it difficult for institutional investors to maintain close contact with companies based here - investors can rely on our "on the ground" information

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Disclosure of operations (cont'd)

ii. Institutional Sales (cont'd)

- Institutional dealing team "highly focused" on providing the following services:
 - Quality advice and idea generation
 - Efficient execution
 - Regular company contact
 - Site visits
 - Roadshows

iii. Private Wealth

- Team of 61 highly experienced and qualified private wealth advisers providing a broader investment offering for clients of Euroz Hartleys. Our wealth management service provides strategic investment advice, superannuation advice, investment management and portfolio administration service
- Significant capacity to support new issues and construct quality retail share registers
- Substantial "high net worth" client base (s.708 compliant investors)
- Exposure to "high net worth" clients via in-house conferences and one-on-one presentations
- Extensive research support - high quality research on WA based resource and industrial companies enable our advisers to provide quality investment and trading advice
- Specialised broking allows:
 - Close interaction between research analysts and private wealth advisers
 - Timely communication of ideas with clients
- Sophisticated investors are able to participate in many of our capital raisings

iv. Corporate Finance

- The corporate finance team of 14 staff focused on developing strong, long term relationships with our clients.
- Clients are provided with specialised Corporate Advisory services in:
 - Equity Capital Raisings and Underwriting
 - Mergers and Acquisitions
 - Strategic Planning and Reviews
 - Privatisation and Reconstructions
- Established track record in raising equity capital via:
 - Initial Public Offerings (IPO)
 - Placements
 - Rights Issues

(b) Funds Management

In October 2022, WFM was appointed to be the responsible manager for Westoz Resources Fund Limited (WRFL). WRFL is a new unlisted investment fund whose purpose is to generate positive returns from a portfolio of stocks generally associated with the resources sector in Western Australia (WA). Euroz Hartleys Group Limited owns approximately 7.7% of the issued share capital of the fund which now manages approximately \$28.5 million as at 31 July 2023.

(c) Wealth Management

We remain focused on increasing our proportion of recurring revenues and can report a modest increase in FUM to \$3.4 billion (2022: \$3.0 billion).

(d) Investing

The business has some listed and unlisted investments.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Disclosure of business strategies and prospects - Growth

Our aim is to build real diversification of transactional and recurring revenues across our business.

The Directors believe that Euroz Hartleys Group has laid the foundations for our strategy to build a more consistent base of underlying recurring revenues through our growing wealth management businesses whilst still retaining the transaction-based upside of our traditional stockbroking business.

We remain focused on increasing our proportion of recurring revenues and can report a modest increase in 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. We believe this high performing team environment and our upcoming office move to QV1 will also attract other quality advisers to join our business.

Disclosure of business strategies and prospects - Material Business Risks

Overview

Euroz Hartleys Group Limited has adopted the ASX Corporate Governance Principles and Recommendations (4th Edition) and is committed to recognising and managing risk. We recognise risk as the effect of uncertainty, both positive and negative, on our objectives and we manage risk to create and sustain value for shareholders and other stakeholders.

Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Australian capital markets, Euroz Hartleys Group Limited is exposed to risks that could result in financial losses. We foster a risk aware culture with consideration of risk supporting our formulation of strategy and informing business decision-making.

The Group has identified its principal risks as market risk, credit risk, operational risk and other risks. Accordingly, risk management and control of the balance between risk and return are critical elements in maintaining the Group's financial stability and profitability. Therefore, an effective risk management framework is integral to our success.

Details of risks identified:

| RISK CATEGORY | RISK SUMMARY DESCRIPTION | KEY RISK EXPOSURES ASSESSED |
|---|--|---|
| Market Risk | A change in market prices and / or any of the underlying market forces may result in loss. The macroeconomic uncertainty of changing business models. | Policies and procedures are in place to measure, monitor and control risks where possible. As with our operational risk, we take a proactive approach to understand macroeconomic, climate and geopolitical factors that may have an impact on our business. Changes in market conditions influence the volume and timing of transactions across the business and the value of various equity, credit and market risk positions held by the Group at balance sheet date. |
| Credit Risk | This is where an entity is unable to fulfil its financial obligations. | We have defined and set credit standards, policies and procedures to enable ongoing financial review with respect to existing and potential new clients. High risk transactions and strategies are carefully monitored and supervised. |
| Operational Risk | This refers to the risk of failure to achieve strategic objectives and / or respond to changes in our competitive landscape with competitive products. | Policies and procedure are in place to measure, monitor and control risks where possible. We maintain a comprehensive Business Continuity Plan and Disaster Recovery processes to address identified operational risks. We constantly assess our client investment offerings including technology changes and innovation. We conduct strategy sessions with Senior Executives on a bi-annual basis. |
| Other Risks <i>Regulatory and legal risk</i> | The risk of legal or regulatory sanctions or loss, resulting from failure to comply with laws, regulations, licensing or contractual requirements. | We have access to external legal counsel if required. We have active engagement with all regulators including ASIC and ASX. We provide feedback on consultation papers where appropriate. We have active engagement in various committees through our premier industry association SIAA. Regular attendance at seminars and participation in working groups within our industry. We take active steps to comply with all Austrac guidance and conform with Australian Privacy Principals. We monitor the regulators for proposed and approved changes which require implementation within our business. |

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

| RISK CATEGORY | RISK SUMMARY DESCRIPTION | KEY RISK EXPOSURES ASSESSED |
|---|---|---|
| <i>Cybersecurity risk</i> | The risk of loss or other damage resulting from our failure to appropriately respond to our technology, physical security or cybersecurity being compromised. | <p>Review of third-party providers and platform vulnerabilities to assess risk and potential loss or other damage.</p> <p>Data security and access is monitored internally on an ongoing basis.</p> <p>Data management and control procedures are documented and in place.</p> <p>Implementation of multi factor authentication for remote access and client systems access where available.</p> <p>Annual penetration testing of our network to identify vulnerabilities.</p> <p>Alignment to the Australian Cyber Security Centre Essential Eight Framework.</p> <p>Privacy policy is in place to ensure all obligations are considered and complied with. This policy is also available on our website.</p> <p>Cyber Incident Response Plan is in place to support and direct necessary actions should this event occur.</p> <p>Disaster Recovery and Business Continuity plans are in place for the business as a whole. This is tested on an ongoing basis.</p> <p>Ongoing staff training on all areas of risk (phishing, malware etc).</p> <p>Senior management and Board engagement is ongoing as this subject is part of the ongoing Board reporting.</p> |
| <i>Reputational Risk</i> | <p>Expectation over our ESG commitment, or compromise of our reputation due to perceived inaction.</p> <p>Risk of modern slavery exposure in our supply chain and business operations.</p> <p>The risk of damage to our brand due to inappropriate conduct and culture.</p> <p>Fraud</p> <p>Non-compliance with laws and regulations.</p> | <p>We have an ongoing policy development to identify and assist with the reduction of our carbon footprint in a positive and meaningful manner. Careful attention is paid to government commitments and policies on climate and carbon emissions.</p> <p>Ongoing development of Modern Slavery considerations within our business, including consideration of our third-party providers.</p> <p>Code of Ethical Conduct for employees.</p> <p>Whistleblowing Policy.</p> <p>Graduate and Emerging Leaders Program.</p> <p>Annual obligation to attest to personal Good Fame and Character along with acknowledgement of compliance policy updates as required.</p> <p>We have internal policies and procedures to ensure awareness as our first line of defence.</p> <p>Internal team who regularly review applicable laws and regulations to ensure ongoing compliance with obligations.</p> |
| <i>Pandemic Risk</i> | Large scale breakouts of infectious diseases that can greatly increase morbidity and mortality over wide geographical areas and cause significant social and economic disruption. | <p>A comprehensive management plan has been developed, including the use of flexible / virtual working arrangements which supports the availability of skilled staff in the event something of this nature occurs.</p> <p>We have considered third party arrangements, change management and business continuity.</p> <p>Our systems are designed to support data security and management, technology vulnerabilities, remote access and load testing.</p> |
| <i>Significant geopolitical, economic and market risk</i> | The effects of geopolitics on the global economy are difficult to predict. We remain alert to supply chain disruptions, geopolitical instability, volatile markets and inflation negatively impacting household budgets. | <p>With the current war in Ukraine and the continuation of Russian sanctions, this is having a substantial economic impact given their influences on global oil, commodity and agricultural markets.</p> <p>Consideration is given to impact on revenue, operating margins, compensation ratios and expense levels which may negatively impact market volumes, asset prices, volatility or liquidity.</p> |
| <i>Financial Risk and Financial Crime Management</i> | Performance is closely linked to local and global economic performance. Awareness of regulatory requirements for managing financial risk and financial crime risks within our industry. | <p>Ongoing monitoring and supervision to ensure client protection regarding financial criminal activities globally.</p> <p>Policies have been developed to assist to identify country and individual sanctions, anti-money laundering and counter terrorism financing, anti-bribery and corruption and anti-tax evasion facilitation.</p> <p>Ongoing compliance with regulatory changes in this area.</p> |

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Financial position

During the year, Euroz Hartleys Group Limited returned \$80 million of capital to shareholders via a \$40.0 million fully franked special dividend and a \$40.0 million return of capital by way of equal share capital reduction resulting in the simultaneous cancellation of 16.85% of our issued capital.

As a result, the net assets of the Group have decreased to \$115.0 million at 30 June 2023 from \$193.2 million at 30 June 2022. The Group's financial performance has enabled it to continue to pay dividends to shareholders during the year while maintaining a healthy working capital ratio. The Group's working capital, being current assets less current liabilities, is \$66.9 million at 30 June 2023 (2022: \$149.0 million).

During the past 23 years the Group has invested in expanding each of its businesses to secure their long-term success.

In particular it has increased its strategic investments via the acquisitions of Entrust in 2015 and Hartleys Limited in 2020 to develop a market leading platform for our future wealth management ambitions.

The Group remains in an extremely sound financial position with a balance of cash (excluding restricted cash in client trust account), other financial assets at fair value and investments at fair value as at 30 June 2023 of \$94.5 million (2022: \$194.2 million). The Group has a Net Tangible Assets (NTA) of 49¢ per share and no debt to further develop our market leading financial services offering. Euroz Hartleys Group has a proud history of consistent profits and dividends having paid a total of \$337.3 million in fully franked dividends over the past 23 years.

The Directors believe that the Group is in a strong and stable financial position to expand and grow its current operations.

| | 2023 CENTS | 2022 CENTS |
|----------------------------|---------------|---------------|
| Earnings per share | | |
| Basic earnings per share | 5.51 | 21.68 |
| Diluted earnings per share | 5.25 | 20.68 |

Dividends – Euroz Hartleys Group Limited

Dividends paid or provided for during the financial year were as follows:

| | 2023 \$ | 2022 \$ |
|--|-------------------|-------------------|
| Special dividend 20.27 cents per fully paid ordinary share paid on 7 October 2022 (i) | 39,992,116 | - |
| Interim ordinary dividend of 2.5 cents (2022: 2.5 cents) per fully paid ordinary share was paid on 17 February 2023 | 4,101,042 | 4,925,483 |
| Provision for final ordinary dividend for 30 June 2023 of 3.5 cents (2022: 8.5 cents) per fully paid ordinary share to be paid on 1 September 2023 | 5,753,047 | 16,770,251 |
| | 49,846,205 | 21,695,734 |

(i) Special dividends to equity holders comprise \$40.0 million fully franked special dividend of \$0.2027 per share paid to shareholders in October 2022 as part of the Group's strategic cash and capital management.

Of the total dividends paid during the year, \$35,210 (2022: \$42,983) was paid to the Euroz Share Trust and is undistributed. Therefore, it has been eliminated on consolidation.

State of affairs

In the opinion of the Directors, there has been no significant changes in the state of affairs of the Group.

Share options

There were no options on issue at 30 June 2023 and 30 June 2022.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Environmental, Social and Governance

In recognition of its increasing importance to our stakeholders, the Group have initiated a corporate Environmental, Social and Governance (ESG) program. The program will include a group wide review of our sustainability practices and the development of an ESG strategy and associated plans that consider topics material to the business, along with a reporting framework.

i. Environmental

In light of the changing global climate, as a business, the Group is fully committed to reducing our impact on the environment and we are taking proactive steps to reduce our emissions. Emissions can be categorized into three scopes:

Scope 1: This scope covers emissions from sources that a business owns or controls directly. This scope generally affects the mining and oil and gas industry and is not applicable to Euroz Hartleys Group Limited as the business does not directly generate carbon emissions from its day to day operations.

Scope 2: This scope encompasses emissions that a company causes indirectly resulting from the energy it purchases for example electricity used to power office buildings.

Scope 3: This scope encompasses emissions that are not produced by the business itself, and not the result of activities from assets owned or controlled by the business, but by those that it's indirectly responsible for up and down its value chain for example business travel, personnel travel to work or waste disposal.

Some initiatives that the business has implemented are:

- We are currently tracking our carbon footprint in relation to Scope 2 with a view to formulating a suitable future carbon emission offset and reduction strategy
- A green office policy was implemented in 2015 with a view to reducing our environmental footprint and a focus of reducing paper use where practicable
- We participate in proactive waste management with a recycling system in place for all paper / cardboards
- We introduced online account opening in 2009 and where possible use electronic signatures in corporate and client documentation (except those that require a wet signature under law)
- Our head office location has a 5.5-star NABERS energy rating and 4.5-star NABERS water rating
- We participate in the "Containers for Change" program

ii. Social

- Commission for a Cause - \$300,000 raised as part of our annual "Commission for a Cause" on 9 June 2023 with four equal donations of \$75,000 to worthy WA charities, being Perth Children's Hospital Foundation, Lifeline WA, WA Cricket Foundation and the Women and Infants Research Foundation. This program has raised \$1.54 million in the five years since inception
- We support the Financial Services Red Cross Blood Drive by providing leave to staff to give blood
- We benchmark salaries by position and ensure equity across those roles
- We have identified female talent and supported them with career development to create more gender balance within the business
- We participate in the workplace gender equality reporting with the results published on the Workplace Gender Equality Agency (WGEA) website and our corporate website (www.euroz.com)
- Introduction of the Diversity, Equity and Inclusion council (DEI)
- Introduction of the Employee Assistance Program (EAP) where employees can seek professional counselling
- 40% Euroz Hartleys Group Limited Board of Directors are female
- 43% of Euroz Hartleys employees are female
- We encourage diversity in our recruitment process and have robust policies around sexual harassment and domestic violence
- We provide 12 weeks paid parental leave and support flexible working arrangements
- We provide free flu vaccination to all staff for their well-being and health and free COVID-19 tests on request

iii. Governance

- Two Independent Non-Executive Board members on Euroz Hartleys Group Limited Board
- Robust Audit and Risk Committee, Remuneration Committee and Underwriting and Compliance Committee with representatives holding relevant qualifications
- Employee biographical data (e.g. average age, tenure, gender) reported to the Euroz Hartleys Group Limited Board of Directors on a monthly basis

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Events after reporting date

Euroz Hartleys Group Limited obtained a secured bank guarantee in respect of our new office lease at QV1 of \$2,388,352.

The Directors are not aware of any matter or circumstance subsequent to 30 June 2023 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

Likely developments

The Directors are confident that a strong statement of financial position and established business platforms will support the Group in a market that is currently lacking in direction and confidence.

We remain focused on increasing our proportion of recurring revenues. Our team will continue to spend considerable time and effort in developing new strategies to drive FUM growth and consolidate our wealth offering.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Information on Directors

| DIRECTOR | EXPERIENCE | SPECIAL RESPONSIBILITIES AND QUALIFICATIONS | PARTICULARS OF |
|---|---|--|--|
| | | | DIRECTORS' INTERESTS IN SHARES OF EUROZ HARTLEYS GROUP LIMITED |
| | | | ORDINARY SHARES* |
| A McKenzie <i>Executive Chairman</i> | Mr McKenzie has worked in the stockbroking industry since 1991. | Executive Chairman of Euroz Hartleys Group Limited and Euroz Hartleys Limited Member of Euroz Hartleys Limited Executive Remuneration Committee and Euroz Hartleys Limited Underwriting Committee Holds a Bachelor of Economics Degree from UWA, a Graduate Diploma in Applied Finance and Investment from FINSIA and is a Master Practitioner (MSIAA) of SIAA | 11,620,406 |
| J Hughes <i>Director, retired 8 August 2023</i> | Mr Hughes has worked in the stockbroking industry since 1986. | Executive Director of Euroz Hartleys Group Limited Non-Executive Chairman of Westoz Funds Management Pty Ltd and Westoz Resources Fund Limited. Member of Euroz Hartleys Group Limited Remuneration Committee and Euroz Hartleys Limited Underwriting Committee Holds a Graduate Diploma in Applied Finance and Investment from FINSIA and is a Master Practitioner (MSIAA) of SIAA | 11,552,820 |
| R Simpson <i>Director</i> | Mr Simpson has worked in the stockbroking industry since 1990. | Executive Director of Euroz Hartleys Group Limited Chairman of Euroz Hartleys Group Limited Audit and Risk Committee Member of Euroz Hartleys Group Limited Remuneration Committee, Euroz Hartleys Limited Underwriting Committee and Euroz Hartleys Limited Research Committee Holds a Bachelor of Applied Science (Hons) from Curtin University and a Masters in Business Administration (MBA) from UWA | 2,133,108 |
| I Parker <i>Director</i> | Mr Parker has worked in the stockbroking industry since 1981. | Executive Director of Euroz Hartleys Group Limited and Euroz Hartleys Limited Member of Euroz Hartleys Group Limited Remuneration Committee, Euroz Hartleys Limited Underwriting Committee and Euroz Hartleys Limited Research Committee Holds a Bachelor of Arts (Economics) from Murdoch University and is a Master Practitioner (MSIAA) of SIAA | 1,723,261 |

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Information on Directors (cont'd)

PARTICULARS OF
DIRECTORS' INTERESTS
IN SHARES OF EUROZ
HARTLEYS GROUP LIMITED

| DIRECTOR | EXPERIENCE | SPECIAL RESPONSIBILITIES AND QUALIFICATIONS | ORDINARY SHARES* |
|--|---|---|------------------|
| R Romero <i>Independent Non-Executive Director</i> | Ms Romero has over 27 years' experience in law and accounting. | Independent Non-Executive Director of Euroz Hartleys Group Limited Chairperson of Euroz Hartleys Group Limited Remuneration Committee Member of Euroz Hartleys Group Limited Audit and Risk Committee Holds a Bachelor of Laws from UWA and a Bachelor of Commerce from UWA, is a graduate and member of the AICD, a Chartered Accountant (CA ANZ) and holds a practising certificate from the Legal Practice Board of Western Australia | 73,713 |
| F Kalaf <i>Independent Non-Executive Director</i> | Ms Kalaf has over 26 years' experience in strategy, marketing and management. | Independent Non-Executive Director of Euroz Hartleys Group Limited Holds a Bachelor of Arts from UWA, a Bachelor of Architecture from UWA, a Master of Business Administration (Advanced) from Curtin University and is a graduate of the AICD | 26,311 |

* Balance as at the date of signing the report and total shares includes shares allocated under the Performance Rights Plan.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2023 and the numbers of meetings attended by each Director were:

| DIRECTOR | DIRECTORS MEETINGS | | COMMITTEE MEETINGS | | | |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|
| | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED |
| Andrew McKenzie | 15 | 15 | - | - | - | - |
| Jay Hughes * | 15 | 14 | - | - | 2 | 2 |
| Robert Black ** | 13 | 12 | 4 | 4 | - | - |
| Richard Simpson | 15 | 14 | 4 | 4 | 2 | 2 |
| Ian Parker | 15 | 14 | - | - | 2 | 2 |
| Robin Romero | 15 | 14 | 4 | 4 | 2 | 2 |
| Fiona Kalaf | 15 | 14 | - | - | - | - |

* Retired as a Director of Euroz Hartleys Group Limited on 8 August 2023

** Retired as a Director of Euroz Hartleys Group Limited on 31 May 2023 and employee of Euroz Hartleys Limited on 30 June 2023

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited)

This Remuneration Report outlines the Key Management Personnel (KMP) remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, KMP of the Group are defined as those persons having authority for the strategic management and direction of the Group including any Director (whether Executive or otherwise) of the parent Company.

Key Management Personnel Remuneration

Remuneration packages are set at levels that are intended to attract and retain Executives capable of managing the Group's operations. The Board undertakes regular reviews of KMPs performance and the performance of the Board against expectations made at the start of the year. Performance related bonuses are available to KMP based on their performance and that of the Company.

Profit is one of the financial performance targets considered in setting the Short Term Incentive (STI) and profit amounts have been calculated in accordance with Australian Accounting Standards.

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee have regarded the following in respect of the current financial year and the previous two financial years (since the merger of Euroz and Hartleys in October 2020):

| | 2023 | 2022 | 2021 |
|---|------------|------------|------------|
| | \$ | \$ | \$ |
| Profit attributable to owners of Euroz Hartleys Group | 9,338,637 | 40,723,715 | 52,540,905 |
| Dividends paid or declared | 49,810,995 | 21,652,751 | 31,326,913 |
| Share price at year end | 1.09 | 1.57 | 1.51 |
| Return of capital to owners of Euroz Hartleys Group | 8.1% | 21.1% | 30.7% |

Remuneration Policy

The remuneration policy has been designed to align the interests of shareholders, Directors and Executives. Euroz Hartleys Group remunerates its Directors, Executives and other employees by way of a fixed base salary, commission and a combination of short and long term incentives. The Group believes this policy has been effective in increasing shareholder wealth since inception.

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The Board / Remuneration Committee ensures that Executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linked
- transparency
- retention
- capital management

Non-Executive Directors' fees

Non-Executive Directors are paid a fixed base fee and superannuation for their role on the Board.

Executive Directors and Executives

All Directors and Executives are offered a competitive base salary and superannuation. Base pay for Senior Executives is reviewed semi-annually by the Remuneration Committee to ensure it is competitive with the market. Base pay is also reviewed upon promotion or agreement of additional responsibilities.

There is no guarantee of base pay increases fixed in any Senior Executive or Directors' contracts.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Executives are offered a competitive salary that comprises of a base salary plus superannuation and a combination of some of the following short-term incentives, dependant on the terms of the individual employment contract:

- Participation in the profit share pool
- Commission
- Discretionary bonus

No Directors fees are paid to Executive Directors.

Profit share pool

The four Directors on the Remuneration Committee during the period were Ms Robin Romero (Chair) (Independent Non-Executive Director), Ian Parker (Executive Director), Richard Simpson (Executive Director) and Jay Hughes (Retired as Executive Director on 8 August 2023). Ms Romero and Mr Parker are not entitled to participate in the bonus or profit share pool.

Directors and Executives are invited to participate in the profit share pool. The Remuneration Committee determines the allocation of up to 45% of pre-tax profits on an ongoing basis. The Committee uses the following informal criteria to assist in the allocation:

- Generation of returns for shareholders
- Ability to perform individual tasks within the relevant department
- Ability to add value and innovate beyond the standard job specification
- Development of new and existing client relationships
- Ability to interact with other relevant departments and work collaboratively as part of a larger team approach
- Relevant industry salary benchmarking
- General requirements to attract and retain staff

The profit share payment may be made as a combination of cash (75%) and equity (25%) in the Performance Rights Plan (PRP) to Directors and Executives who opt in to the PRP as detailed below in "Equity based payments". Directors and Executives that do not opt in to the PRP have their entire profit share paid in cash. Where a Director or Executive opts in to the PRP, they elect to receive 25% of their allocation of the profit share pool as equity. Shares allotted under the PRP are purchased on market utilising funds accrued from the profit share pool.

Commission

Directors and Executives who are also Private Wealth Advisers are paid commission in addition to a base salary and superannuation. This is calculated on a sliding scale. Eligible Directors and Executives who are also Private Wealth Advisers may also be invited to participate in the PRP based on certain performance hurdles set out in their employment contract.

Discretionary bonus

Directors and Executives who do not participate in the profit share pool are paid a discretionary bonus based on the profitability of the Group. Similar to the profit share pool, the distribution of the discretionary bonus is also leveraged to the individual's performance and may be made as a combination of cash (75%) and equity (25%) in the PRP to Directors and Executives that opt in to the PRP as detailed below in "Equity based payments". Directors and Executives that do not opt in to the PRP have their entire discretionary bonus paid in cash. Shares allotted under the PRP are purchased on market utilising funds accrued from the profit share / bonus pool.

Equity based payments

The Performance Rights Plan was established in 2014 as a long-term incentive to assist in the reward, retention and motivation of Directors, Executives and staff members. The overarching intention is to increase the alignment of staff with shareholder return. Eligible Directors, Executives and employees are invited to participate in this plan. Where an eligible Director, Executive or employee elects to opt in to the PRP, they are awarded a Performance Right during the course of the financial year. This right then automatically vests at the end of the financial year where the Director, Executive or employee has met the vesting requirements, being that they are an Eligible Employee at the vesting date. An Eligible Employee means a full time or part-time employee of any member of the Group or a Director of any member of the Group who holds a salaried employment or office with a member of the Group. If there is a change in the employing entity of a Participant from one member of the Group to another member of the Group, the Participant will be considered, for the purposes of the plan, to have continued to be an Eligible Employee at all relevant times.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Equity based payments (cont'd)

There are three separate incentives depending on the individual employment contract as below:

- Profit share
- Discretionary bonus
- Commission

The Performance Right represents a right to be allotted a number of ordinary shares in Euroz Hartleys Group Limited to reflect 25% of the profit share or the discretionary bonus that would have been paid to the participant who opts in to the PRP. Directors or Executives who are also Private Wealth Advisers who are paid a commission may also opt in to be paid a portion of their total monthly brokerage, corporate income and / or portfolio administration commission in equity-based payments. The shares allotted will only vest to the Director or Executive after 3 years subsequent service following the initial year of service and are escrowed for a further 11 years and one day. No amount is payable upon vesting of shares issued under the PRP. Shares allotted under the PRP are subject to income tax at the participants individual income tax rate at the time of vesting from the PRP.

During the 2023 financial year, Directors, Executives and employees eligible for the PRP were given the election to opt into the PRP. Any election to opt out of the PRP means that the entire profit share, discretionary bonus or commission payment due to the Director, Executive or employee is paid entirely in cash.

Long Term Incentive (LTI)

During the year Long Term Incentive (LTI) rights were issued to two (2) Executives under the PRP (2022: nil Executives). These LTI rights entitled the holder to a number of shares in Euroz Hartleys Group Limited calculated to the value of 1 x their base salary and superannuation for the year. The LTI was determined by the Remuneration Committee having regard to the participant's performance over the relevant performance period and the profitability of the Group during that period. The shares allotted in satisfaction of the rights were purchased on-market. The LTI shares are subject to a 3-year service condition and a further escrow period.

Details of remuneration

Details of the nature and amount of each element of the emoluments paid or payable of each KMP of the Group are set out in the following tables.

| | SHORT-TERM | | | | POST-EMPLOYMENT | SHARE-BASED PAYMENT | | TOTAL | PERFORMANCE RELATED |
|------------------|------------------|-----------------|-----------------------------------|----------------|-----------------|-------------------------|--------------------------|------------------|---------------------|
| | BASE SALARY | DIRECTOR'S FEES | PROFIT SHARE / BONUS / COMMISSION | OTHER BENEFITS | SUPERANNUATION | PERFORMANCE RIGHTS PLAN | LONG TERM INCENTIVE PLAN | | |
| 2023 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Andrew McKenzie | 253,500 | - | 529,500 | 26,083 | 25,292 | 222,943 | 69,698 | 1,127,016 | 73% |
| Jay Hughes * | 253,500 | - | 84,000 | 24,948 | 25,292 | 185,818 | - | 573,558 | 47% |
| Robert Black ** | 232,375 | - | 18,750 | 16,193 | 23,044 | 176,202 | - | 466,564 | 42% |
| Anthony Brittain | 253,500 | - | 198,500 | 20,764 | 25,292 | 95,588 | - | 593,644 | 50% |
| Richard Simpson | 126,750 | - | 83,250 | 2,613 | 17,880 | 69,562 | - | 300,055 | 51% |
| Ian Parker | 70,000 | - | 753,082 | 11,663 | 25,292 | 20,558 | - | 880,595 | 88% |
| Timothy Bunney | 253,000 | - | 618,750 | 6,265 | 25,292 | 202,901 | 69,573 | 1,175,781 | 76% |
| Robin Romero | - | 75,000 | - | - | 7,875 | - | - | 82,875 | 0% |
| Fiona Kalaf | - | 75,000 | - | - | 7,879 | - | - | 82,879 | 0% |
| Total | 1,442,625 | 150,000 | 2,285,832 | 108,529 | 183,138 | 973,572 | 139,271 | 5,282,967 | |

* Retired as a Director of Euroz Hartleys Group Limited on 8 August 2023

** Retired as a Director of Euroz Hartleys Group Limited on 31 May 2023 and employee of Euroz Hartleys Limited on 30 June 2023

Executive Directors did not receive any Directors fees.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Details of remuneration (cont'd)

| | SHORT-TERM | | | | POST-EMPLOYMENT | SHARE- BASED PAYMENT | | | PERFORMANCE RELATED |
|------------------|------------------|-----------------|-----------------------------------|----------------|-----------------|-------------------------|---------------------|------------------|---------------------|
| | BASE SALARY | DIRECTOR'S FEES | PROFIT SHARE / BONUS / COMMISSION | OTHER BENEFITS | SUPERANNUATION | PERFORMANCE RIGHTS PLAN | TERMINATION BENEFIT | TOTAL | |
| 2022 | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | |
| Andrew McKenzie | 253,500 | - | 615,000 | 36,078 | 23,568 | 173,125 | - | 1,101,271 | 72% |
| Jay Hughes | 253,500 | - | 615,000 | 21,844 | 23,568 | 173,125 | - | 1,087,037 | 73% |
| Robert Black | 253,500 | - | 577,500 | 16,256 | 23,568 | 169,063 | - | 1,039,887 | 72% |
| Anthony Brittain | 253,500 | - | 281,250 | 19,000 | 23,568 | 88,125 | - | 665,443 | 56% |
| Dermot Woods * | 197,773 | - | 250,000 | 8,583 | 23,234 | 75,938 | 502,504 | 1,058,032 | 31% |
| Richard Simpson | 190,125 | - | 168,750 | 5,174 | 20,845 | 51,563 | - | 436,457 | 50% |
| Ian Parker | 66,000 | - | 1,244,596 | 9,626 | 23,567 | - | - | 1,343,789 | 93% |
| Robin Romero | - | 75,000 | - | - | 7,500 | - | - | 82,500 | 0% |
| Fiona Kalaf** | - | 852 | - | - | 85 | - | - | 937 | 0% |
| Total | 1,467,898 | 75,852 | 3,752,096 | 116,561 | 169,503 | 730,939 | 502,504 | 6,815,353 | |

* Resigned on 20 May 2022 as Executive Director of Westoz Funds Management Pty Ltd and KMP

** Appointed Non-Executive Director on 28 June 2022

Executive Directors did not receive any Directors fees.

Service agreements

Remuneration and other terms of employment for the Key Management Personnel are formalised in service agreements. Non-Executive Directors are paid a fixed base fee and superannuation for their role on the Board. Executive Directors agreements provide for performance-related cash bonuses and other benefits. Other major provisions of the agreements relating to remuneration are set out below.

Andrew McKenzie, *Executive Chairman*

- Term of contract – ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$253,500 (2022 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary

Jay Hughes, *Director, retired on 8 August 2023*

- Term of contract - ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$253,500 (2022 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary

Robert Black, *Director, retired on 31 May 2023*

- Term of contract - ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$253,500 (2022 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Service agreements (cont'd)

Anthony Brittain, *Director Euroz Hartleys Limited - Chief Operating and Financial Officer*

- Term of contract – ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$253,500 (2022 - \$253,500) plus discretionary bonus
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary

Richard Simpson, *Director*

- Term of contract – ongoing part time employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$253,500 (2022 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct – six months' salary

Ian Parker, *Director*

- Term of contract – ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$70,000 (2022 - \$66,000) plus commission
- Payment on termination of employment by the employer, other than for gross misconduct – six months' salary

Timothy Bunney, *Managing Director Euroz Hartleys Limited*

- Term of contract – ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2023 of \$253,000 (2022 - \$235,000) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary

Robin Romero, *Non-Executive Director*

- Term of contract – ongoing consulting contract
- Directors fee, exclusive of superannuation for the year ended 30 June 2023 of \$75,000 (2022 - \$75,000)

Fiona Kalaf, *Non-Executive Director*

- Term of contract – ongoing consulting contract
- Directors fee, exclusive of superannuation for the year ended 30 June 2023 of \$75,000 (2022 - \$852)

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Shareholdings of Key Management Personnel

The movement during the reporting year in the number of shares in Euroz Hartleys Group Limited held, directly, indirectly or beneficially, by each member of KMP, including related parties, is as follows:

| 2023 | BALANCE AT 1 JULY 2022 | RECEIVED VIA PRP (i) | RECEIVED VIA LTI (ii) * | CANCELLED ** | BOUGHT & (SOLD)** | BALANCE AT 30 JUNE 2023 | VESTED 1 JULY 2022 **** | VESTED BALANCE AS AT 30 JUNE 2023 ***** |
|------------------------|---------------------------|-------------------------|----------------------------|--------------------|----------------------|----------------------------|-------------------------------|--|
| Ordinary shares | | | | | | | | |
| A McKenzie | 13,390,097 | 150,212 | 237,270 | (2,257,173) | - | 11,520,406 | 74,855 | 134,931 |
| J Hughes***** | 13,866,467 | 23,829 | - | (2,337,476) | - | 11,552,820 | 74,855 | 134,931 |
| R Black***** | 5,262,362 | 24,680 | - | (887,077) | 124,715 | 4,524,680 | 66,010 | 115,948 |
| A Brittain | 918,535 | - | - | (154,833) | - | 763,702 | 22,549 | 61,345 |
| R Simpson | 2,537,181 | 23,617 | - | (427,690) | - | 2,133,108 | - | - |
| I Parker | 1,988,473 | 69,984 | - | (335,196) | - | 1,723,261 | - | - |
| T Bunney | 730,283 | 175,531 | 236,844 | (123,100) | - | 1,019,558 | 22,549 | 44,699 |
| R Romero | 22,575 | - | - | (8,862) | 60,000 | 73,713 | - | - |
| F Kalaf | - | - | - | (5,334) | 31,645 | 26,311 | - | - |
| | 38,715,973 | 467,853 | 474,114 | (6,536,741) | 216,360 | 33,337,559 | 260,818 | 491,854 |

* Shares allotted under Long Term Incentive (LTI) Plan. Shares utilised to fulfil LTI were purchased on market

** Cumulative shares cancelled in accordance with the equal capital reduction approved by shareholders on 17 November 2022

*** Inclusive of shares allocated in Dividend Reinvestment Plan (DRP)

**** Vested amount on 1 July 2022 shown pre-Equal Capital Reduction and Euroz Hartleys Group Limited Share price on the date was \$1.57

***** Included in Balance at 30 June 2023 and vested balance post Equal Capital Reduction

***** Retired as a Director of Euroz Hartleys Group Limited on 8 August 2023

***** Retired as a Director of Euroz Hartleys Group Limited on 31 May 2023 and employee of Euroz Hartleys Limited on 30 June 2023

(i) These shares are held by the Euroz Share Trust and are currently vesting in accordance with the Euroz Hartleys Group PRP. The shares were granted on 30 June 2023, fair value on grant date was based on the profit share / bonus awarded and number of shares was determined by dividing the profit share / bonus awarded by Euroz Hartleys Group Limited 30-day Volume Weighted Average Price (VWAP) to 31 May 2023 being \$1.175.

(ii) These shares are held in escrow and are currently vesting in accordance with the Euroz Hartleys Group PRP. The shares were granted on 30 June 2023, fair value on grant date was based on the LTI amount awarded and number of shares was determined by dividing the LTI amount awarded by Euroz Hartleys Group Limited 30-day Volume Weighted Average Price (VWAP) to 31 May 2023 being \$1.175.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Shareholdings of Key Management Personnel (cont'd)

| 2022 | BALANCE AT 1 JULY 2021 | RECEIVED VIA PRP (i) | BOUGHT & (SOLD)* | NET CHANGE OTHER ** | BALANCE AT 30 JUNE 2022 | VESTED 1 JULY 2021 ***** | VESTED BALANCE AS AT 30 JUNE 2022 |
|------------------------|---------------------------|-------------------------|---------------------|------------------------|----------------------------|--------------------------------|---|
| Ordinary shares | | | | | | | |
| A McKenzie | 13,268,724 | 121,373 | - | - | 13,390,097 | 30,000 | 87,433 |
| J Hughes | 13,745,094 | 121,373 | - | - | 13,866,467 | 30,000 | 87,433 |
| R Black | 5,042,340 | 113,972 | 106,050 | - | 5,262,362 | 27,500 | 73,446 |
| A Brittain | 863,029 | 55,506 | - | - | 918,535 | 26,345 | 51,233 |
| R Simpson | 2,503,878 | 33,303 | - | - | 2,537,181 | - | - |
| I Parker | 1,869,604 | - | 118,869 | - | 1,988,473 | - | - |
| R Romero | 22,575 | - | - | - | 22,575 | - | - |
| D Woods*** | 1,006,235 | - | - | (1,006,235) | - | 20,897 | 68,758 |
| F Kalaf **** | - | - | - | - | - | - | - |
| | 38,321,479 | 445,527 | 224,919 | (1,006,235) | 37,985,690 | 134,742 | 368,303 |

* Inclusive of shares allocated in Dividend Reinvestment Plan (DRP)

** Net change reflects cessation as a KMP

*** Resigned on 20 May 2022 as Executive Director of Westoz Funds Management Pty Ltd and KMP

**** Appointed on 28 June 2022 as an Independent Non-Executive Director of Euroz Hartleys Group Limited

***** Shares vested on 1 July 2021 when Euroz Hartleys Group Limited Share price \$1.53

(i) These shares are held by the Euroz Share Trust and are currently vesting in accordance with the Euroz Hartleys Group PRP. The shares were granted on 30 June 2022, fair value on grant date was based on the profit share / bonus awarded and number of shares was determined by dividing the profit share / bonus awarded by Euroz Hartleys Group Limited 30-day Volume Weighted Average Price (VWAP) to 31 May 2022 being \$1.175.

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (audited) (cont'd)

Performance Rights held by Key Management Personnel

The movement during the reporting period in performance rights in Euroz Hartleys Group Limited held, directly, indirectly or beneficially, by each KMP, including related parties, is as follows:

| 2023 | DATE GRANTED | GRANTED AS REMUNERATION | VESTED AND EXERCISED |
|---|--------------|-------------------------|----------------------|
| Performance Rights | | | |
| A McKenzie | 7 June 2023 | 1 | (1) |
| J Hughes - <i>Retired 8 August 2023</i> | 7 June 2023 | 1 | (1) |
| R Black - <i>Retired 31 May 2023</i> | 7 June 2023 | 1 | (1) |
| R Simpson | 7 June 2023 | 1 | (1) |
| I Parker | 7 June 2023 | 1 | (1) |
| T Bunney | 7 June 2023 | 1 | (1) |
| A McKenzie - LTI | 13 June 2023 | 1 | (1) |
| T Bunney - LTI | 13 June 2023 | 1 | (1) |
| | | 8 | (8) |

| 2022 | DATE GRANTED | GRANTED AS REMUNERATION | VESTED AND EXERCISED |
|---------------------------|--------------|-------------------------|----------------------|
| Performance Rights | | | |
| A McKenzie | 1 June 2022 | 1 | (1) |
| J Hughes | 1 June 2022 | 1 | (1) |
| R Black | 1 June 2022 | 1 | (1) |
| A Brittain | 1 June 2022 | 1 | (1) |
| R Simpson | 1 June 2022 | 1 | (1) |
| | | 5 | (5) |

These performance rights were issued in accordance with the PRP. In financial year 2023, rights were granted in June 2023 and vested on 30 June 2023.

Share-based compensation

A performance right was issued to KMPs as part of their annual bonus / profit share plan. Where the KMP participates in the profit share pool or receives a discretionary bonus then the fair value of the shares allotted under the PRP of each right is calculated as 25% of each member's profit share or discretionary bonus entitlement. Where the KMP is a Private Wealth Adviser then the fair value of the shares allotted under the PRP is calculated as paid a portion of their total monthly brokerage, corporate income and / or portfolio administration commission. Shares issued under the PRP have a 3-year service vesting condition. Total fair value of shares resulting from the exercise of the performance rights issued to KMPs in the year amounts to \$666,252 (2022: \$752,500).

In accordance with the terms of the PRP, where a Director, Executive or employee meets the vesting requirements being that they are an Eligible Employee at the vesting date, then the Performance Rights will be automatically exercised and participants will be allotted the requisite number of Shares. Performance Rights that do not vest will lapse.

Loans To Key Management Personnel

No loans were made to Directors of Euroz Hartleys Group Limited and the KMPs of the Group, including their personally-related entities during the year.

[Remuneration Report – end](#)

Directors' Report (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

Indemnification and Insurance of Directors and Officers

Euroz Hartleys Group Limited has a Deed of Indemnity for all the Directors and Officers of the Group against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Group. The Group agreed to indemnify and keep indemnified the Directors and Officers against all liabilities by the Directors and Officers as a Director and Officer of the Group to the extent permitted under the Corporations Act 2001.

During the financial year, Euroz Hartleys Limited paid a premium on behalf of the Group to insure the Directors and Officers of the Group. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Group.

Indemnification of Auditors

The Group has not indemnified the auditor and has not paid an insurance premium to insure the auditor.

Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to such proceedings during the year.

Non-audit services

The Group's auditor, KPMG has provided assurance services in addition to the audit and review of financial statements. Details are set out in Note 23 to the financial statements. The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and forms part of the Directors' report.

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



Andrew McKenzie
Executive Chairman



Richard Simpson
Executive Director

Date: 23 August 2023

Auditor's Independence Declaration To the Directors of Euroz Hartleys Group Limited

FOR THE YEAR ENDED 30 JUNE 2023



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

To the Directors of Euroz Hartleys Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Euroz Hartleys Group Limited for the financial year ended 30 June 2023 there have been:

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

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in blue ink, appearing to read 'Trevor Hart', written in a cursive style.

Trevor Hart
Partner
Perth
23 August 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | 2023 \$ | 2022 \$ |
|---|-------|-------------------|-------------------|
| Revenue from continuing operations | 3, 4 | 95,935,458 | 118,690,898 |
| Share of profits of equity accounted investments, net of tax | 13 | - | 15,808,439 |
| Gain on investments | | 346,055 | 2,246,212 |
| Employee benefits expense | | (64,359,362) | (67,215,981) |
| Depreciation and amortisation expenses | 5 | (2,552,380) | (2,471,480) |
| Regulatory expenses | | (881,227) | (989,341) |
| Legal, professional and consultancy expenses | | (1,202,312) | (1,479,492) |
| Conference and seminar expenses | | (1,243,768) | (755,337) |
| Stockbroking expenses | | (4,955,844) | (5,758,370) |
| Impairment (expense) / reversal | 5, 13 | (1,489,556) | 6,510,348 |
| Other expenses | | (5,805,765) | (6,518,919) |
| Profit before income tax expense | | 13,791,299 | 58,066,977 |
| Income tax expense | 6 | (4,452,662) | (17,343,262) |
| Profit after income tax expense for the year | | 9,338,637 | 40,723,715 |
| Other comprehensive income | | | |
| Other comprehensive income net of tax | | - | - |
| Total comprehensive income for the year attributable to owners of Euroz Hartleys Group Limited | | 9,338,637 | 40,723,715 |
| Basic earnings per share (cents) | 30 | 5.51 | 21.68 |
| Diluted earnings per share (cents) | 30 | 5.25 | 20.68 |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

| | NOTE | 2023 \$ | 2022 \$ |
|--|--------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 88,155,855 | 190,667,525 |
| Trade and other receivables | 8 | 25,136,908 | 18,071,214 |
| Financial assets at fair value through profit and loss | 9 | 16,130,200 | 15,317,064 |
| Other current assets | 10 | 4,207,730 | 2,482,114 |
| Current tax receivable | 17 | 1,675,992 | - |
| Total current assets | | 135,306,685 | 226,537,917 |
| NON-CURRENT ASSETS | | | |
| Financial assets at amortised cost | 11 | 686,296 | 1,069,380 |
| Investments at fair value through profit and loss | 12 | 2,084,000 | - |
| Plant and equipment | 14 | 1,384,911 | 2,097,562 |
| Deferred tax assets | 6 | 5,512,310 | 4,238,048 |
| Intangible assets | 15 | 38,755,745 | 39,362,702 |
| Right of use asset | 19 | 1,842,069 | 4,244,049 |
| Total non-current assets | | 50,265,331 | 51,011,741 |
| TOTAL ASSETS | | 185,572,016 | 277,549,658 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 16 | 55,475,560 | 59,537,023 |
| Current tax payable | 17 | - | 8,834,084 |
| Provisions | 18 | 9,016,263 | 7,788,835 |
| Lease liability | 19 | 1,358,111 | 1,354,750 |
| Total current liabilities | | 65,849,934 | 77,514,692 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 6 | 2,267,797 | 3,131,101 |
| Provisions | 18 | 221,819 | 140,970 |
| Lease liability | 19 | 2,194,393 | 3,552,525 |
| Total non-current liabilities | | 4,684,009 | 6,824,596 |
| TOTAL LIABILITIES | | 70,533,943 | 84,339,288 |
| NET ASSETS | | 115,038,073 | 193,210,370 |
| EQUITY | | | |
| Issued capital | 20 (a) | 98,562,525 | 136,740,320 |
| Share-based payment reserve | 20 (g) | 9,395,353 | 8,917,497 |
| Retained earnings | | 7,080,195 | 47,552,553 |
| TOTAL EQUITY | | 115,038,073 | 193,210,370 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

| | ISSUED CAPITAL | SHARE-BASED PAYMENT RESERVE | RETAINED EARNINGS | TOTAL |
|--|---------------------|--------------------------------|----------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | 134,665,226 | 7,955,369 | 28,481,589 | 171,102,184 |
| Profit for the period | - | - | 40,723,715 | 40,723,715 |
| Total comprehensive income for the period | - | - | 40,723,715 | 40,723,715 |
| <i>Transactions with owners, recorded directly in equity</i> | | | | |
| Shares issued during the period | 2,868,844 | - | - | 2,868,844 |
| Vested shares under employee share plan | 2,101,174 | (2,101,174) | - | - |
| Treasury shares | (2,894,924) | - | - | (2,894,924) |
| Share-based payments | - | 3,063,302 | - | 3,063,302 |
| Dividends declared | - | - | (21,652,751) | (21,652,751) |
| Total contributions by and distributions to owners | 2,075,094 | 962,128 | (21,652,751) | (18,615,529) |
| Balance at 30 June 2022 | 136,740,320 | 8,917,497 | 47,552,553 | 193,210,370 |
| Balance at 1 July 2022 | 136,740,320 | 8,917,497 | 47,552,553 | 193,210,370 |
| Profit for the period | - | - | 9,338,637 | 9,338,637 |
| Total comprehensive income for the period | - | - | 9,338,637 | 9,338,637 |
| <i>Transactions with owners, recorded directly in equity</i> | | | | |
| Shares issued during the period | 369,286 | - | - | 369,286 |
| Return of capital (i) | (39,998,187) | - | - | (39,998,187) |
| Vested shares under employee share plan | 3,639,833 | (3,639,833) | - | - |
| Treasury shares | (2,188,727) | - | - | (2,188,727) |
| Share-based payments | - | 4,117,689 | - | 4,117,689 |
| Dividends to equity holders (ii) | - | - | (49,810,995) | (49,810,995) |
| Total contributions by and distributions to owners | (38,177,795) | 477,856 | (49,810,995) | (87,510,934) |
| Balance at 30 June 2023 | 98,562,525 | 9,395,353 | 7,080,195 | 115,038,073 |

(i) Return of capital relates to the \$40.0 million equal capital reduction and share cancellation paid in December 2022 as part of the Group's strategic cash and capital management initiative. This resulted in the simultaneous cancellation of 16.85% of the issued capital.

(ii) Dividends to equity holders includes \$40.0 million fully franked special dividend of \$0.2027 per share paid to shareholders in October 2022 as part of the Group's strategic cash and capital management initiative, \$4.1 million fully franked December 2022 half year dividend of \$0.025 per share paid in February 2023 and \$5.7 million fully franked final dividend of \$0.035 per share payable to shareholders in September 2023.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | 2023 \$ | 2022 \$ |
|---|------|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers (inclusive of goods and services tax) | | 88,599,464 | 124,142,518 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (74,404,717) | (90,132,105) |
| | | 14,194,747 | 34,010,413 |
| Interest received | | 2,316,999 | 233,152 |
| Proceeds from sale of trading shares | | 6,428,387 | 9,831,789 |
| Income taxes paid | | (17,100,305) | (17,328,806) |
| Payments for trading shares | | (2,245,226) | (4,148,814) |
| Net cash flows from operating activities | 29 | 3,594,602 | 22,597,734 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment into investment fund | | (2,000,000) | - |
| Return of FinClear Services Pty Ltd security deposit | | 350,000 | - |
| Receipts on disposal of investments | | - | 105,011,618 |
| Maturity of term deposit | | - | 216,699 |
| Dividends and trust distributions received | | - | 1,674,202 |
| Payments for plant and equipment | | (327,434) | (2,132,213) |
| Net cash flows (used in) / from investing activities | | (1,977,434) | 104,770,306 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Return of capital (i) | | (39,998,186) | - |
| Dividends paid (ii) | | (60,458,913) | (31,277,473) |
| Payments for treasury shares | | (2,188,727) | (2,894,927) |
| Repayment of lease liabilities | | (1,306,290) | (1,206,174) |
| Interest paid on lease liabilities | | (176,722) | (241,110) |
| Proceeds from share issue | | - | 2,868,844 |
| Net cash flows used in financing activities | | (104,128,838) | (32,750,840) |
| Net (decrease) / increase in cash and cash equivalents | | (102,511,670) | 94,617,200 |
| Cash and cash equivalents at 1 July | | 190,667,525 | 96,050,325 |
| Cash and cash equivalents at 30 June | 7 | 88,155,855 | 190,667,525 |

(i) Return of capital relates to the \$40.0 million equal capital reduction and share cancellation paid in December 2022 as part of the Group's strategic cash and capital management initiative. This resulted in the simultaneous cancellation of 16.85% of the issued capital.

(ii) Dividends paid includes \$16.7 million fully franked June 2022 final dividend of \$0.085 per share paid to shareholders in August 2022, \$40.0 million fully franked special dividend of \$0.2027 per share paid to shareholders in October 2022 as part of the Group's strategic cash and capital management initiative and \$3.7 million fully franked December 2022 half year dividend of \$0.025 per share paid to shareholders in February 2023.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

| | |
|---|----|
| NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES | 48 |
| NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS | 57 |
| NOTE 3: SEGMENT INFORMATION | 59 |
| NOTE 4: REVENUE | 61 |
| NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE | 62 |
| NOTE 6: INCOME TAX | 63 |
| NOTE 7: CASH AND CASH EQUIVALENTS | 64 |
| NOTE 8: TRADE AND OTHER RECEIVABLES | 64 |
| NOTE 9: OTHER FINANCIAL ASSETS AT FAIR VALUE | 64 |
| NOTE 10: OTHER CURRENT ASSETS | 65 |
| NOTE 11: FINANCIAL ASSETS AT AMORTISED COST | 65 |
| NOTE 12: INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS | 65 |
| NOTE 13: EQUITY ACCOUNTED INVESTMENTS | 66 |
| NOTE 14: PLANT AND EQUIPMENT | 66 |
| NOTE 15: INTANGIBLE ASSETS | 68 |
| NOTE 16: TRADE AND OTHER PAYABLES | 69 |
| NOTE 17: CURRENT TAX RECEIVABLE / (PAYABLE) | 69 |
| NOTE 18: PROVISIONS | 70 |
| NOTE 19: RIGHT OF USE ASSET AND LEASE LIABILITY | 71 |
| NOTE 20: CONTRIBUTED EQUITY | 72 |
| NOTE 21: DIVIDENDS | 74 |
| NOTE 22: FINANCIAL INSTRUMENTS | 75 |
| NOTE 23: REMUNERATION OF AUDITORS | 79 |
| NOTE 24: CONTINGENT LIABILITIES | 79 |
| NOTE 25: COMMITMENTS FOR EXPENDITURE | 79 |
| NOTE 26: RELATED PARTIES | 80 |
| NOTE 27: INVESTMENTS IN CONTROLLED ENTITIES | 82 |
| NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE | 83 |
| NOTE 29: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES | 84 |
| NOTE 30: EARNINGS PER SHARE | 84 |
| NOTE 31: PARENT ENTITY DISCLOSURES | 85 |
| NOTE 32: COMPANY DETAILS | 85 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements as issued by the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for "for-profit" oriented entities.

This financial report has been authorised by the Directors to be issued on 23 August 2023.

Euroz Hartleys Group Limited is a listed public company, trading on the Australian Securities Exchange and Cboe Australia, limited by shares, incorporated and domiciled in Australia.

The financial report of Euroz Hartleys Group Limited and its controlled entities (the Group), complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Separate financial information of the Parent Company has been included in Note 31 as permitted by amendments to the Corporations Act 2001.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Presentation and functional currency

The consolidated financial statements are presented in Australian Dollars, which is the Group's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

Accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Euroz Hartleys Group Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all controlled entities for the year then ended. Euroz Hartleys Group Limited and its controlled entities together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

A change in ownership interest without the loss of control is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities have a 30 June financial year end.

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for Australia, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(b) Income tax (cont'd)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Euroz Hartleys Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. The Group formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax sharing agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(c) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, and the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(d) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. The Group recognises revenue when it transfers control over a service to a customer. The nature and timing of satisfaction of performance obligations for each of the Group's main revenue streams is set out below.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(d) Revenue recognition (cont'd)

Brokerage revenue

Brokerage revenue from share trading is considered to be derived from a single obligation being the completion of a share trading transaction. Accordingly, at the completion of the transaction the revenue is recognised.

Underwriting, placement fees and corporate retainers

Corporate retainers relate to the service fee for work performed such as corporate advisory services. This service is considered a distinct performance obligation and accordingly revenue is recognised as the service is completed in accordance with the engagement mandate.

Placement fees are fees charged on raising capital for clients. This is determined to be the single performance obligation and revenue is recognised as the service is completed in accordance with the engagement mandate.

Underwriting fees are derived upon the satisfactory completion of the engagement criteria which may be the execution of a capital raising or the sale of a pre-determined number of shares for a client. The performance obligation is determined to be the completion of the capital raise or sale of the shares and revenue is recognised when the service is completed in accordance with the engagement mandate.

The payment terms in relation to this source of revenue is up to 7 days.

Performance and management fees

Performance fee income is derived from investment management agreements based on the performance of an underlying fund over a contracted period of time. If the fund performance exceeds a specified threshold the performance fee payable is determined and recorded as revenue at the conclusion of the performance period. The performance obligation is determined to be singular being to achieve a certain performance target over a specified period.

Management fee income is derived from investment management agreements whereby a monthly management fee is payable based on the fund value. The performance obligation is the monthly management of the fund and revenue is recorded monthly following the completion of the month.

The payment terms in relation to this source of revenue is up to 20 days.

Wealth management fees

Wealth management fee income is derived from agreements with clients individually whereby a monthly management fee is payable based on the portfolio value or alternatively a fixed fee arrangement. The performance obligation is the monthly management of the investment portfolio and revenue is recorded monthly following the completion of the month.

Proceeds from the sale of investments

Gross proceeds and cost of disposal on sale of investments are disclosed as gain / loss on investments along with unrealised gains / losses in investments held at year end.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(e) Receivables

Trade receivables are recognised as current receivables as they are generally settled within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Group it arises from receivables from subsidiaries, as well as from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and has established a credit and trading policy which sets certain trading limits and guidelines. These limits are reviewed and adjusted by management when and, if required, depending on circumstances prevailing at that time.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(f) Plant and equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the residual values commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

| CLASS OF PLANT AND EQUIPMENT | DEPRECIATION RATE |
|------------------------------|-------------------|
| Leasehold improvements | 2 - 25% |
| Plant and equipment | 25 - 33% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss.

(g) Leasehold improvements

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

(h) Leases

Short term lease payments are charged to the statement of profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

Right of use assets

A right of use asset is recognised at the commencement date which aligns with the date when the leased asset is ready for use. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right of use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(i) Trade and other payables

Trade and other payables comprise liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Dividends

Provision is made for the amount of any dividend declared and authorised by the Directors on or before the end of the financial year, but not distributed at reporting date.

(k) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(l) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(m) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. There have been no changes to the method used to calculate this liability.

(iii) Superannuation

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs

Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Performance rights

The Performance Right represents a right to be allotted a number of ordinary shares in Euroz Hartleys Group Limited to reflect 25% of the profit share or the discretionary bonus or for Private Wealth Advisers who are paid a commission, a portion of their total monthly brokerage, corporate income and / or portfolio administration commission that would have been paid to an Eligible Employee who opts in.

An Eligible Employee means a full time or part-time employee of any member of the Group or a Director of any member of the Group who holds a salaried employment or office with a member of the Group. If there is a change in the employing entity of a Participant from one member of the Group to another member of the Group, the Participant will be considered, for the purposes of this plan, to have continued to be an Eligible Employee at all relevant times.

Each performance right is subject to a service based vesting condition. Performance Rights are issued for nil consideration and Performance Rights that do not vest lapse with a nil value.

In accordance with the terms of the PRP, where an Eligible Employee meets the vesting requirements being that they are an Eligible Employee at the vesting date, then the Performance Rights will be automatically exercised and participants will be allotted the requisite number of Shares. Shares utilised to fulfil the awards made under the PRP are purchased on market utilising funds accrued from the profit share pool, discretionary bonuses or brokerage, corporate income and / or portfolio administration commission.

The fair value of shares allotted under the PRP is estimated at grant date based on 25% of profit share or discretionary bonus or for Private Wealth Advisers who are paid a commission, a portion of their total monthly brokerage, corporate income and / or portfolio administration commission that will be paid at year end to eligible employees.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(m) Employee benefits (cont'd)

(v) Performance rights (cont'd)

For financial year 2023, where an employee had met the relevant criteria and had opted in to the PRP, the relevant Performance Rights were granted in June 2023 and vested on 30 June 2023 with the requisite number of shares being allotted on 30 June 2023.

Once the performance right converts to plan shares these are subject to a further 3-year service condition, following the initial year of service and are escrowed for a further period of 11 years and one day. No amount is payable upon vesting of shares issued under the PRP. Shares allotted under the PRP are subject to income tax at the participants individual income tax rate at the time of vesting from the PRP.

The Board may, at their discretion accelerate the vesting period. Unvested shares are subject to bad leaver clawback provisions during the 3-year period.

(vi) Profit-sharing

The Group recognises a liability and an expense for profit-sharing based on a formula that calculates the profit attributable to the Company's employees after certain adjustments.

(vii) Termination benefits

The Group recognises a liability and an expense when the Group demonstrates a commitment to either terminate the employee before the normal retirement date or provide termination benefits as a result of an offer made to the employee prior to retirement date.

(n) Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) 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 income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. The potential impact of issuing treasury shares externally is considered when calculating diluted earnings per share.

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(q) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded shares or share options, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current closing price; the appropriate quoted market price for financial liabilities is the current closing price.

The fair value of financial instruments that are not traded in an active market (for example, unlisted options) is determined using valuation techniques. The Group uses the Black-Scholes option pricing model to value unlisted options, taking into consideration the terms on which the options were granted. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share-based payments reserve.

(t) Investments and Financial Assets

Investments and other financial assets are securities in listed and unlisted companies initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at Fair Value Through Profit or Loss ("FVTPL"). Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets to collect contractual cashflows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Expected Credit Losses (ECL) on financial assets at amortised costs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(t) Investments and Financial Assets (cont'd)

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(u) Current / non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(w) Intangible asset

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Indefinite life intangibles are tested for impairment annually or more frequently if events, conditions or circumstances indicate that they might be impaired. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(x) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies (cont'd)

(y) Equity accounted investments

Associates are those entities which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. These equity accounted investments are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss of equity accounted investees until the date on which significant influence ceases. Dividends received from associates are recognised as a reduction to the equity accounted investments.

At each reporting date, the Group reviews the carrying amounts of its equity accounted investments to determine whether there is an indication of impairment. If any indication exists, then the asset's recoverable amount is estimated, being the higher of value in use and fair value less costs of disposal. The Group measures fair value of its equity accounted investments using a quoted price in an active market for that investment, when one is available.

An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount and is recognised in profit or loss.

Any impairment loss recognised is reversed only to the extent that the asset's carrying amount does not exceed its carrying amount that would have been determined if no impairment loss had been recognised.

(z) New standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has not early adopted any of these standards.

| AASB NO. | NEW STANDARDS OR AMENDMENTS | APPLICATION DATE |
|--------------|--|------------------|
| AASB 2021-2 | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates | 1 January 2023 |
| AASB 2021-5 | 5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| AASB 2022-7 | 7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards | 1 January 2023 |
| AASB 17 | Insurance Contracts | 1 January 2023 |
| AASB 2020-1 | Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current | 1 January 2024 |
| AASB 2020-6 | Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date | 1 January 2024 |
| AASB 2015-10 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 | 1 January 2025 |
| AASB 2017-5 | Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections | 1 January 2025 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements incorporated in the financial statements are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates and judgments

(i) Classification of other financial assets

The Group classifies investments in listed and unlisted securities at fair value through profit and loss. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or credited to the statement of profit or loss.

(ii) Impairment of non-financial assets

At each reporting date, the Group compares the carrying values and the recoverable amount of non-financial assets to determine whether there is any indication of impairment. If impairment indicators exist, any excess of the investment entity's carrying value over the recoverable amount is expensed to the statement of profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(iii) Goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, the goodwill on acquisition of Blackswan Equities Limited and on the acquisition of Entrust have been allocated to the Private Wealth cash generating units (CGUs). Goodwill on the acquisition of Hartleys Limited has been allocated to the Private Wealth and Wholesale CGU respectively at \$3,139,199 and \$4,368,420.

(iv) Intangible assets

Upon acquisition of Entrust, Euroz Hartleys Group acquired \$1,736,240 in other intangible assets consisting 3 separate client portfolios. The useful life of these intangibles is assessed as 10 years and the carrying value as at 30 June 2023 was \$347,247. The client portfolios were allocated to the Private Wealth CGU.

On acquisition of Hartleys Limited, the Group recognised an intangible for Hartleys Limited brand name of \$19,500,000 with an indefinite useful life and customer relationship asset of \$3,900,000 with a useful life of 9 years. The values of these intangibles were measured by an external professional valuer. Amortisation expense of the customer relationship of \$433,333 was recognized during the year. The intangible assets associated with the Hartleys Limited's brand name was allocated to the Private Wealth and Wholesale CGU respectively at \$8.2 million and \$11.3 million.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key estimates and judgments (cont'd)

(iv) Intangible assets (cont'd)

Impairment assessment of cash generating units containing goodwill and intangibles results

For the purpose of impairment testing, goodwill and intangibles were allocated to the Group's CGUs as follows:

| | 2023 | 2022 |
|----------------|-------------------|-------------------|
| | \$ | \$ |
| Private Wealth | 22,790,960 | 23,397,918 |
| Wholesale | 15,714,785 | 15,714,785 |
| | 38,505,745 | 39,112,703 |

The recoverable amount of both CGUs were based on their value in use, estimated using discounted cashflows.

The assumptions used in the estimation of the recoverable amount are set out in the table below. The values assigned to the key assumptions represent management's assessment of future cashflows and economic outlook and have been based on historical data from both external and internal sources.

| | 2023 | 2022 |
|-------------------------------------|------|------|
| | % | % |
| Discount rate | 11.0 | 9.5 |
| Terminal value growth rate | 1.0 | 1.0 |
| Average growth rate in next 5 years | 0 | 0 |

The cash flow projections were based on historical averages. Projected cash flows for each CGU included specific estimates for a 5-year period and a terminal value thereafter, discounted using an appropriate discount rate.

The following analysis is for the Private Wealth CGU which had a lower headroom than the Wholesale CGU:

Sensitivity analysis

| | CHANGE REQUIRED FOR CARRYING AMOUNT TO EQUAL RECOVERABLE AMOUNT | |
|---------------|--|------|
| | 2023 | 2022 |
| | % | % |
| Discount rate | 20.35 | 18.4 |

The impairment assessment is not overly sensitive to the terminal value growth rate. The Private Wealth CGU is able to withstand a reduction in forecast cashflows of up to 20% before carrying amount exceeds its recoverable amount.

The Board have assessed that there is no indication that goodwill or intangible assets are impaired.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

3. SEGMENT INFORMATION

Identification of reportable segments

The 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.

Euroz Hartleys Group Limited business segments have been determined to be:

Private Wealth

Private Wealth refers to private wealth advisers who work with high net wealth individuals, companies, SMSF and other clients. Private wealth advisers provide a broad investment offering of stockbroking and corporate services for clients. The wealth management team provides strategic investment advice, superannuation advice, investment management and portfolio administration services.

Wholesale

Wholesale refers to the Institutional Dealing, Research and Corporate Finance team who work with companies and other institutional clients. The Institutional Dealing team provides quality advice, idea generation, site visits, and roadshow corporate access highly focused on resources, mining services and small to mid-cap Western Australia (WA) industrials. Working with the Institutional team is the Research team which has extensive coverage of ASX listed industrials, resources and energy companies and provides these insights for our institutional clients. The Corporate Finance team specialises in Equity Capital Markets (ECM), Mergers and Acquisitions (M&A) and strategic Corporate Advisory.

Funds Management

Westoz Funds Management Pty Ltd (WFM), a wholly owned subsidiary of Euroz Hartleys Group has an Australian Financial Services Licence (AFSL). In October 2022, Westoz Resources Fund Limited (WRFL), was launched with a focus on small to mid-cap ASX listed securities with exposure to the resources sector. The investment mandate is being managed by WFM. The funds management revenue for this financial year is derived from the management of this new mandate. In the prior year funds management revenue was from the management of Westoz Investment Company Limited (Westoz) and Ozgrowth Limited (Ozgrowth) mandates which were disposed to WAM Capital Limited in April 2022 following completion of two separate Scheme of Arrangements. WFM no longer manages the mandates of Westoz and Ozgrowth.

Due to the nature of the business providing financial services to the clients driven by the employees, management does not consider asset and liabilities separation to be an appropriate measure of segments.

Entity-wide disclosures

The Group operates with in the geographical region of Australia. Therefore, the total revenue and non-current assets are reflected on the face of the financial statements.

Basis of accounting for purpose of reporting by operating segments

The accounting policies used by the Group in reporting segments internally are consistent with those adopted in the financial statements of the Group, unless otherwise stated.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

3. SEGMENT INFORMATION (CONT'D)

Segment performance

| | PRIVATE WEALTH | WHOLESALE | FUNDS MANAGEMENT | OTHER | TOTAL |
|--|-------------------|-------------------|---------------------|------------------|-------------------|
| 2023 | \$ | \$ | \$ | \$ | \$ |
| Brokerage | 19,995,900 | 5,115,367 | - | - | 25,111,267 |
| Underwriting and placement fees | 10,229,130 | 28,463,975 | - | - | 38,693,105 |
| Performance and management fees | - | - | 307,431 | - | 307,431 |
| Wealth management fees | 18,180,185 | 17,718 | - | - | 18,197,903 |
| Corporate advisory | - | 11,066,059 | - | - | 11,066,059 |
| Interest received | - | - | 27,234 | 2,292,887 | 2,320,121 |
| Other revenue | 46,004 | 175,634 | - | 17,934 | 239,572 |
| Total segment revenue | 48,451,219 | 44,838,753 | 334,665 | 2,310,821 | 95,935,458 |
| Segment income tax expense | 581,675 | 3,770,030 | 1,343 | 99,614 | 4,452,662 |
| Segment net operating profit/(loss) after tax | 961,431 | 6,243,201 | (103,803) | 2,237,808 | 9,338,637 |

| | PRIVATE WEALTH | WHOLESALE | FUNDS MANAGEMENT | OTHER | TOTAL |
|---|-------------------|-------------------|---------------------|-------------------|--------------------|
| 2022 | \$ | \$ | \$ | \$ | \$ |
| Brokerage | 26,301,047 | 10,198,522 | - | - | 36,499,569 |
| Underwriting and placement fees | 10,843,132 | 32,770,543 | - | - | 43,613,675 |
| Performance and management fees | - | - | 13,791,010 | - | 13,791,010 |
| Wealth management fees | 18,375,377 | 58,393 | - | - | 18,433,770 |
| Corporate advisory | - | 5,740,096 | - | - | 5,740,096 |
| Dividends received | - | - | - | 107,589 | 107,589 |
| Interest received | - | - | 29,684 | 209,386 | 239,070 |
| Other revenue | 51,490 | 206,555 | - | 8,074 | 266,119 |
| Total segment revenue | 55,571,046 | 48,974,109 | 13,820,694 | 325,049 | 118,690,898 |
| Segment income tax expense | 2,467,921 | 3,272,851 | 3,679,858 | 7,922,632 | 17,343,262 |
| Segment net operating profit after tax | 5,930,533 | 8,650,010 | 7,756,493 | 18,386,679 | 40,723,715 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

4. REVENUE

| | 2023 | 2022 |
|---------|-------------------|--------------------|
| | \$ | \$ |
| Revenue | 95,935,458 | 118,690,898 |
| | 95,935,458 | 118,690,898 |

The disaggregation of revenue is as follows:

| | 2023 | 2022 |
|--|-------------------|--------------------|
| | \$ | \$ |
| Brokerage | 25,111,267 | 36,499,569 |
| Underwriting and placement fees | 38,693,105 | 43,613,675 |
| Performance and management fees | 307,431 | 13,791,010 |
| Wealth management fees | 18,197,903 | 18,433,771 |
| Corporate advisory fees | 11,066,059 | 5,740,096 |
| Dividends and trust distributions received | - | 107,589 |
| Interest received | 2,320,121 | 239,070 |
| Other revenue | 239,572 | 266,118 |
| | 95,935,458 | 118,690,898 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5. PROFIT BEFORE INCOME TAX EXPENSE

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Profit before income tax is determined after accounting for the following specific expenses: | | |
| Plant and equipment – depreciation | 197,162 | 216,115 |
| Leasehold improvements – amortisation | 526,228 | 396,264 |
| Right of use asset – amortisation | 1,222,033 | 1,252,144 |
| Intangible asset – amortisation | 606,957 | 606,957 |
| | 2,552,380 | 2,471,480 |
| <i>Finance costs</i> | | |
| Interest and finance charges paid / payable on lease liabilities | 176,722 | 241,110 |
| Superannuation expense | 3,026,550 | 2,919,314 |
| Share-based payments: - Performance Rights Plan | 3,978,418 | 3,063,302 |
| - Long term Incentive | 139,271 | - |
| <i>Impairment expense (reversal)</i> | | |
| Right of use assets impairment expense (i) | 1,174,911 | - |
| Leasehold improvements impairment expense (i) | 314,645 | - |
| Equity accounted investments impairment reversal (ii) | - | (6,510,348) |

- (i) In May 2023, the Group executed a lease agreement for a new office building which it expects to occupy in December 2023. Accordingly, management estimated the recoverable amount of its existing lease assets comprising right of use assets and leasehold improvements for the current office premises. The terms of the leases are set out in note 25.

The recoverable amount of the assets was estimated based on their fair value less costs of disposal. Fair value less costs of disposal was determined based on the present value of cash flows that the Group estimates it could achieve for the premises through either surrendering the lease or entering into a sub-lease arrangement, as advised by external, independent commercial tenancy advisors. The discount rate used was 6.5%. The fair value measurement has been based on the inputs to the valuation technique as detailed in note 1(p).

As a result of the assessment, an impairment loss for the right of use assets of \$1.2 million and for leasehold improvements of \$0.3 million was recognised.

The Group performed a review of the remaining expected useful life of its leasehold improvements related to the leases above (net book value of \$0.8 million, after impairment). As a result of the Group's intention to vacate the current office premises in December 2023, the expected remaining useful life of the leasehold improvements decreased to six months. This change in estimate useful life is accounted for prospectively.

- (ii) In prior year, the \$6.5 million impairment reversal was related to the reversal of impairment on equity accounted investments (see note 13).

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

6. INCOME TAX

| | 2023 \$ | 2022 \$ |
|--|------------------|-------------------|
| Profit before income tax expense | 13,791,299 | 58,066,977 |
| Income tax using Group's tax rate of 30% (2022: 30%) | 4,137,390 | 17,420,093 |
| Add tax effect of: | | |
| Deferred tax not recognised on temporary differences | - | 227,500 |
| Other non-allowable items | 315,272 | 185,253 |
| | 4,452,662 | 17,832,846 |
| Less tax effect of: | | |
| Franked dividends received | - | (489,584) |
| Income tax expense | 4,452,662 | 17,343,262 |

| | 2023 \$ | 2022 \$ |
|---|------------------|-------------------|
| The components of tax expense / (benefit) comprise: | | |
| Current tax | 6,549,907 | 18,039,103 |
| Deferred tax | (2,097,245) | (695,841) |
| Income tax expense | 4,452,662 | 17,343,262 |

| | | |
|--------------------|-------|-------|
| Effective tax rate | 32.3% | 29.9% |
|--------------------|-------|-------|

Deferred tax asset is attributable to the following:

| | 2023 \$ | 2022 \$ |
|-------------------|------------------|------------------|
| Employee benefits | 2,768,559 | 2,378,942 |
| Accruals | 2,743,751 | 1,859,106 |
| | 5,512,310 | 4,238,048 |

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits can be generated.

Deferred tax liability is attributable to the following:

| | 2023 \$ | 2022 \$ |
|-------------------------|------------------|------------------|
| Investments | 359,482 | 705,990 |
| Performance rights plan | 1,908,315 | 2,425,111 |
| | 2,267,797 | 3,131,101 |

Euroz Hartleys Group Limited and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as of 1 July 2003.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly-owned entities reimburse Euroz Hartleys Group Limited for any current income tax payable by Euroz Hartleys Group Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a current tax-related receivable by Euroz Hartleys Group Limited. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Euroz Hartleys Group Limited.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

7. CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|--|-------------------|--------------------|
| | \$ | \$ |
| Cash at bank and on hand | 74,119,850 | 175,256,542 |
| Restricted cash: | | |
| Cash margin account | 2,180,899 | 3,593,551 |
| Client trust account | 11,855,106 | 11,817,432 |
| Total restricted cash | 14,036,005 | 15,410,983 |
| Total cash and cash equivalents | 88,155,855 | 190,667,525 |

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 Group's current obligation to the clearing house at ASX. Client trust bank balances are client funds and not available for general use by the Group.

8. TRADE AND OTHER RECEIVABLES

| | 2023 | 2022 |
|-----------------------|-------------------|-------------------|
| | \$ | \$ |
| Trade receivables | 3,355,027 | 1,138,100 |
| Broker receivable (i) | 21,720,082 | 16,849,172 |
| Other receivable | 61,799 | 83,942 |
| | 25,136,908 | 18,071,214 |

Receivables are measured at amortised cost and their carrying amount approximates fair value.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit and trading policy which sets certain trading limits and guidelines. These limits are reviewed and adjusted by management when and, if required, depending on circumstances prevailing at that time.

(i) *Broker receivables relates to outstanding client accounts and amounts owed to the Group by ASX Clearing. These are settled with the broker payable as disclosed in Note 16.*

9. OTHER FINANCIAL ASSETS AT FAIR VALUE

| | 2023 | 2022 |
|-----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Fair value of listed securities | 5,728,629 | 6,779,359 |
| Fair value of unlisted securities | 10,401,571 | 8,537,705 |
| Total | 16,130,200 | 15,317,064 |

These securities are held at fair value through profit or loss. The fair values of listed securities are based on the closing price of each investment at year end. The fair values of unlisted securities are measured using the Black-Scholes model at year end.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

10. OTHER CURRENT ASSETS

| | 2023 | 2022 |
|----------------|------------------|------------------|
| | \$ | \$ |
| Prepayments | 2,469,727 | 2,313,978 |
| Accrued income | 1,738,003 | 168,136 |
| Total | 4,207,730 | 2,482,114 |

11. FINANCIAL ASSETS AT AMORTISED COST

| | 2023 | 2022 |
|------------------------------------|----------------|------------------|
| | \$ | \$ |
| Security deposit | 50,000 | 400,000 |
| Financial guarantee – term deposit | 636,296 | 625,935 |
| Other non-current receivable | - | 43,445 |
| | 686,296 | 1,069,380 |

Security deposit is held by FinClear Services Pty Ltd who is the clearing and trading participant on behalf of Euroz Hartleys Limited for international trades.

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

| | 2023 | 2022 |
|-----------------------------|------------------|-----------|
| | \$ | \$ |
| Opening fair value – 1 July | - | 826,040 |
| Additions (i) | 2,000,000 | - |
| Fair value increments | 84,000 | 93,500 |
| Disposals | - | (919,540) |
| Closing fair value 30 June | 2,084,000 | - |

(i) Investments at fair value through profit and loss relates to Euroz Hartleys Group Limited's 7.7% investment in Westoz Resources Fund Limited ("WRFL"). WRFL is an unlisted investment fund whose purpose is to generate positive returns and returning dividends to investors through the trading of stocks generally associated with the resources sector in Western Australia. The responsible manager of the fund is Westoz Funds Management Pty Ltd a wholly owned subsidiary of Euroz Hartleys Group Limited.

WRFL is measured at fair value through profit or loss accounting in accordance with the Group accounting policies as disclosed in the annual report.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

13. EQUITY ACCOUNTED INVESTMENTS

| | 2023 | 2022 |
|---|----------|--------------|
| | \$ | \$ |
| <i>Reconciliation</i> | | |
| Equity accounted investments as at 1 July | - | 75,827,068 |
| Add: Share of profits of equity accounted investments, net of tax | - | 15,808,439 |
| Add: Impairment reversal (Note 5) | - | 6,510,348 |
| Less: Dividend received | - | (1,566,614) |
| Disposal (i) | - | (96,579,241) |
| Equity accounted investments as at 30 June | - | - |

(i) Equity accounted investments were the investments in Westoz and Ozgrowth. On April 21, 2022, pursuant to two separate Scheme of Arrangements, all the shares in Westoz and Ozgrowth were acquired by WAM Capital Limited in return for shares in WAM Capital Limited. Following the completion of the Schemes, the Group received 49.95 million shares valued at \$107.9 million. These WAM Capital Limited shares were subsequently sold during the 2022 financial year resulting in proceeds of \$103.9 million. The net gain/loss on these transactions are recorded in the profit and loss under gain/loss on investments.

14. PLANT AND EQUIPMENT

| | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Leasehold improvements | | |
| At cost | 2,288,948 | 2,384,745 |
| Less: Accumulated amortisation | (925,483) | (674,166) |
| Impairment expense | (314,645) | - |
| | 1,048,820 | 1,710,579 |
| Office equipment | | |
| At cost | 1,014,997 | 1,149,396 |
| Less: Accumulated depreciation | (763,798) | (852,857) |
| | 251,199 | 296,539 |
| Furniture, fixtures and fittings | | |
| At cost | 135,393 | 132,839 |
| Less: Accumulated depreciation | (50,501) | (42,395) |
| | 84,892 | 90,444 |
| | 1,384,911 | 2,097,562 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

14. PLANT AND EQUIPMENT (CONT'D)

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below:

| | LEASEHOLD IMPROVEMENTS | PLANT AND EQUIPMENT | TOTAL |
|--|---------------------------|------------------------|------------------|
| | \$ | \$ | \$ |
| 2023 | | | |
| Carrying amount at 1 July 2022 | 1,710,579 | 386,983 | 2,097,562 |
| Additions | 181,164 | 146,270 | 327,434 |
| Write-off | (2,050) | - | (2,050) |
| Depreciation / amortisation expense (note 5) | (526,228) | (197,162) | (723,390) |
| Impairment expense | (314,645) | - | (314,645) |
| Carrying amount at 30 June 2023 | 1,048,820 | 336,091 | 1,384,911 |
| 2022 | | | |
| Carrying amount at 1 July 2021 | 198,449 | 931,048 | 1,129,497 |
| Additions | 1,846,035 | 286,178 | 2,132,213 |
| Reclassification | 62,589 | (62,589) | - |
| Write-off | (230) | (551,539) | (551,769) |
| Depreciation / amortisation expense | (396,264) | (216,115) | (612,379) |
| Carrying amount at 30 June 2022 | 1,710,579 | 386,983 | 2,097,562 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

15. INTANGIBLE ASSETS

| | 2023 \$ | 2022 \$ |
|-----------------------------|-------------------|-------------------|
| Goodwill (a) | 15,950,164 | 15,950,164 |
| Other intangible assets (b) | 22,805,581 | 23,412,538 |
| | 38,755,745 | 39,362,702 |

| | 2023 \$ | 2022 \$ |
|--------------------------------------|-------------------|-------------------|
| (a) Allocation of goodwill: | | |
| Goodwill on acquisition of Blackswan | 2,803,345 | 2,803,345 |
| Goodwill on acquisition of Entrust | 5,639,200 | 5,639,200 |
| Goodwill on acquisition of Hartleys | 7,507,619 | 7,507,619 |
| | 15,950,164 | 15,950,164 |

Goodwill balances are deemed to have an indefinite useful life and accordingly an impairment test was performed during the year. Based on the assessment, no impairment was identified. Note 2 (iii) contains additional information on this assessment.

| | 2023 \$ | 2022 \$ |
|---------------------------------------|-------------------|-------------------|
| (b) Other intangible assets | | |
| Client portfolios (i) | 347,247 | 520,871 |
| Hartleys Brand (ii) | 19,500,000 | 19,500,000 |
| Customer relationship - Hartleys (ii) | 2,708,334 | 3,141,667 |
| ASX Licence | 250,000 | 250,000 |
| | 22,805,581 | 23,412,538 |

| | CLIENT PORTFOLIOS \$ | CUSTOMER RELATIONSHIP - HARTLEYS \$ | TOTAL \$ |
|-----------------------------------|----------------------------|--|------------------|
| 2023 | | | |
| Balance as at 1 July 2022 | 520,871 | 3,141,667 | 3,662,538 |
| Amortisation expense | (173,624) | (433,333) | (606,957) |
| Balance as at 30 June 2023 | 347,247 | 2,708,334 | 3,055,581 |
| 2022 | | | |
| Balance as at 1 July 2021 | 694,495 | 3,575,000 | 4,269,495 |
| Amortisation expense | (173,624) | (433,333) | (606,957) |
| Balance as at 30 June 2022 | 520,871 | 3,141,667 | 3,662,538 |

(i) The useful life of the intangibles was assessed as 10 years and amortised accordingly.

(ii) On acquisition of Hartleys Limited, the Group recognised an intangible for the Hartleys brand name of \$19,500,000 with an indefinite useful life and customer relationship asset of \$3,900,000 with a useful life of 9 years. An impairment assessment was performed during the year. Refer to Note 2 (iv).

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

16. TRADE AND OTHER PAYABLES

| | 2023 | 2022 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| Trade and other payables | 1,812,293 | 4,860,636 |
| Broker payable (i) | 32,328,853 | 27,254,709 |
| Dividend payable | 5,753,047 | 16,770,251 |
| Accruals | 15,581,367 | 10,651,427 |
| | 55,475,560 | 59,537,023 |

Payables are measured at amortised cost and their carrying amount approximates fair value.

Dividend payable represents the dividend declared by the Board before the reporting date and to be paid out to shareholders subsequent to year end.

(i) *Broker payable relates to outstanding client accounts and amounts owed by the Group to ASX Clearing. These are settled with the broker receivable as disclosed in Note 8.*

Movement in dividend payable is set out below:

| | 2023 | 2022 |
|---------------------------------|------------------|-------------------|
| | \$ | \$ |
| Opening balance | 16,770,251 | 26,394,973 |
| Amount provided during the year | 49,846,206 | 21,695,735 |
| Amounts paid out | (60,863,410) | (31,320,457) |
| Balance as at 30 June | 5,753,047 | 16,770,251 |

Of the total dividends paid during the year, \$369,286 was through the dividend reinvestment plan and \$35,210 (2022: \$42,983) was paid to the Euroz Share Trust and is undistributed, therefore, it has been eliminated on consolidation.

17. CURRENT TAX RECEIVABLE / (PAYABLE)

| | 2023 | 2022 |
|---------------------------------|------------------|--------------------|
| | \$ | \$ |
| Opening balance | (8,834,084) | (8,123,786) |
| Amount provided during the year | (6,549,907) | (18,039,104) |
| Prior year adjustments | (40,322) | - |
| Amounts paid out | 17,100,305 | 17,328,806 |
| Balance as at 30 June | 1,675,992 | (8,834,084) |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

18. PROVISIONS

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Employee benefits (annual leave) | 3,372,810 | 3,636,514 |
| Employee benefits (long service leave) | 5,865,272 | 4,293,291 |
| Total current and non-current | 9,238,082 | 7,929,805 |
| Disclosed as current | 9,016,263 | 7,788,835 |
| Disclosed as non- current liabilities | 221,819 | 140,970 |

Movements in employee benefits, are set out below:

| | 2023 | 2022 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| <i>Annual leave:</i> | | |
| Carrying amount at 1 July | 3,636,514 | 3,320,114 |
| Additional provisions recognised | 1,896,513 | 2,014,565 |
| Leave taken and paid out | (2,160,217) | (1,698,165) |
| Carrying amount at 30 June | 3,372,810 | 3,636,514 |
| <i>Long service leave:</i> | | |
| Carrying amount at 1 July | 4,293,291 | 4,316,278 |
| Additional provisions recognised | 1,800,329 | 701,229 |
| Leave taken and paid out | (228,348) | (724,216) |
| Carrying amount at 30 June | 5,865,272 | 4,293,291 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

19. RIGHT OF USE ASSET AND LEASE LIABILITY

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Leased premises | 7,716,294 | 7,716,294 |
| Accumulated amortisation | (4,739,150) | (3,554,360) |
| Impairment expense | (1,174,911) | - |
| | 1,802,233 | 4,161,934 |
| Office equipment | 105,056 | 221,324 |
| Accumulated amortisation | (65,220) | (139,209) |
| | 39,836 | 82,115 |
| Right of use asset | 1,842,069 | 4,244,049 |
| Lease liability – current | 1,358,111 | 1,354,750 |
| Lease liability – non-current | 2,194,393 | 3,552,525 |
| Reconciliation of right of use asset: | | |
| Balance as at 1 July | 4,244,049 | 5,494,070 |
| Additions | - | 61,630 |
| Amortisation expense | (1,222,033) | (1,252,144) |
| Impairment expense | (1,174,911) | - |
| Disposal | (5,036) | - |
| Lease payout, transfer to lease receivable and write off | - | (59,507) |
| Balance as at 30 June | 1,842,069 | 4,244,049 |
| Reconciliation of right of use lease liability: | | |
| | 2023 | 2022 |
| | \$ | \$ |
| Balance as at 1 July | 4,907,275 | 6,190,629 |
| Additions | - | 61,630 |
| Disposals | (5,036) | - |
| Interest expense | 176,722 | 241,110 |
| Interest paid | (176,722) | (241,110) |
| Lease payments | (1,349,735) | (1,344,984) |
| Balance as at 30 June | 3,552,504 | 4,907,275 |

The following table sets out a maturity analysis of lease liabilities showing the undiscounted lease payments to be paid after the reporting date.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

19. RIGHT OF USE ASSET AND LEASE LIABILITY (CONT'D)

| | 2023 | 2022 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Less than one year | 1,358,091 | 1,354,751 |
| One to two years | 1,379,300 | 1,358,111 |
| Two to three years | 535,289 | 1,379,300 |
| Three to four years | 279,824 | 535,289 |
| Four to five years | - | 279,824 |
| More than 5 years | - | - |
| | 3,552,504 | 4,907,275 |

The above right of use asset and lease liability relates to:

- The lease on the premises at Level 18 Alluvion, 58 Mounts Bay Road, Perth WA is for a period of 15 years commencing 2 July 2010 and expiring on 1 July 2025.
- The lease on the premises at Level 6 Westralia, 141 St Georges Terrace, Perth WA is for a period of 8 years commencing 1 January 2019 and expiring on 31 December 2026.
- The licence on the premises at Level 9, 20 Bond Street, Sydney NSW is for a period of 5 years commencing 15 December 2018 and expiring on 14 December 2023. In December 2020, the Group sublet the Sydney office space. Lease receivable of \$0.04 million is recognised as at 30 June 2023 (2022: \$0.1 million).

Office leases

Euroz Hartleys Group Limited signed a new lease agreement in May 2023 for office space at QV1 Perth located at 250 St Georges Terrace, Perth. An assessment of the contract determined that it qualifies as a lease, as it grants the right to control the use of a specific asset for a defined period in exchange for compensation. The recognition of the right of use asset and lease liability will occur when the office becomes available for use which is expected in December 2023.

20. CONTRIBUTED EQUITY

(a) Share capital

| | 2023 | 2022 | 2023 | 2022 |
|---|-------------|-------------|------------|-------------|
| | SHARES | SHARES | \$ | \$ |
| Ordinary shares | | | | |
| Issued and paid up capital consisting of ordinary shares (net of Treasury shares) | 155,112,688 | 187,106,282 | 98,562,525 | 136,740,320 |

(b) Movements in ordinary share capital net of Treasury shares

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | SHARES | SHARES |
| Balance at the beginning of the reporting period | 187,106,282 | 185,374,535 |
| Issue of new shares | 332,690 | 1,778,756 |
| Acquisition of Treasury shares | (1,940,000) | (1,800,000) |
| Share cancellation net of Treasury shares (i) | (31,773,026) | - |
| Vested shares under Performance Rights Plan | 1,386,742 | 1,752,991 |
| Balance at the end of the reporting period | 155,112,688 | 187,106,282 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

20. CONTRIBUTED EQUITY (CONT'D)

(c) Movements in ordinary share capital

| | 2023 | 2022 |
|--|-------------------|--------------------|
| | SHARES | SHARES |
| Balance at the beginning of the reporting period | 136,740,320 | 134,665,226 |
| Shares issued during the period | 369,286 | 2,868,844 |
| Return of capital (i) | (39,998,187) | - |
| Treasury shares | (2,188,727) | (2,894,924) |
| Vested shares under Performance Rights Plan | 3,639,833 | 2,101,174 |
| At the end of the year | 98,562,525 | 136,740,320 |

(i) Return of capital / share cancellation relates to the \$40.0 million equal capital reduction and share cancellation paid in December 2022 as part of the Group's strategic cash and capital management initiative. Total shares cancelled of 33,257,006 included 1,483,980 Treasury shares.

(d) Treasury shares

| | 2023 | 2022 | 2023 | 2022 |
|--|--------------------|---------------------|-------------------|-------------------|
| | SHARES | SHARES | \$ | \$ |
| Balance at the beginning of the reporting period | (10,190,791) | (10,143,782) | 13,916,281 | 13,025,440 |
| Acquisition of Treasury shares | (1,940,000) | (1,800,000) | 2,188,727 | 2,894,924 |
| Treasury share cancellation (i) | 1,483,980 | - | (1,758,541) | - |
| Vested shares under Performance Rights Plan | 1,386,742 | 1,752,991 | (1,596,237) | (2,004,083) |
| Balance of Treasury shares at the end of the reporting period | (9,260,069) | (10,190,791) | 12,750,230 | 13,916,281 |

Treasury shares were acquired by the Employee Share Trust at various times during the year for grant to Executives and employees as part of the Performance Right Plan.

(i) Share cancellation relates to treasury shares that were cancelled as part of the \$40.0 million equal capital reduction and share cancellation in December 2022 as part of the Group's strategic cash and capital management initiative.

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares have no par value.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(f) Options

There were no options on issue at 30 June 2023 (30 June 2022: Nil).

(g) Share-based payments reserve

The reserve records items recognised as expenses on valuation of share-based payments. The movement in the current period totalling \$4,117,689 (2022: \$3,063,302) relates to the vesting expense related to the fair value of shares issued under all share-based payments plans in the prior year and the current year.

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| Balance on share-based payment reserve at 1 July | 8,917,497 | 7,955,369 |
| Recognised during the year | 4,117,689 | 3,063,302 |
| Vested shares under Performance Rights Plan | (3,639,833) | (2,101,174) |
| Balance on share-based payments reserve at 30 June | 9,395,353 | 8,917,497 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

20. CONTRIBUTED EQUITY (CONT'D)

(h) Capital management

The Directors primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the Group. At reporting date, the Group has significant cash reserves and no external borrowings. As the holder of various Australian Financial Services Licences and as a market participant of the Australian Securities Exchange the Group is exposed to externally imposed capital requirements, which have been complied with throughout the year.

21. DIVIDENDS

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Relating to ordinary shares | | |
| Special dividend 20.27 cents per fully paid ordinary share paid on 7 October 2022 | 39,992,116 | - |
| Interim dividend for the half year ended 31 December 2022 of 2.5 cents (2021 – 2.5 cents) per fully paid ordinary share paid on 17 February 2023. Fully franked based on tax paid @ 30% | 4,065,832 | 4,882,500 |
| Final dividend declared and provided for at 30 June 2023 of 3.5 cents (2022 – 8.5 cents) per fully paid ordinary share to be paid on 1 September 2023. Fully franked based on tax paid @ 30% | 5,753,047 | 16,770,251 |
| Total dividends provided for or paid | 49,810,995 | 21,652,751 |

Special dividends to equity holders comprise \$40.0 million fully franked special dividend of \$0.2027 per share paid to shareholders in October 2022 as part of the Group's strategic cash and capital management initiative.

Of the total dividends paid during the year, \$35,210 (2022: \$42,983) was paid to the Euroz Share Trust and is undistributed. Therefore, it has been eliminated on consolidation.

Franked dividends

The franked portions of the dividends recommended after 30 June 2023 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2023.

| | 2023 | 2022 |
|--|------------|------------|
| | \$ | \$ |
| Franking credits available for subsequent financial years based on a tax rate of 30% (2022: 30%) | 17,097,912 | 26,119,761 |

The dividends are fully-franked and therefore, there are no income tax consequences for the owners of Euroz Hartleys Group Limited.

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL INSTRUMENTS

(a) Financial risk management

The Group's financial instruments consist of deposits with banks, trade receivables and payables, short term investments and long term investments. Derivative financial instruments are not used by the Group. Senior Executives meet regularly to analyse and monitor the financial risk associated with the financial instruments used by the Group.

(b) Financial risk exposure and management

(i) Interest rate risk

The Group has no borrowings and therefore is not exposed to interest rate risk associated with debt. The Group has significant cash reserves and the interest income earned from these cash reserves will be affected by movements in the interest rate. A sensitivity analysis has been provided in the note to illustrate the effect of interest rate movements on interest income earned.

(ii) Liquidity risk

The Group manages liquidity risk using forward cash flow projections, maintaining cash reserves and having no borrowings or debt.

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Current lease liability | 1,358,111 | 1,354,750 |
| Non-current lease liability | 2,194,393 | 3,552,525 |
| Total lease liability (Note 19) | 3,552,504 | 4,907,275 |

Interest on lease liabilities is expected to be paid as follows:

| | 2023 | 2022 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Less than one year | 126,268 | 181,251 |
| One to two years | 71,435 | 126,268 |
| Two to three years | 29,040 | 71,435 |
| Three to four years | 4,172 | 29,040 |
| Four to five years | - | 4,172 |
| More than 5 years | - | - |
| | 230,915 | 412,166 |

Trade and other payables are expected to be paid as follows:

| | 2023 | 2022 |
|-------------------|-------------------|-------------------|
| | \$ | \$ |
| Less than 1 month | 49,722,513 | 42,766,772 |
| 1 to 3 months | 5,753,047 | 16,770,251 |
| | 55,475,560 | 59,537,023 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk exposure and management (cont'd)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Group it arises from receivables from subsidiaries, as well as from customers.

Senior management monitors its exposure to customers on a regular basis to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with Australian based banks.

The maximum exposure to credit risk, excluding the value of any collateral or security, at reporting date is the carrying amount of the financial assets disclosed in the statement of financial position. There is no collateral or security held for those assets at 30 June 2023.

The carrying amount of the consolidated entity's cash and cash equivalents, receivables and deposits represents the maximum credit exposure.

The consolidated entity's maximum exposure to credit risk at the reporting date was:

| | NOTE | CARRYING AMOUNT | |
|------------------------------------|------|--------------------|--------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Cash and cash equivalents | 7 | 88,155,855 | 190,667,525 |
| Trade and other receivables | 8 | 25,136,908 | 18,071,214 |
| Financial assets at amortised cost | 11 | 686,296 | 1,069,380 |
| | | 113,979,059 | 209,808,119 |

The Group's receivables are considered recoverable.

(iv) Financial instruments composition

| | WEIGHTED AVERAGE EFFECTIVE INTEREST RATE | | FLOATING INTEREST RATE | | NON-INTEREST BEARING | |
|---|--|------|------------------------|--------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | % | % | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | | | |
| Cash and cash equivalents | 2.38 | 0.05 | 88,155,855 | 190,667,525 | - | - |
| Trade and other receivables | | | - | - | 25,136,908 | 18,071,214 |
| Financial assets held for trading | | | - | - | 16,130,200 | 15,317,064 |
| Financial assets | 1.64 | 0.05 | 636,296 | 1,025,935 | 50,000 | 43,446 |
| | | | 88,792,151 | 191,693,460 | 41,317,108 | 33,431,724 |
| FINANCIAL LIABILITIES | | | | | | |
| Trade and other payables | | | - | - | 55,475,560 | 59,537,023 |
| Lease liability (current and non-current) | 4.25 | 4.25 | 3,552,504 | 4,907,275 | - | - |
| | | | 3,552,504 | 4,907,275 | 55,475,560 | 59,537,023 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk exposure and management (cont'd)

(v) Fair value hierarchy

The following table details the 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). Techniques, such as estimated discounted cash flows and Black-Scholes model are used to determine fair value for the financial instruments.

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

| 2023 | NOTE | CARRYING AMOUNT | | | FAIR VALUE | | | |
|---------------------------------------|------|-----------------------------|--|-------------------|------------------|-------------------|----------------|-------------------|
| | | DESIGNATED AT FVTPL (ii) | FINANCIAL ASSETS / LIABILITIES AT AMORTISED COST | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Current financial assets | | | | | | | | |
| Cash and cash equivalents (i) | 7 | - | 88,155,855 | 88,155,855 | - | - | - | - |
| Trade and other receivables (i) | 8 | - | 25,136,908 | 25,136,908 | - | - | - | - |
| Other financial assets | 9 | 16,130,200 | - | 16,130,200 | 5,728,629 | 10,048,436 | 353,135 | 16,130,200 |
| Non - Current financial assets | | | | | | | | |
| Financial assets (i) | 11 | - | 686,296 | 686,296 | - | - | - | - |
| Investments at fair value | 12 | 2,084,000 | - | 2,084,000 | - | 2,084,000 | - | 2,084,000 |
| Current financial liabilities | | | | | | | | |
| Trade and other payables (i) | 16 | - | (55,475,560) | (55,475,560) | - | - | - | - |
| | | 18,214,200 | 58,503,499 | 76,717,699 | 5,728,629 | 12,132,436 | 353,135 | 18,214,200 |

(i) Balances are measured at amortised cost and their carrying amount approximates fair value

(ii) Fair value through profit or loss (FVTPL)

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk exposure and management (cont'd)

| 2022 | NOTE | CARRYING AMOUNT | | | FAIR VALUE | | | |
|---------------------------------------|------|-----------------------------|--|--------------------|------------------|------------------|----------------|-------------------|
| | | DESIGNATED AT FVTPL (ii) | FINANCIAL ASSETS / LIABILITIES AT AMORTISED COST | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Current financial assets | | | | | | | | |
| Cash and cash equivalents (i) | 7 | - | 190,667,525 | 190,667,525 | - | - | - | - |
| Trade and other receivables (i) | 8 | - | 18,071,214 | 18,071,214 | - | - | - | - |
| Other financial assets | 9 | 15,317,064 | - | 15,317,064 | 6,779,359 | 8,184,570 | 353,135 | 15,317,064 |
| Non - Current financial assets | | | | | | | | |
| Financial assets (i) | 11 | - | 1,069,380 | 1,069,380 | - | - | - | - |
| Current financial liabilities | | | | | | | | |
| Trade and other payables (i) | 16 | - | (59,537,023) | (59,537,023) | - | - | - | - |
| | | 15,317,064 | 150,271,096 | 165,588,160 | 6,779,359 | 8,184,570 | 353,135 | 15,317,064 |

(i) Balances are measured at amortised cost and their carrying amount approximates fair value

(ii) Fair value through profit or loss (FVTPL)

(vi) Market risk

Market risk is the risk that changes in market prices will affect the fair value the Group's financial instruments. The Group is subject to market risk as it invests in financial instruments which are not risk free and are traded in active markets where prices of securities fluctuate.

(vii) Sensitivity analysis

Assuming all variables remain constant and the interest rate fluctuated by 1% at year end the effect on the Group's equity and profit as follows:

| | 2023 | 2022 |
|----------------|-----------|-------------|
| | \$ | \$ |
| Increase by 1% | 621,545 | 1,342,158 |
| Decrease by 1% | (621,545) | (1,342,158) |

Assuming all variables remain constant and the equity market fluctuated by 5% at year end the effect on the Group's equity and profit is as follows:

| | 2023 | 2022 |
|----------------|-----------|-----------|
| | \$ | \$ |
| Increase by 5% | 564,557 | 536,097 |
| Decrease by 5% | (564,557) | (536,097) |

(c) Bank Guarantees

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| Secured guarantees in respect of leases of a controlled group entity: | | |
| Westpac Banking Corporation | 796,816 | 796,816 |
| Bankwest | 636,295 | 625,935 |
| | 1,433,111 | 1,422,751 |

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

23. REMUNERATION OF AUDITORS

| | 2023 | 2022 |
|---|----------------|----------------|
| | \$ | \$ |
| Audit and assurance services | | |
| Audit and review of financial reports for the Group | 318,750 | 301,000 |
| Regulatory assurance services | 43,000 | 40,000 |
| Controls assurance services | 10,750 | 13,000 |
| Total paid to KPMG | 372,500 | 354,000 |

24. CONTINGENT LIABILITIES

The Group has no contingent liabilities nor contingent assets at 30 June 2023 (2022: Nil).

25. COMMITMENTS FOR EXPENDITURE

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Clearing and settlement services | | |
| Within one year | 767,340 | 767,340 |
| Later than one year but not later than five years | 319,725 | 1,087,065 |
| Later than five years | | |
| Office equipment (i) | | |
| Within one year | 288,628 | - |
| Later than one year but not later than five years | - | - |
| Later than five years | - | - |
| Commitments not recognised in the financial statements | 1,375,693 | 1,854,405 |

(i) Capital commitments relate to information technology infrastructure for QV1.

The lease on the premises at Level 18 Alluvion, 58 Mounts Bay Road, Perth WA is for a period of 15 years commencing 2 July 2010 and expiring on 1 July 2025.

The lease on the premises at Level 6 Westralia, 141 St Georges Terrace, Perth WA is for a period of 8 years commencing 1 January 2019 and expiring on 31 December 2026.

The licence on the premises at Level 9, 20 Bond Street, Sydney NSW is for a period of 5 years commencing 15 December 2018 and expiring on 14 December 2023.

These lease commitments have been included as part of lease liabilities. Refer to Note 19.

Euroz Hartleys Group Limited signed a new lease agreement in May 2023 for office space at QV1 Perth located at 250 St Georges Terrace, Perth. The new lease for part Level 37 and whole Level 38 of QV1 situated at 250 St Georges Terrace, Perth WA is for a period of 10 years commencing on 1 July 2024 with two options to renew for 5 years commencing 1 July 2034 and 1 July 2039. The lease for 2,505 square metres is on normal commercial terms with a market rate incentive.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

26. RELATED PARTIES

(a) Key Management Personnel compensation

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | 3,986,986 | 5,412,407 |
| Post-employment benefits | 183,138 | 169,503 |
| Share-based payments – Performance Rights Plan | 973,572 | 730,939 |
| Share-based payments – Long Term Incentive | 139,271 | - |
| Termination benefit | - | 502,504 |
| Total compensation | 5,282,967 | 6,815,353 |

(b) Individual Key Management Personnel (KMP) compensation disclosure

Information regarding individual KMP compensation and some equity instruments disclosures as required by Corporations Regulation is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no KMP has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving KMP interest existing at year end.

(c) Parent entity

The ultimate parent entity within the Group is Euroz Hartleys Group Limited.

(d) Share-based payments

Share-based payments were issued to Eligible Employees in line with terms and conditions as described in the remuneration report "Equity based payments" section and note 1m (v).

During the year performance rights were issued to 55 employees who opted in to the Performance Rights Plan (2022: 77 employees).

At 30 June 2023, the Group had the following outstanding share-based payment arrangements (post capital reduction in December 2022):

| GRANT DATE / EMPLOYEES ENTITLED | NUMBER OF SHARES | FAIR VALUE ON GRANT DATE* | VESTING CONDITIONS** |
|---|------------------|---------------------------|--------------------------|
| Shares granted to KMP and Employees on: | | | |
| 30 June 2020*** | 1,301,322 | \$0.98 | 3-year service condition |
| 30 June 2021 | 2,824,699 | \$1.595 | 3-year service condition |
| 30 June 2022 | 1,877,634 | \$1.689 | 3-year service condition |
| 30 June 2023 | 2,065,125 | \$1.175 | 3-year service condition |
| Total | 8,068,780 | | |

* Fair value on grant date represents the grant price being the 30-day VWAP in accordance with the PRP

** After the 3-year service condition has been met the plan shares are escrowed for a further period according to the plan as described in the remuneration report "Equity based payments" section and note 1m (v)

*** Held in escrow

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

26. RELATED PARTIES (CONT'D)

(d) Share-based payments (cont'd)

Reconciliation of outstanding share-based payment arrangements:

| | 2023 | | 2022 | |
|---------------------------|------------------|---------------------------------|------------------|---------------------------------|
| | NUMBER OF SHARES | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF SHARES | WEIGHTED AVERAGE EXERCISE PRICE |
| Outstanding at 1 July | 7,221,082 | nil | 4,962,811 | nil |
| Cancelled during the year | (1,217,427) | | - | |
| Granted during the year | 2,065,125 | nil | 2,258,271 | nil |
| Outstanding at 30 June | 8,068,780 | | 7,221,082 | |

Outstanding share-based payment shares are subject to a 3-year service condition from the grant date and a further escrow period. Holders of shares under the plans receive dividends while they are serving the vesting condition. Shares cancelled during the year include those cancelled as part of the capital reduction in December 2022.

Forfeited and vested shares during the year are detailed below:

| | 2023 | | 2022 | |
|---------------------------|------------------|---------------------------------|------------------|---------------------------------|
| | NUMBER OF SHARES | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF SHARES | WEIGHTED AVERAGE EXERCISE PRICE |
| Forfeited during the year | 15,361 | nil | 451,958 | nil |
| Vested during the year | 620,743 | nil | 355,959 | nil |

(e) Group transactions

Wholly-owned group

The wholly-owned group consists of Euroz Hartleys Group Limited and its wholly-owned controlled entities. See Note 27.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

| | 2023 | 2022 |
|--|------|------------|
| | \$ | \$ |
| Transactions with related parties consisting of: | | |
| • Dividends received by Euroz Hartleys Group Limited from equity accounted investments | - | 1,566,613 |
| • Management fee received by the Euroz Hartleys Group from equity accounted investments | - | 2,471,785 |
| • Performance fee received by the Euroz Hartleys Group from equity accounted investments | - | 11,319,224 |

Ownership interests in related parties

Interests held in controlled entities are set out in Note 27.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

26. RELATED PARTIES (CONT'D)

(e) Group transactions (cont'd)

Other transactions with Directors and specified Executives

During the year ended 30 June 2023 the Directors and KMP transacted share business through Euroz Hartleys Limited on normal terms and conditions.

Aggregate amounts of the above transactions with Directors and KMP of the Group:

| | 2023 | 2022 |
|---|--------|--------|
| | \$ | \$ |
| Amounts recognised as revenue | | |
| Brokerage earned on Key Management Personnel accounts | 45,511 | 59,124 |

27. INVESTMENTS IN CONTROLLED ENTITIES

| NAME OF ENTITY | COUNTRY OF INCORPORATION | CLASS OF SHARES | EQUITY HOLDING | |
|--|--------------------------|-----------------|----------------|------|
| | | | 2023 | 2022 |
| | | | % | % |
| Euroz Hartleys Limited | Australia | Ordinary | 100 | 100 |
| Westoz Funds Management Pty Ltd | Australia | Ordinary | 100 | 100 |
| Zero Nominees Pty Ltd (i) | Australia | Ordinary | 100 | 100 |
| Invesco Nominee Pty Ltd (i) | Australia | Ordinary | 100 | 100 |
| Saltbush Nominee Pty Ltd (i) | Australia | Ordinary | 100 | 100 |
| Zenix Nominees Pty Ltd (i) | Australia | Ordinary | 100 | 100 |
| Euroz Employee Share Trust | Australia | Ordinary | - | - |
| Westoz Resources Fund Limited * | Australia | Ordinary | 7.7 | 100 |
| Detail Nominees Pty Ltd (i) ** | Australia | Ordinary | 100 | 100 |
| Entrust Wealth Management Pty Ltd ** | Australia | Ordinary | 100 | 100 |
| Westoz Investment Company Pty Ltd ** | Australia | Ordinary | 100 | 100 |
| Ozgrowth Pty Ltd ** | Australia | Ordinary | 100 | 100 |
| WIM Small Cap Limited *** | Australia | Ordinary | 100 | 100 |
| Euroz Hartleys Securities Pty Ltd **** | Australia | Ordinary | 100 | 100 |
| Prodigy Investment Partners Pty Ltd **** | Australia | Ordinary | 100 | 100 |
| Poynton Pty Ltd (i) **** | Australia | Ordinary | 100 | 100 |
| Poynton Investments Pty Ltd (i) **** | Australia | Ordinary | 100 | 100 |
| Poynton Corporate Pty Ltd (i) **** | Australia | Ordinary | 100 | 100 |
| Poynton Nominees Pty Ltd (i) **** | Australia | Ordinary | 100 | 100 |

The ultimate parent entity in the Group is Euroz Hartleys Group Limited.

(i) Owned by Euroz Hartleys Limited

* Entity was dormant in 2022. During 2023, the entity changed its name from Westoz Australian Resources Limited to Westoz Resources Fund Limited. Euroz Hartleys Group Limited contributed \$2 million during the year to the newly established fund, which is accounted for at fair value through profit or loss.

** Dormant company.

*** The entity is dormant. An application for deregistering with ASIC was lodged on 23 June 2023 and this application is in progress.

**** The entity is dormant and was deregistered in August 2023.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

27. INVESTMENTS IN CONTROLLED ENTITIES (CONT'D)

A brief description of each entity (unless inactive and dormant) is as follows:

- (a) Euroz Hartleys Group Limited – Group holding entity listed on the Australian Securities Exchange. Euroz Hartleys Group Limited manages cash and investments.
- (b) Euroz Hartleys Limited – Financial services entity providing stockbroking services with a focus on Western Australian companies. This is the merged entity containing the businesses of Euroz Hartleys, Euroz Hartleys Securities Limited and Entrust Wealth Management Pty Ltd from 26 April 2021.
- (c) Zero Nominees Pty Ltd – Custodian Company holding shares on behalf of clients of Euroz Hartleys Limited.
- (d) Westoz Funds Management Pty Ltd – Provides management services for investment funds.
- (e) Euroz Employee Share Trust – Vehicle established to acquire treasury shares on-market for distribution to eligible employees in connection with the Performance Rights Plan.
- (f) Westoz Resources Fund Limited* - This entity is no longer controlled by Euroz Hartleys Group Limited. It's now an unlisted investment fund managed by Westoz Funds Management Pty Ltd.
- (g) Detail Nominees – Dormant Company that was previously used to for settlement obligation in relation to shares for the Group.
- (h) Euroz Hartleys Securities Limited – Financial services entity providing stockbroking services with a focus on Western Australian companies. This business is inactive effective 26 April 2021 following the restructure of the Group.
- (i) Westoz Funds Management Pty Ltd – Provides management services for investment funds.
- (j) Entrust Wealth Management Pty Ltd – Wealth management business providing advice in relation to wealth management and strategic financial planning support for the entire Euroz Group. This business is inactive effective 26 April 2021 following the restructure of the Group.
- (k) Prodigy Investment Partners Limited – In 2020, the Company closed the Prodigy operations, including the partnership with the three separate boutiques.
- (l) Saltbush Nominees Pty Ltd – Custodian Company holding shares on behalf of clients of Euroz Hartleys Limited and to facilitate the settlement of share placement and underwriting transactions.
- (m) Invesco Nominee Pty Ltd – This entity is an Entrepot Nominee Company used for CHESSE settlement and clearing purposes only.

28. EVENTS SUBSEQUENT TO REPORTING DATE

Euroz Hartleys Group Limited obtained a secured bank guarantee in respect of new office lease at QV1 of \$2,388,352.

The Directors are not aware of any matter or circumstance subsequent to 30 June 2023 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

29. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | 2023 | 2022 |
|--|------------------|-------------------|
| | \$ | \$ |
| Profit for the year | 9,338,637 | 40,723,715 |
| Adjustments for: | | |
| Depreciation and amortisation | 2,552,380 | 2,471,480 |
| Impairment expense / (reversal) | 1,489,556 | (6,510,348) |
| Share of profits of equity accounted investments, net of tax | - | (15,808,439) |
| Share-based payments | 4,117,689 | 3,063,302 |
| Gain on investments | (84,000) | (7,608,459) |
| Write-off / loss on disposal of plant and equipment | 2,050 | 551,769 |
| Interest paid on lease liabilities | 176,722 | 241,110 |
| Interest on security deposit | (10,361) | (512) |
| Distributions received from investing activity investments | - | (107,589) |
| Changes in assets and liabilities: | | |
| (Increase) / decrease in trade and other receivables | (7,065,694) | 10,708,336 |
| (Increase) / decrease in other financial assets at fair value through profit or loss | (813,136) | 6,138,868 |
| (Increase) / decrease in other current assets | (1,725,616) | 322,610 |
| (Increase) / decrease in current tax receivables | (1,675,992) | - |
| (Increase) / decrease in deferred tax assets | (1,274,262) | 4,775,793 |
| Increase / (decrease) in trade and other payables (excluding dividends) | 6,955,740 | (11,895,978) |
| (Decrease) / increase in current tax liabilities | (8,834,084) | 710,298 |
| Decrease in deferred tax liabilities | (863,304) | (5,471,635) |
| Increase in provisions | 1,308,277 | 293,413 |
| Net cash from operating activities | 3,594,602 | 22,597,734 |

30. EARNINGS PER SHARE

| | 2023 | 2022 |
|--|-------------|-------------|
| | CENTS | CENTS |
| Earnings per share attributable to the owners of Euroz Hartleys Group Limited | | |
| Basic earnings per share (cents) | 5.51 | 21.68 |
| Diluted earnings per share (cents) | 5.25 | 20.68 |
| | 2023 | 2022 |
| | NUMBER | NUMBER |
| Weighted average number of shares used as the denominator | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 169,367,175 | 187,826,101 |
| Weighted average number of ordinary shares and potential ordinary shares (including treasury shares) used as the denominator in calculating diluted earnings per share | 177,866,437 | 196,966,210 |

The profit after tax figure used to calculate the earnings per share for both the basic and diluted calculations was the same as the profit after tax figure from Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

31. PARENT ENTITY DISCLOSURES

| | 2023 | 2022 |
|-----------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Financial position | | |
| Assets | | |
| Current assets | 28,563,579 | 130,246,455 |
| Non-current assets | 91,598,117 | 89,509,831 |
| Total assets | 120,161,696 | 219,756,286 |
| Liabilities | | |
| Current liabilities | 6,046,902 | 26,259,147 |
| Non-current liabilities | 2,011,970 | 2,752,482 |
| Total liabilities | 8,058,872 | 29,011,629 |
| Equity | | |
| Issued capital | 98,577,622 | 136,804,690 |
| Retained earnings | 4,211,973 | 45,084,643 |
| Reserves | | |
| Share-based payment reserve | 9,313,229 | 8,855,324 |
| Total equity | 112,102,824 | 190,744,657 |
| Financial performance | | |
| Profit for the year | 8,973,537 | 39,526,767 |
| Total comprehensive income | 8,973,537 | 39,526,767 |

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

32. COMPANY DETAILS

The registered office and principal place of business address of the Company is:

Euroz Hartleys Group Limited
Level 18 Alluvion
58 Mounts Bay Road
PERTH WA 6000

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2023

The Directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and Corporations Regulations 2001;
 - (b) give a true and fair view of the Company's and consolidated group's financial position as at 30 June 2023 and of their performance for the year ended on that date; and
 - (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
2. The Executive Chairman and Chief Financial and Operating Officer have declared in accordance with section 295A of the Corporations Act 2001 that:
 - (a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion there are reasonable grounds to believe that the Group 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



Richard Simpson
Executive Director

Date: 23 August 2023

Independent Auditor's Report To The Members of Euroz Hartleys Group Limited

FOR THE YEAR ENDED 30 JUNE 2023



Independent Auditor's Report

To the shareholders of Euroz Hartleys Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Euroz Hartleys Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report To The Members of Euroz Hartleys Group Limited (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023



Valuation of Goodwill and Indefinite Life Intangible Assets (\$35.5 million)

Refer to Notes 2 and 15 of the Group Financial Report.

The key audit matter

A key audit matter for us was the Group's annual impairment testing of indefinite life intangible assets and goodwill.

The Group has prepared value in use cash flow models for its Private Wealth and Wholesale business cash generating units (CGU), where portions of goodwill and indefinite life intangible assets (collectively referred to as "Intangibles") have been allocated.

We focused on the significant forward-looking assumptions the Group applied in their value in use models, including:

- Forecast cash flows – which were based on historical averages
- Forecast growth rates and terminal value
- Discount rates - these are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time.

The models and the forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included the following:

- We considered the appropriateness of the value in use models applied by the Group to perform the annual test for impairment against the requirements of the accounting standards.
- We assessed the integrity of the value in use models used, including the accuracy of the underlying formulas.
- We compared forecast cash flows contained in the value in use models to Board approved forecasts.
- We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models.
- We challenged the Group's forecast cashflows, growth rate assumptions and terminal value multiples considering competitive market conditions and the continuing volatility in the global investment market.
- We used our knowledge of the Group's past and recent performance, business and customers, and our industry experience.
- Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and its CGUs and the industry it operates in.
- We considered the sensitivity of the models by varying key assumptions, such as forecast cash flows, growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures.
- We assessed the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

Independent Auditor's Report To The Members of Euroz Hartleys Group Limited (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023



Other Information

Other Information is financial and non-financial information in Euroz Hartleys Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and Remuneration Report. The Executive Chairman's Report, Euroz Hartleys Group Limited Directors' profiles, Euroz Hartleys Limited Directors & Officers' profiles, Euroz Hartleys Group Structure, Corporate Transactions, Managing Director's Report and Euroz Hartleys Foundation Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report To The Members of Euroz Hartleys Group Limited (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Euroz Hartleys Group Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 16 to 23 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Trevor Hart
Partner

Perth

23 August 2023

ASX Additional Information

AS AT 23 AUGUST 2023

A) Distribution of shareholders

ANALYSIS OF NUMBER OF SHAREHOLDERS BY SIZE OF HOLDING

| RANGE | HOLDERS | UNITS | % UNIT |
|------------------|--------------|--------------------|------------|
| 1 - 1,000 | 534 | 223,960 | 0.14 |
| 1,001 - 5,000 | 645 | 1,868,810 | 1.14 |
| 5,001 - 10,000 | 326 | 2,492,696 | 1.52 |
| 10,001 - 100,000 | 756 | 24,644,228 | 14.99 |
| 100,001 Over | 221 | 135,143,063 | 82.22 |
| Total | 2,482 | 164,372,757 | 100 |

Number of holders holding less than a marketable parcel: 307 at \$1.075 per unit.

B) Top holders

The twenty largest holders of ordinary fully paid shares are listed below.

| RANK | NAME | ORDINARY SHARES | |
|------|---|--------------------|--------------|
| | | UNITS | % |
| 1 | CITICORP NOMINEES PTY LIMITED | 12,670,487 | 7.71 |
| 2 | MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C> | 6,318,863 | 3.84 |
| 3 | ICE COLD INVESTMENTS PTY LTD | 6,258,272 | 3.81 |
| 4 | MRS CATHERINE PATRICIA MCKENZIE | 4,947,005 | 3.01 |
| 5 | MR ANDREW MCKENZIE + MRS CATHERINE MCKENZIE <A W MCKENZIE SUPER FUND A/C> | 4,102,578 | 2.50 |
| 6 | ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C> | 3,410,948 | 2.08 |
| 7 | UBS NOMINEES PTY LTD | 3,334,064 | 2.03 |
| 8 | MR JAY HUGHES + MRS LINDA HUGHES <INKESE SUPER A/C> | 2,693,831 | 1.64 |
| 9 | MR SIMON DAVID YEO + MRS JENNIFER DALE YEO <CAPE SUPERANNUATION FUND A/C> | 2,272,189 | 1.38 |
| 10 | ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM RD S/F A/C> | 2,194,142 | 1.33 |
| 11 | MR GREGORY CHESSELL + MRS MELANIE CHESSELL <GREG CHESSELL SUPERFUND A/C> | 2,038,289 | 1.24 |
| 12 | BLACK MAGIC ENTERPRISES PTY LTD <RH BLACK SUPER FUND A/C> | 2,000,000 | 1.22 |
| 13 | LEXTON HOLDINGS PTY LTD <SIMPSON A/C> | 1,883,875 | 1.15 |
| 14 | BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C> | 1,857,926 | 1.13 |
| 15 | MRS MELANIE JANE CHESSELL | 1,721,285 | 1.05 |
| 16 | MR ROBERT HIRZEL BLACK | 1,656,081 | 1.01 |
| 17 | SOUTHERN MOTORS PTY LTD | 1,621,288 | 0.99 |
| 18 | WESTRADE RESOURCES PTY LTD <SHEPPARD SUPER FUND A/C> | 1,616,325 | 0.98 |
| 19 | MR SIMON DAVID YEO + MRS JENNIFER DALE YEO <CAPE INVESTMENT A/C> | 1,520,536 | 0.93 |
| 20 | INKESE PTY LTD | 1,380,173 | 0.84 |
| | Total | 65,498,157 | 39.85 |
| | Remainder | 98,874,600 | 60.15 |
| | Grand Total | 164,372,757 | 100 |

ASX Additional Information (cont'd)

AS AT 23 AUGUST 2023

C) Shareholders with greater than 5%

As at 23 August 2023, the Company had 3 shareholders with greater than 5% of the issued ordinary share capital:

| SHAREHOLDER | UNITS | % |
|------------------------------|------------|-------|
| Ice Cold Investments Pty Ltd | 12,188,362 | 7.39% |
| Andrew William McKenzie | 11,620,406 | 7.07% |
| Jay Evan Dale Hughes | 11,552,820 | 7.03% |

D) On-market buy-back

The Company has a current on-market buy-back.

E) Voting Rights

The voting rights for each class of security on issue as at 23 August 2023 are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each ordinary fully paid share held.

F) Workplace gender equality report

The Company's Workplace Gender Equality Agency report for FY23 is available on its website.

Euroz Hartleys Group contact details

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and NSX

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services

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Entrust Wealth Management

A Division of Euroz Hartleys
Limited

ABN 33 104 195 057

Authorised to provide financial
services

AFSL 230052



Built on relationships and
connected by our people



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GROUP

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