



ABN 53 000 364 465

9 April 2020

Business Update

Euroz Limited (“Euroz”) provides an update on its business for the period to 31 March 2020.

Business Continuity

Our Business Continuity Plan has been designed to ensure the safety and security of our staff and clients as well as the continued provision of key client services and operations. Remote working is part of our day-to-day working culture, however, recent events have required us to adapt our usual business protocols to allow us to remain fully operational from remote locations.

Our head office in Perth remains open but we have reduced all client contact to phone and video conference meetings. Our IT infrastructure was designed specifically to enable all our staff to work remotely and with the exception of a core team in Perth performing critical roles, our staff are working remotely for the foreseeable future.

Although we have adopted different ways to interact with our clients, the services we are providing our clients has not changed and we continue to adapt our processes and systems to support our clients. It is very much business as usual for all our staff and clients, albeit during a challenging and volatile period.

Trading Update

Euroz is pleased to report underlying cash profits after tax of \$6 million for the 9 months to 31 March 2020.

As a result of recent market volatility, ASX/Chi-X trading activity by Euroz Securities in March 2020 has been our strongest month year to date. We have continued to execute some modest ECM transactions and are optimistic the trend for companies to source new equity capital after a major downturn in markets may start to play out for us in the coming months.

Significant declines in markets in recent months has seen a logical decrease in the market value of our funds under management and will impact revenues in Entrust Wealth Management (“Entrust”) and Westoz Funds Management (“Westoz”) in the short term. Euroz Securities, Westoz and Entrust businesses still remained profitable during this difficult month of March 2020.

The mark to market of our investments can often have a significant effect on our headline profitability at any particular point in time. The major part of these investments are in the listed investment companies Westoz Investment Company Limited (“WIC”) and Ozgrowth Limited (“OZG”) which have seen large falls in their share prices over the month of March 2020.

On a headline basis Euroz expects an unaudited net loss after tax (attributable to members) of approximately \$16 million for the 9 months to 31 March 2020. Underlying cash profits after tax of \$6 million are offset by \$14 million in “non cash” after tax losses from the mark to market on

investments and \$8 million which was the previously reported cost associated with the closure of the Prodigy businesses.

Shareholders will note we have paid a dividend every half during our 20 year history and based on this underlying profitability we intend to pay a final dividend.

Our balance sheet has always been conservatively managed with zero debt and current cash of \$32.5 million will increase by approximately \$10.5 million (subject to market movements) when we sell our direct investments in our various Prodigy funds over the coming months.

Total cash and investments as at 31 March 2020 are \$88.8 million (based on WIC and OZG share prices) or \$104.8 million (using WIC and OZG reported NTA's). Subsequent to 31 March 2020, we have seen improvements of approximately 10% in the value of these investments as reported in the NTA of these funds announced on 8 April 2020.

Prodigy

Our exit from all the Prodigy businesses is proceeding to plan as previously announced.

We have been notified this week by Equity Trustees, the Responsible Entity of the funds, that they are considering alternative management arrangements in relation to the Dalton Street Capital Absolute Return Fund. In any event, our agreements with Equity Trustees will terminate on 18 May 2020.

Summary

Our business has seen a number of cycles and events during its 20 year history in which we have paid \$224 million in fully franked dividends to shareholders. Whilst the shock of this recent downturn continues to reverberate we strongly believe in our people and that opportunities and value will also present in the coming months.

The Board is pleased our business has continued to operate without experiencing any major disruption associated with COVID-19. Our staff and clients have adapted well to the changes to office protocols and our ongoing investment in infrastructure and business continuity processes has meant our daily operations remain largely unaffected. We would like to thank all our clients, staff and shareholders for their efforts and support during this challenging period and have confidence in our aligned interest to continue to generate returns for shareholders.

For further information please contact:

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