

Appendix 4E

Preliminary final report Period ended 30 June 2022

EUROZ HARTLEYS GROUP LIMITED

ABN 53 000 364 465

Results for announcement to the market

Extracts from this report for announcement to the market

	30 June 22	30 June 21 (Restated)	Change \$	\$AUD Change %
Revenue from ordinary continuing activities	\$118,690,898	\$128,068,378	(\$9,377,480)	(7.3%)
Profit / (loss) from ordinary activities after tax attributable to members	\$40,723,715	\$52,540,905	(\$11,817,190)	(22.5%)
Net Profit / (loss) for the period attributable to members	\$40,723,715	\$52,540,905	(\$11,817,190)	(22.5%)
Net Tangible Assets per share*	\$0.82	\$0.71		15.5%
Dividends and Distributions	Amount per security		Franked amount per security	
Interim Dividend	2.5 cents		2.5 cents	
Record date for determining entitlements to the interim dividend				10 Feb 22
Interim dividend payable date				25 Feb 22
DRP election date				11 Feb 22
Final Dividend	8.5 cents		8.5 cents	
Record date for determining entitlements to the final dividend				29 Jul 22
Final dividend payable date				5 Aug 22
DRP election date				N/A
The Company's dividend reinvestment plan was applicable to the interim dividend.				

* Includes Right of Use (ROU) assets and liabilities

Results commentary for announcement to the market

Euroz Hartleys Group Limited ("**Euroz Hartleys**") reports an audited result of \$40.7 million net profit after tax attributable to members for the financial year ended 30 June 2022. This result represents basic earnings per share of 21.68 cents.

Underlying cash profitability was driven by a solid performance from Euroz Hartleys Limited which delivered Equity Capital Market ("ECM") raisings of \$2.2 billion versus \$2.0 billion last year. ECM revenue is down approximately 16% and overall corporate revenues down approximately 23% from the previous exceptional year. Brokerage and recurring Funds Under Management ("FUM") revenue for the year were broadly in line with the previous year. Euroz Hartleys Limited FUM as at 30 June 2022 was \$3.0 billion.

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

Westoz Funds Management Pty Ltd ("WFM"), a wholly owned subsidiary of Euroz Hartleys Group Limited was responsible for managing the mandates of Westoz Investment Company Limited ("Westoz") and Ozgrowth Limited ("Ozgrowth"). On 21 April 2022, WAM Capital Limited acquired Westoz and Ozgrowth following the completion of two separate Scheme of Arrangements. WFM will no longer receive management or performance fees from these funds. We retain the WFM Australian Financial Services Licence (AFSL) to maintain future funds management optionality.

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

During the past 22 years, Euroz Hartleys has invested in expanding each of its business units to secure its long-term success. In particular it has increased its strategic investments via the acquisitions of Hartleys Limited in 2020 and Entrust in 2015 to develop a market leading platform for our future wealth management ambitions.

Capital Management

The Euroz Hartleys Board has resolved to return up to \$80 million of the company's net cash reserves to its shareholders and is in the process of ascertaining the best mechanisms to complete the return. Such mechanisms may include a special dividend, a capital reduction and a share cancellation. The Company will announce details to the market when the Board has determined, and resolved to proceed with, the final form of the capital management. The timing and method have still not yet been determined and the Company is not yet in a position to release a record date. It is important that shareholders understand that the process is still incomplete and the Board strongly recommends that shareholders wait until these final outcomes, including any record dates, are announced to the market before acting on the information included in this paragraph.

Summary

Euroz Hartleys now employs 184 staff across our businesses as we continue to focus on our core stockbroking, corporate finance and wealth management activities. Euroz Hartleys maintains a strong balance sheet with a cash and investments balance at 30 June 2022 of \$194.2 million and zero debt.

Euroz Hartleys has paid \$287 million in fully franked dividends to shareholders across our 22-year history.

I would like to sincerely thank our staff for their significant efforts and who as our largest shareholders, remain committed to growing this proudly Western Australian financial services company.

For further information please contact:

Andrew McKenzie
Executive Chairman
Phone: 0438 755 727
Email: amckenzie@euroz.com

This announcement is authorised for release by the Board of Euroz Hartleys Group Limited.

Reporting period

The financial information contained in this report is for the period ended 30 June 2022. This document should be read in conjunction with the Financial Report and any public announcements made in the period by Euroz Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Euroz Hartleys Group Limited (formerly Euroz Limited)

ABN 53 000 364 465

Financial Report

For the year ended 30 June 2022

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EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

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EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

CORPORATE DIRECTORY

Directors

Andrew McKenzie
Executive Chairman

Jay Hughes
Executive Director

Robert Black
Executive Director

Ian Parker
Executive Director

Richard Simpson
Executive Director

Robin Romero
Independent Non -Executive Director

Fiona Kalaf
Independent Non -Executive Director - Appointed 28 June 2022

Company Secretary

Anthony Hewett

**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 11
172 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
109 St George's 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

EUROZ HARTLEYS GROUP LIMITED

FOR THE YEAR ENDED 30 JUNE 2022

DIRECTORS' REPORT

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 2022.

On 22 November 2021, Euroz Limited changed its name to Euroz Hartleys Group Limited.

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 – Appointed 28 June 2022

EXECUTIVE DIRECTORS

Jay Hughes

Robert Black

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). He also holds a Graduate Diploma in Applied Finance and Investment from FINSIA, is a Graduate member of (GAICD) of Australian Institute of Company Directors (AICD) and a Master Member (MSIAA) of the Stockbrokers and Investment Advisers Association of Australia (SIAA).

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 Member (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 entity reports a net profit attributable to members of \$40.7 million for the financial year ended 30 June 2022 (2021: \$52.5 million). This result represents basic earnings per share of 21.68 cents (2021: 29.16 cents).

Westoz Funds Management Pty Ltd (WFM), a wholly owned subsidiary of Euroz Hartleys Group was responsible for managing the mandates of Westoz Investment Company Limited (Westoz) and Ozgrowth Limited (Ozgrowth). On 21 April 2022, WAM Capital Limited acquired Westoz and Ozgrowth following the completion of two separate Scheme of Arrangements.

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

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Review of results (continued)

Underlying cash profitability was driven by a solid performance from Euroz Hartleys which delivered Equity Capital Market (ECM) raisings of \$2.2 billion versus \$2.0 billion last year. ECM revenue is down approximately 16.% and overall corporate revenues down approximately 23% from the previous exceptional year. Brokerage and recurring Funds Under Management (FUM) revenue for the year were broadly in line with the previous year. Euroz Hartleys FUM as at 30 June 2022 was \$3.0 billion (2021: \$3.1 billion).

Solid underlying cash profitability enabled your Directors to declare and pay a final fully franked dividend of 8.5 cents per share ("cps") which combined with the interim dividend of 2.5 cps brought the full year dividend to 11 cps (2021: 16 cps).

Review of operations

	2022	Restated (i)
	\$	2021
		\$
Revenues		
Brokerage	36,499,569	31,115,479
Underwriting and placement fees	43,613,675	51,658,163
Performance and management fees	13,791,010	17,218,045
Wealth management fees	18,433,771	14,531,619
Corporate advisory	5,740,096	12,381,468
Dividends and trust distributions received	107,589	76,452
Interest received	239,070	197,344
Other revenue	266,118	889,808
	<u>118,690,898</u>	<u>128,068,378</u>
Net Profit after tax	<u>40,723,715</u>	<u>52,540,905</u>

(i) Refer to Note 7

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 \$40.7 million compared to \$52.5 million in the 2021 financial year. Headline profitability comprises underlying "cash" profits after tax of \$52.1 million and "non – cash" after tax adjustments of \$11.4 million mostly from the equity accounting of investments in Westoz and Ozgrowth and mark to market of other investments.

Disclosure of operations – Sales

Revenue has decreased by 7.3% to \$118.7 million from previous year restated amount of \$128.1 million (inclusive of 9 months contribution from Hartleys since 1 October 2020 for the 2021 financial year).

(a) Stockbroking & Corporate Finance

Stockbroking and Corporate Finance revenue decreased by 9.8% to \$85.9 million from \$95.2 million. Euroz Hartleys managed 76 (2021:76) Equity Capital Market (ECM) transactions this year raising \$2.2 billion (2021: \$2.0 billion). FUM in the business remained steady at \$3.0 billion (2021: \$3.1 billion).

(b) Funds Management

Revenue from Funds Management decreased by 19.9% to \$13.8 million from \$17.2 million in the prior year. Revenue predominantly related to the performance fees of \$11.3 million (2021: \$14.5 million) and management fees of \$2.5 million (2021: \$2.7 million) received from Westoz and Ozgrowth. On 21 April 2022, pursuant to two separate Schemes of Arrangements, Westoz and Ozgrowth were acquired by WAM Capital Limited and WFM no longer manages the investment mandates.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

(c) Wealth Management

Wealth Management revenue increased by 26.9% to \$18.4 million from \$14.5 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.

(d) Investment Income

Investment income increased by 40.7% to \$0.1 million (restated 2021:\$0.08 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: Regular coverage on companies in book format

ii. Institutional Sales

- One of the largest institutional small to mid-cap dealing desks in the Australian market with a sales team of 9 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
- Institutional dealing team "highly focused" on providing the following services:
 - Quality advice and idea generation
 - Efficient execution
 - Regular company contact
 - Site visits
 - Roadshows

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS' REPORT (CONTINUED)

iii. Private Wealth

- Team of 64 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

WFM was responsible for managing the mandates of two listed investment companies; Westoz and Ozgrowth. Both funds have enjoyed competitive portfolio returns since inception. On 21 April 2022, pursuant to two separate Scheme of Arrangements, Westoz and Ozgrowth were acquired by WAM Capital Limited. WFM no longer manages the investment mandates and will no longer receive management or performance fees from these funds. We retain the WFM Australian Financial Services Licence (AFSL) to maintain future funds management optionality.

(c) Wealth Management

In July 2015, the Group acquired Entrust Wealth Management Pty Ltd (“Entrust”) which has a 19-year track record as a leading wealth management business. The strategy in acquiring Entrust was to leverage an established wealth management business with long term ongoing revenues as a platform for further acquisitions and organic growth. In October 2020, the Group acquired Euroz Hartleys Limited (then Hartleys Limited) with a FUM of \$1.2 billion. Euroz Hartleys FUM remains broadly in line with the previous year at \$3.0 billion.

(d) Investing

Euroz Hartleys Group owned significant shareholdings of 26.25% in Westoz and 40.58% in Ozgrowth. These investments have been disposed of during the financial year but the business retains a number of other smaller and mostly listed investments.

Disclosure of business strategies and prospects - Growth

Our aim is to build real diversification of revenues across our business. We are cognisant that we need to continue to grow our wealth management FUM and report a Group FUM as at 30 June 2022 of \$3.0 billion (2021: \$3.4 billion). The reduction in FUM is mostly due to the ceasing of managing the WFM mandates of Westoz and Ozgrowth.

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.

Disclosure of business strategies and prospects - Material business risks

Due to the impact of Coronavirus (COVID-19) pandemic, the past year continues the trend of good but volatile trading conditions. Like many businesses we adapted quickly to remote working and our continued provision of key client services and operations. We have experienced good trading months within the volatility of these markets, however, significant economic concerns remain within the investment community and wider economy.

Given this backdrop and the increasingly competitive landscape it has created, we are pleased with our overall results for the financial year. Our entire team has worked hard to manage our costs and generate profits and dividends for shareholders.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Financial position

The net assets of the Group have increased to \$193.2 million at 30 June 2022 from \$171.1 million at 30 June 2021. 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 \$149.0 million at 30 June 2022 (30 June 2021: \$51.0 million).

During the past 22 years the Group has invested in expanding each of its business units to secure its long-term success.

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

This financial year, the Group has realised a significant investment in Westoz and Ozgrowth and wound back the operations of WFM.

Our Group remains in an extremely sound financial position with cash and investments of \$194.2 million as at 30 June 2022. We have a Net Tangible Assets (NTA) of 82¢ 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 \$287.5 million in fully franked dividends over the past 22 years.

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

	2022	2021
	Cents	Cents
Earnings per share		
Basic earnings per share	21.68	29.16
Diluted earnings per share	20.68	28.17

Dividends – Euroz Hartleys Group Limited

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

	2022	2021
	\$	\$
Interim ordinary dividend of 2.5 cents (2021: 2.5 cents) per fully paid ordinary share was paid on 25 February 2022.	4,925,483	4,910,292
Provision for final ordinary dividend for 30 June 2022 of 8.5 cents (2021: 13.5 cents) per fully paid ordinary share paid on 5 August 2022.	<u>16,770,251</u>	<u>26,394,973</u>
	<u>21,695,734</u>	<u>31,305,265</u>

Of the total dividends paid during the year, \$42,983 (2021: \$63,005) was paid to the Euroz Share Trust and is undistributed. Therefore, it has been eliminated on consolidation.

State of affairs

Westoz Funds Management Pty Ltd, a wholly owned subsidiary of Euroz Hartleys Group was responsible for managing the mandates of Westoz and Ozgrowth. On 21 April 2022, WAM Capital Limited acquired Westoz and Ozgrowth following the completion of two separate Scheme of Arrangements.

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

Other than described above there has been no other significant changes in the state of affairs of the Group.

Share options

There were no options on issue at 30 June 2022 and 30 June 2021.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)**

Environmental, Social and Governance

In recognition of its increasing importance to our stakeholders, we 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 our business, along with a reporting framework.

i. Environmental

- We are looking to better understand our carbon footprint over financial year 2023 with a view to formulating a suitable future carbon emissions 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 - \$400,000 raised as part of our annual "Commission for a Cause" on the 17th of June 2022 with four equal donations of \$100,000 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 \$1.24 million in the four years since inception
- We support the Financial Services Red Cross Blood Drive by providing leave to staff to give blood
- We benchmark salaries by gender to ensure equality with the results published in the Workplace Gender Equality Agency (WGEA) website and our corporate website (www.euroz.com)
- 28% Euroz Hartleys Group Limited Board of Directors are female
- 42% 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

Impacts of Coronavirus (COVID-19)

The impact of the COVID-19 pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve globally and is continuing to impact various supply chains, resourcing and various industries in many ways.

Events after reporting date

The Directors are not aware of any matter or circumstance subsequent to 30 June 2022 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 increasingly volatile market conditions.

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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS' REPORT (CONTINUED)

Information on Directors			Particulars of Directors' interests in shares of Euroz Hartleys Group Limited
Director	Experience	Special responsibilities and qualifications	Ordinary shares*
<i>A McKenzie 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 Group Limited Remuneration Committee, 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 Member (MSAFAA) of SIAA	13,390,097
<i>J Hughes Director</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 former Non-Executive Chairman of Westoz Investment Company Limited and Ozgrowth Limited Member of Euroz Hartleys Limited Executive Remuneration Committee and Euroz Hartleys Limited Underwriting Committee Holds a Graduate Diploma in Applied Finance and Investment from FINSIA and is a Master Member (MSAFAA) of SIAA	13,866,497
<i>R Black Director</i>	Mr Black has worked in stockbroking industry since 1993.	Executive Director of Euroz Hartleys Group Limited and Euroz Hartleys Limited Managing Director of Euroz Hartleys Limited from 2015 to 2022 Member of Euroz Hartleys Group Limited Audit and Risk Committee Member of Euroz Hartleys Limited Executive Remuneration Committee, Euroz Hartleys Limited Underwriting Committee, Euroz Hartleys Limited Research Committee and Euroz Hartleys Limited Compliance Committee Holds a Bachelor of Business Degree from Edith Cowan University (ECU) and is a Graduate member (GAICD) of AICD	5,262,362
<i>R Simpson 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	2,537,181

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS' REPORT (CONTINUED)

Information on Directors			Particulars of Directors' interests in shares of Euroz Hartleys Group Limited Ordinary shares*
Director	Experience	Special responsibilities and qualifications	
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 Member (MSAFAA) of SIAA	1,988,473
R Romero <i>Independent Non-executive Director</i>	Ms Romero has over 26 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 of the AICD and holds a practising certificate from the Legal Practice Board of Western Australia	22,575
Fiona Kalaf <i>Independent Non-executive Director</i>	Ms Kalaf has over 25 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 and is a graduate of the AICD	Nil

*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 2022 and the numbers of meetings attended by each Director were:

Director	Directors Meetings		Committee Meetings			
			Audit		Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew McKenzie	17	17	-	-	2	2
Jay Hughes	15	15	-	-	-	-
Robert Black	17	16	4	4	-	-
Richard Simpson	17	16	4	4	-	-
Ian Parker	17	14	-	-	3	3
Robin Romero	17	16	4	4	3	3
Fiona Kalaf	1	1	-	-	-	-

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

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 its 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.

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 to have been effective in increasing shareholder wealth since inception.

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

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

Directors' fees

No Directors fees are paid to Executive Directors.

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

Base pay

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 additional responsibilities.

There is no guarantee of base pay increases fixed in any senior executive or Directors contracts.

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

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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. In consultation with relevant Department Heads, the Committee uses the following informal criteria to assist in the allocation:

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

The profit share payment is made as a combination of cash (75%) and equity (25%) in the Performance Rights Plan (PRP) to employees that opt in the Performance Rights Plan as detailed below in “Equity based payments”. Employees that opt out have their entire profit share paid in cash.

In 2021 financial year, the Board introduced an additional bonus sacrifice arrangement as part of the Performance Rights Plan. Employees who qualify for this have the opportunity to elect to sacrifice an additional amount of their bonus above the 25% to be settled via the issue or allotment of shares in accordance with the terms of the Performance Rights Plan, instead of cash. Shares acquired as part of the bonus sacrifice arrangement are subject to escrow for a period of 14 years and one day from the date of the allotment of the shares.

The four Directors on the Remuneration Committee are Ms Robin Romero (Chair) (Independent Non-Executive Director), Ian Parker, Richard Simpson (Executive Director) and Andrew McKenzie (Executive Director). Ms Romero and Mr Parker are not entitled to participate in the profit share pool. Ms Romero is not entitled to participate in the Performance Rights Plan.

Commission

Private Wealth Advisers are paid commission in addition to a base salary and superannuation. This is calculated on a sliding scale. Eligible Private Wealth Advisers are also invited to participate in the Performance Rights Plan based on certain performance hurdles set out in their employment contract.

Discretionary bonus

Executives and other staff members 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 is made as a combination of cash (75%) and equity (25%) in the Performance Rights Plan to employees that opt in the Performance Rights Plan as detailed below in “Equity based payments”. Employees that opt out have their entire profit share paid in cash.

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 employees are invited to participate in this plan. Where an eligible employee elects to opt in to the Performance Right Plan, they are awarded a Performance Right at the beginning of June of that financial year. There are three separate long term incentives depending on the individual employment contract as below:

- Profit share
- Discretionary bonus
- Commission

The Performance Right represents a right to be issued a number of ordinary shares in Euroz Hartleys Group to reflect 25% of the profit share or the discretionary bonus that is paid to the participant who opts in. Private Wealth Advisers who are paid a commission may also opt in to be paid a portion of their total monthly brokerage and portfolio administration revenue in equity based payments. The shares issued will only vest to the employee after 3 years subsequent service following the initial year of service and are escrowed for a further 11 years.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Equity based payments (continued)

During the 2022 financial year, employees and executives eligible for the Performance Rights Plan were given the option to elect whether to opt in / opt out into the Performance Rights Plan. Any election to opt out would mean that the entire profit share, discretionary bonus or commission payment will be paid entirely in cash.

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.

2022	Short-term			Post-Employment	Share Based Payment			
	Base salary	Profit Share / bonus / Commission	Other benefits	Superannuation	Performance Rights	Termination benefit	Total	Performance related
	\$	\$	\$	\$	\$	\$	\$	
Andrew McKenzie	249,568	615,000	36,078	27,500	173,125	-	1,101,271	72%
Jay Hughes	249,568	615,000	21,844	27,500	173,125	-	1,087,037	73%
Robert Black	249,568	577,500	16,256	27,500	169,063	-	1,039,887	72%
Anthony Brittain	249,568	281,250	19,000	27,500	88,125	-	665,443	56%
Dermot Woods *	193,507	250,000	8,583	27,500	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	1,523,756	3,752,096	116,561	189,497	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.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Details of remuneration (continued)

2021	Short-term			Post-Employment	Share Based Payment	Total	Performance related
	Base salary	Profit Share / bonus / Commission	Other benefits	Superannuation	Performance Rights		
	\$	\$	\$	\$	\$		
Andrew McKenzie	250,587	842,796	28,492	25,999	162,500	1,310,374	77%
Jay Hughes	230,452	843,750	26,776	23,725	162,500	1,287,203	78%
Robert Black	250,587	842,796	19,526	25,999	152,188	1,291,096	77%
Anthony Brittain***	250,587	524,046	23,147	25,999	78,750	902,529	67%
Dermot Woods	225,129	618,748	12,143	25,000	85,546	966,566	73%
Richard Simpson	185,236	2,692,118	16,655	21,159	37,500	2,952,668	92%
Ian Parker	50,000	1,068,432	16,136	16,271	-	1,150,839	93%
Robin Romero*	43,750	-	-	4,156	-	47,906	0%
Greg Chessell**	63,326	150,000	4,961	5,424	58,750	282,461	74%
Russell Kane**	63,326	120,000	5,451	5,424	77,813	272,014	73%
Simon Yeo**	63,326	90,000	7,007	5,424	54,063	219,820	66%
Total	1,676,306	7,792,686	160,294	184,580	869,610	10,683,476	

* Appointed Non-Executive Director on 2 December 2020

** Ceased being KMP on 9 October 2020

*** Resigned 9 October 2020 as Executive Director but remains a KMP

Richard Simpson and Ian Parker were appointed to the Board on 6 October 2020, following completion of the off-market takeover offer by Euroz of Hartleys Limited on 1 October 2020. In connection with the takeover offer, it was agreed that certain amounts would be permitted to be distributed by Hartleys to its shareholders prior to completion of the takeover offer. This included cash proceeds from the sale of the securities held by Zenix Nominees Pty Ltd (a subsidiary of Hartleys) as at 30 June 2020 distributed by way of a dividend / return of capital as approved by Hartleys shareholders. Richard Simpson and Ian Parker each received (i) a completion bonus in connection with the takeover offer (paid from Hartleys cash reserves pre-completion of the takeover offer); and (ii) a corporate bonus which was paid following their respective appointments to the Euroz Hartleys Group Board, however, which relates to the period up to completion of the takeover offer (such amount predominantly as a result of the sale of securities held by Zenix Nominees Pty Ltd).

Executive Directors did not receive any Directors fees.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Service agreements

Remuneration and other terms of employment for the Key Management Personnel are formalised in service agreements. Each of these agreements provide for performance-related cash bonuses and other benefits. Notwithstanding the agreed salary in the service agreement, the base salary may be reduced or increased based on trading conditions. 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 2022 of \$253,500 (2021 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Jay Hughes, *Director*

- Term of contract - ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2022 of \$253,500 (2021 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

Robert Black, *Director*

- Term of contract - ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2022 of \$253,500 (2021 - \$253,500) plus profit share
- Payment on termination of employment by the employer, other than for gross misconduct - three months' salary

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 2022 of \$253,500 (2021 - \$253,997) 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 2022 of \$253,500 (2021 - \$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 2022 of \$66,000 (2021 - \$66,000) plus commission
- Payment on termination of employment by the employer, other than for gross misconduct - six months' salary

Robin Romero, *Non-Executive Director*

- Term of contract - ongoing consulting contract
- Directors fee, exclusive of superannuation for the year ended 30 June 2022 of \$75,000 (2021 - \$75,000)

Fiona Kalaf, *Non-Executive Director – appointed 28 June 2022*

- Term of contract - ongoing consulting contract
- Directors fee, exclusive of superannuation for the year ended 30 June 2022 of \$852
- Annual entitlement of Directors fee, exclusive of superannuation of \$75,000

Dermot Woods, *Director Westoz Funds Management Pty Ltd - resigned 20 May 2022*

- Term of contract – ongoing employment contract
- Base salary, exclusive of superannuation for the year ended 30 June 2022 of \$229,000 (2021 - \$229,000) plus discretionary bonus
- Payment on termination of employment by the employer, other than for gross misconduct – three months' salary
- Resigned on 20 May 2022 as Executive Director of Westoz Funds Management Pty Ltd and KMP

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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:

2022	Balance at 1 July 2021	Received via PRP (i)	Bought & (sold)*	Net change other **	Balance at 30 June 2022
Ordinary shares					
A McKenzie	13,268,724	121,373	-	-	13,390,097
J Hughes	13,745,094	121,373	-	-	13,866,467
R Black	5,042,340	113,972	106,050	-	5,262,362
A Brittain	863,029	55,506	-	-	918,535
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)	-
F Kalaf ****	-	-	-	-	-
	38,321,479	445,527	224,919	(1,006,235)	37,985,690

*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

2021	Balance at 1 July 2020	Received via PRP (i)	Bought & (sold)*	Net change other **	Balance at 30 June 2021
Ordinary shares					
A McKenzie	12,844,846	232,716***	191,162	-	13,268,724
J Hughes	12,955,676	599,418***	190,000	-	13,745,094
R Black	4,578,068	317,340***	146,932	-	5,042,340
A Brittain	643,633	219,396***	-	-	863,029
R Simpson	-	188,054***	50,000	2,265,824	2,503,878
I Parker	-	-	23,683	1,845,921	1,869,604
R Romero	-	-	22,575	-	22,575
D Woods	876,948	129,287	-	-	1,006,235
R Kane	3,501,647	-	5,000	(3,506,647)	-
S Yeo	4,792,972	-	172,028	(4,965,000)	-
G Chessell	4,952,924	-	114,771	(5,067,695)	-
	45,146,714	1,686,211	916,151	(9,427,597)	38,321,479

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

** Net change reflects commencement or cessation as a KMP

*** Inclusive of shares allotted via the sacrifice of amounts greater than 25% in to the PRP

- (i) These shares are held by the Euroz Share Trust and are currently vesting in accordance with the Euroz Hartleys Group PRP.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

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:

2022	Date granted	Granted as remuneration	Vested
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)
D Woods*	-	-	-
		5	(5)

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

2021	Date granted	Granted as remuneration	Vested
Performance Rights			
A McKenzie	1 July 2020	1	(1)
J Hughes	1 July 2020	1	(1)
R Black	1 July 2020	1	(1)
A Brittain	1 July 2020	1	(1)
R Simpson	18 May 2021	1	(1)
D Woods	1 July 2020	1	(1)
R Kane	1 July 2020	1	(1)
S Yeo	1 July 2020	1	(1)
G Chessell	1 July 2020	1	(1)
		9	(9)

These performance rights were issued in accordance with the PRP. In financial year 2022, rights were granted on 1 June 2022 and vested on 30 June 2022.

Share-based compensation

A performance right was issued to KMPs as part of their annual bonus / profit share plan. The fair value of each right is calculated as 25% of each member's profit share or bonus entitlement. The performance rights are subject to a vesting period of up to 1 year. Total fair values of shares resulting from the exercise of the performance rights issued to KMPs in the year amounts to \$752,500 (2021: \$1,495,000).

Loans 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

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
DIRECTORS' REPORT (CONTINUED)

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

There were no non-audit services provided by the group's auditor, KPMG during the year.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and follows the Directors' report.

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



Andrew McKenzie
Executive Chairman



Richard Simpson
Executive Director

Date: 31 August 2022



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 2022 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

KPMG

Trevor Hart
Partner

Perth

31 August 2022

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EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

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

	Note	2022 \$	Restated (i) 2021 \$
Revenue from continuing operations	4	118,690,898	128,068,378
Share of profits of equity accounted investments, net of tax	14	15,808,439	17,648,033
Gain / (Loss) on investments		2,246,212	14,959,262
Employee benefits expense		(67,215,981)	(70,228,999)
Depreciation and amortisation expenses		(2,471,480)	(2,722,739)
Regulatory expenses		(989,341)	(716,330)
Legal, professional and consultancy expenses		(1,479,492)	(1,406,836)
Conference and seminar expenses		(755,337)	(379,667)
Stockbroking expenses		(5,758,370)	(8,410,708)
Impairment reversal	5, 14	6,510,348	3,898,087
Other expenses		<u>(6,518,919)</u>	<u>(6,260,140)</u>
Profit before income tax expense	5	58,066,977	74,448,341
Income tax expense	6	<u>(17,343,262)</u>	<u>(21,907,436)</u>
Profit after income tax expense for the year		<u>40,723,715</u>	<u>52,540,905</u>
Other comprehensive income			
Other comprehensive income net of tax		-	-
Total comprehensive income for the year attributable to owners of Euroz Hartleys Group Limited		<u>40,723,715</u>	<u>52,540,905</u>
Basic earnings per share (cents)	34	21.68	29.16
Diluted earnings per share (cents)	34	20.68	28.17

(i) Refer to note 7

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

EUROZ HARTLEYS GROUP LIMITED

AS AT 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022 \$	Restated (i) 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	8	190,667,525	96,050,325
Trade and other receivables	9	18,071,214	28,779,550
Other financial assets at fair value	10	15,317,064	21,455,932
Other current assets	11	2,482,114	2,804,724
Total current assets		<u>226,537,917</u>	<u>149,090,531</u>
NON-CURRENT ASSETS			
Financial assets at amortised cost	12	1,069,380	1,362,701
Investments at fair value through profit and loss	13	-	826,040
Equity accounted investments	14	-	75,827,068
Property, plant and equipment	15	2,097,562	1,129,497
Deferred tax assets	6	4,238,048	9,013,841
Intangible assets	16	39,362,702	39,969,660
Right of use asset	20	4,244,049	5,494,070
Total non-current assets		<u>51,011,741</u>	<u>133,622,877</u>
TOTAL ASSETS		<u>277,549,658</u>	<u>282,713,408</u>
CURRENT LIABILITIES			
Trade and other payables	17	59,537,023	81,057,681
Current tax liabilities	18	8,834,084	8,123,786
Current provisions	19	7,788,835	7,526,510
Lease liability	20	1,354,750	1,354,249
Total current liabilities		<u>77,514,692</u>	<u>98,062,226</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	3,131,101	8,602,736
Non-current provisions	21	140,970	109,882
Lease liability	20	3,552,525	4,836,380
Total non-current liabilities		<u>6,824,596</u>	<u>13,548,998</u>
TOTAL LIABILITIES		<u>84,339,288</u>	<u>111,611,224</u>
NET ASSETS		<u>193,210,370</u>	<u>171,102,184</u>
EQUITY			
Issued capital	22 (a)	136,740,320	134,665,226
Reserves	22 (g)	8,917,497	7,955,369
Retained earnings		47,552,553	28,481,589
TOTAL EQUITY		<u>193,210,370</u>	<u>171,102,184</u>

(i) Refer to Note 7

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Share Based Payment Reserve \$	Retained Earnings \$	Non- Controlling Interest \$	Total \$
Balance at 1 July 2020	102,167,440	4,869,667	7,267,597	29,813	114,334,517
Profit for the period	-	-	52,540,905	(29,813)	52,511,092
Total comprehensive income for the period	-	-	52,540,905	(29,813)	52,511,092
<i>Transactions with owners, recorded directly in equity</i>					
Shares issued during the period	38,280,087	-	-	-	38,280,087
Vested shares under employee share plan	2,167,647	(2,167,647)	-	-	-
Treasury shares	(7,949,948)	-	-	-	(7,949,948)
Share based payments	-	5,253,349	-	-	5,253,349
Dividends declared	-	-	(31,326,913)	-	(31,326,913)
Total contributions by and distributions to owners	32,497,786	3,085,702	(31,326,913)	-	4,256,575
Balance at 30 June 2021	134,665,226	7,955,369	28,481,589	-	171,102,184
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

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

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		124,142,518	111,728,760
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(90,132,105)</u>	<u>(59,370,947)</u>
		34,010,413	52,357,813
Interest received		233,152	207,963
Proceeds from sale of trading shares		9,831,789	13,961,244
Income taxes paid		(17,328,806)	(7,953,595)
Payments for trading shares		<u>(4,148,814)</u>	<u>(8,058,362)</u>
Net cash flows from operating activities	32	<u>22,597,734</u>	<u>50,515,063</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on acquisition of subsidiary		-	21,553,544
FinClear Services security deposit		-	4,600,000
Receipts on disposal of investments		105,011,618	-
Maturity of term deposit		216,699	-
Dividends and trust distributions received		1,674,202	3,060,278
Payments for property, plant and equipment		<u>(2,132,213)</u>	<u>(762,533)</u>
Net cash flows from investing activities		<u>104,770,306</u>	<u>28,451,289</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(31,277,473)	(14,683,034)
Payments for treasury shares		(2,894,927)	(7,949,948)
Repayment of lease liabilities		(1,206,174)	(1,141,310)
Interest paid on lease liabilities		(241,110)	(248,125)
Proceeds from share issue		<u>2,868,844</u>	<u>-</u>
Net cash flows used in financing activities		<u>(32,750,840)</u>	<u>(24,022,417)</u>
Net increase in cash and cash equivalents		94,617,200	54,943,935
Cash and cash equivalents at 1 July		<u>96,050,325</u>	<u>41,106,390</u>
Cash and cash equivalents at 30 June	8	<u>190,667,525</u>	<u>96,050,325</u>

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

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**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 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 31 August 2022.

Euroz Hartleys Group Limited is a listed public company, trading on the Australian Securities Exchange and Cboe, 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 35 as permitted by amendments to the Corporations Act 2001. The financial report is presented in Australian dollars which is the Group’s functional and presentation currency. Amounts are rounded to the nearest dollar in accordance with Corporations (Rounding in Financial / Directors’ Reports) Instrument 2016/191.

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 2022 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 each jurisdiction, 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.

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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

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.

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 as 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

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 portfolio and revenue is recorded monthly following the completion of the month.

Proceeds from the sale of investments

Gross proceeds on sale of investments are shown as part of the gain/loss on fair value movement in investments along with cost of the disposal in investments and unrealised gains in investments held.

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.

(f) Other Financial Assets

Other financial assets are securities in listed and unlisted companies held at fair value through profit and loss. Refer to Note 1(v) financial assets at fair value through profit or loss.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

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

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 property, 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 property, 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. When revalued assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

(h) 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.

(i) 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 of a lease. 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

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.

(j) Trade and other payables

Trade and other payables also include other 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.

(k) 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.

(l) Options

The fair value of options in the shares of the Company issued to Directors and other parties is recognised as an expense in the financial statements in relation to the granting of these options.

(m) 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.

(n) 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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) Options / performance rights

Options and/or performance rights issued are equity settled. The fair value of options/performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date. For the right to vest, the employee has to be an Eligible Employee.

The fair value of options at grant date is independently determined using the Black-Scholes option pricing model that considers the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of performance rights is estimated at grant date based on expectations of the bonus that will be paid at year end to eligible employees. Each performance right is subject to a service based vesting condition. At the end of each, the performance right converts to plan shares that are subject to a further 3-year service condition. The Board may, at their discretion accelerate the vesting period. Unvested shares are subject to 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 takes into consideration 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.

(p) 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(r) 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.

(s) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, 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, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows and Black-Scholes model 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

(v) Investments and Other Financial Assets

Investments and other financial assets are 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 fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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's) 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.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Investments and Other Financial Assets (continued)

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.

(w) 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 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.

(x) 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.

(y) 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) 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.

(aa) 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.

(ab) New standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current 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 2014-10	Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	1 January 2022
AASB 2020-3	Annual Improvements 2018 – 2020 and Other Amendment	1 January 2022
AASB 137	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to AASB 137)	1 January 2022
AASB 116	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to AASB 116)	1 January 2022
AASB 108	Definition of Accounting Estimates (Amendments to AASB 108)	1 January 2023
AASB 2020-1	Classification of Liabilities as Current or Non-current	1 January 2023
AASB 17	Insurance Contracts	1 January 2023

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 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) Impairment of non-financial assets

At each reporting date, the Group compares the carrying values and market values of investments 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.

(ii) Classification of other financial assets

The Group classifies investments in listed 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.

(iii) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences and tax losses, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences are recognised to the extent that there are future profits.

(iv) 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 Retail CGU. Goodwill on the acquisition of Hartleys Limited has been allocated to the Retail and Wholesale CGU respectively at \$3,139,199 and \$4,368,420. The Board have assessed that there is no indication the goodwill is impaired.

The assumptions used for determining the recoverable amount are based on past experience and expectations for the future. Projected cash flows for each CGU were over a 5-year period and a terminal value using a value in use model, discounted using an appropriate discount rate. The discount rate deemed applicable amounted to 9.5 % and a 1 % growth rate on cash flows for determining the terminal value.

(v) 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 balance as at 30 June 2022 was \$520,872.

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 Hartley Limited's brand name was allocated to the retail and wholesale CGU respectively at \$8.2 million and \$11.3 million.

The brand name intangible was tested for impairment along with the goodwill as noted above.

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key estimates and judgments (continued)

(vi) *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(vii) *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

NOTE 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:

Retail

Retail refers to private wealth advisers who deal with high net wealth non-institutional clients. The private wealth advisers provide a broad investment offering for the clients. The wealth management team provides strategic investment advice, superannuation advice, investment management and portfolio administration service. The specialised broking services allows close interaction between research analysts and private wealth advisers and hence allowing timely communication with clients.

Wholesale

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

Funds Management

The Group provides funds management services. During the year, the Group managed mandates from two listed investment companies; Westoz and Ozgrowth. On 21 April 2022, pursuant to two separate Scheme of Arrangements, Westoz and Ozgrowth were acquired by WAM Capital Limited. WFM no longer manages the investment mandates and will no longer receive management or performance fees from these funds. We retain the WFM Australian Financial Services Licence (AFSL) to maintain future funds management optionality.

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.

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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: SEGMENT INFORMATION (CONTINUED)

Segment performance

	Retail \$	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	<u>55,571,046</u>	<u>48,974,109</u>	<u>13,820,694</u>	<u>325,049</u>	<u>118,690,898</u>
Segment income tax expense	<u>3,603,568</u>	<u>2,137,204</u>	<u>3,679,858</u>	<u>7,922,632</u>	<u>17,343,262</u>
Segment net operating profit after tax	<u>8,552,775</u>	<u>13,044,100</u>	<u>7,931,491</u>	<u>11,195,349</u>	<u>40,723,715</u>

	Retail \$	Wholesale \$	Funds Management \$	Other (i) \$	Total Restated (i) \$
2021					
Brokerage	22,151,431	8,964,048	-	-	31,115,479
Underwriting and placement fees	10,307,152	41,351,011	-	-	51,658,163
Performance and management fees	-	-	17,218,045	-	17,218,045
Wealth management fees	14,495,036	36,583	-	-	14,531,619
Corporate advisory	-	12,381,468	-	-	12,381,468
Dividends received (i)	-	-	-	76,452	76,452
Interest received	-	-	11,002	186,342	197,344
Other revenue	-	177,000	-	712,808	889,808
Total segment revenue	<u>46,953,619</u>	<u>62,910,110</u>	<u>17,229,047</u>	<u>975,602</u>	<u>128,068,378</u>
Segment income tax expense	<u>4,739,088</u>	<u>6,116,805</u>	<u>4,598,369</u>	<u>6,453,174</u>	<u>21,907,436</u>
Segment net operating profit after tax	<u>6,497,804</u>	<u>14,941,039</u>	<u>10,712,822</u>	<u>20,389,240</u>	<u>52,540,905</u>

- (i) Refer to note 7 for restatement impact of prior period adjustment. As a result, dividend revenue decreased from \$3,063,965 to \$76,452 in the comparative financial information.

Entity-wide disclosures

The Group predominately 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.

During the year ended 30 June 2022, approximately 11.62% (2021: 13.44%) of the Group's external revenue was derived from management and performance fees from Westoz and Ozgrowth. Following the acquisition of these entities by WAM Capital Limited, the Group no longer manages their investment mandates.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: REVENUE

	2022	Restated (i)
	\$	2021
		\$
Revenue	118,690,898	128,068,378
	<u>118,690,898</u>	<u>128,068,378</u>

The disaggregation of revenue is as follows:

	2022	Restated (i)
	\$	2021
		\$
Brokerage	36,499,569	31,115,479
Underwriting and placement fees	43,613,675	51,658,163
Performance and management fees	13,791,010	17,218,045
Wealth management fees	18,433,771	14,531,619
Corporate advisory fees	5,740,096	12,381,468
Dividends and trust distributions received (i)	107,589	76,452
Interest received	239,070	197,344
Other revenue	266,118	889,808
	<u>118,690,898</u>	<u>128,068,378</u>

- (i) Refer to Note 7 for restatement impact of prior period adjustment. As a result, dividend revenue decreased from \$3,063,965 to \$76,452 in the comparative financial information.

NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE

	2022	Restated (i)
	\$	2021
		\$
Profit before income tax is determined after accounting for the following specific expenses:		
Property, plant and equipment – depreciation	216,115	354,278
Leasehold improvements – amortisation	396,264	128,305
Right of use asset – amortisation	1,252,144	983,041
Right of use asset – impairment	-	270,371
Intangible asset – amortisation	606,957	986,744
	<u>2,471,480</u>	<u>2,722,739</u>
<i>Finance costs</i>		
Interest and finance charges paid / payable on lease liabilities	241,110	248,125
Superannuation expense	2,919,314	2,040,313
Share based payments – PRP	3,063,302	5,253,350
<i>Impairment expenses</i>		
Impairment (reversal) / expense – equity accounted investments	(6,510,348)	(4,168,458)
Impairment – intangible asset	-	270,371

- (i) Refer to Note 7

The equity accounted investments were recorded at their recoverable amounts which was lower than their pre impairment carrying amounts. Given an increase in share price (fair value) compared to equity accounting value, recorded impairments were reversed in the financial year 2021 and 2022.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: INCOME TAX

	2022	2021
	\$	\$
The components of tax expense / (benefit) comprise:		
Current tax	18,039,103	13,800,596
Deferred tax	<u>(695,841)</u>	<u>8,106,840</u>
	<u>17,343,262</u>	<u>21,907,436</u>
Numerical reconciliation between tax expense and pre-tax accounting profit:		
Profit before income tax expense	58,066,977	74,448,341
Income tax using Group's tax rate of 30% (2021: 30%)	17,420,093	22,334,502
Add tax effect of:		
- deferred tax not recognised on temporary differences	227,500	(116,263)
- other non-allowable items	<u>185,253</u>	<u>82,542</u>
	17,832,846	22,300,781
Less tax effect of:		
- franked dividends received	<u>(489,584)</u>	<u>(393,345)</u>
Income tax expense attributable to entity	<u>17,343,262</u>	<u>21,907,436</u>
Reconciliations		
i. Gross movements		
The overall movement in the deferred tax account is as follows:		
Balance at 1 July	411,105	8,517,945
Recognised in statement of profit or loss	<u>695,841</u>	<u>(8,106,840)</u>
Balance at 30 June	<u>1,106,946</u>	<u>411,105</u>
ii. Deferred tax liability		
Movement in temporary differences during the year:		
Fair value gain adjustments		
Balance at 1 July	7,264,953	35,212
Recognised in the statement of profit or loss	<u>(6,558,963)</u>	<u>7,229,741</u>
Balance at 30 June	<u>705,990</u>	<u>7,264,953</u>
Share based payments and prepaid expenses		
Balance at 1 July	1,337,783	911,663
Recognised in the statement of profit or loss	<u>1,087,328</u>	<u>426,120</u>
Balance at 30 June	<u>2,425,111</u>	<u>1,337,783</u>
	<u>3,131,101</u>	<u>8,602,736</u>
iii. Deferred tax assets		
Movement in temporary difference during the year:		
Fair value gain adjustments		
Balance at 1 July	-	2,292,692
Recognised in the statement of profit or loss	<u>-</u>	<u>(2,292,692)</u>
Balance at 30 June	<u>-</u>	<u>-</u>
Provisions		
Balance at 1 July	4,014,769	1,088,718
Recognised in the statement of profit or loss	<u>58,727</u>	<u>2,926,051</u>
Balance at 30 June	<u>4,073,496</u>	<u>4,014,769</u>
Other (i)		
Balance at 1 July	4,999,072	6,083,410
Recognised in the statement of profit or loss	<u>(4,834,520)</u>	<u>(1,084,338)</u>
Balance at 30 June	<u>164,552</u>	<u>4,999,072</u>
	<u>4,238,048</u>	<u>9,013,841</u>
(i) Deferred tax arising from right of use \$0.1m (2021: \$0.1m) and debt forgiven and impairment \$0.1m (2021: \$4.6m).		

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

	2022	2021
Effective tax rate	29.9%	29.4%

Tax consolidation legislation

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.

NOTE 7: RESTATEMENT

Previously, Euroz Hartleys Group Limited applied the investment entity accounting exemption within AASB 10 Consolidated Financial Statements (the investment entity exemption) to its investments in Westoz and Ozgrowth and accounted for these investments at fair valued through profit and loss. Dividends received from associates were recognised as revenue from continuing operations.

During the year, a reassessment of the accounting treatment of the investments in Westoz and Ozgrowth was performed. As a result, Euroz Hartleys Group Limited accounted for the investments in Westoz and Ozgrowth as associates using the equity accounting method and tested these investments for impairment as described in the accounting policy Note 1(aa).

Applying the Group's accounting policy to associates (refer to Note 1(aa)) the carrying amounts of these investments equalled their recoverable amounts which was measured at fair value at each comparative reporting date. As a result, no change was required to the Group's opening retained earnings at 1 July 2020, net profit before or after income tax for the year ended 30 June 2021 nor total assets or net assets as at 30 June 2021.

On 21 April 2022, pursuant to two separate Schemes of Arrangements, Westoz and Ozgrowth were acquired by WAM Capital Limited and the Group no longer manages the investment mandates and the Group no longer holds investments in these entities.

The following table summarises the impact of the restatement on the comparatives on each line item affected of the Group's consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	As previously reported	Adjustments	Restated
	\$	\$	\$
30 June 2021			
Revenue from continuing operations	131,055,891	(2,987,513)	128,068,378
Share of profits of equity accounted investments, net of tax	-	17,648,033	17,648,033
Gain / (Loss) on fair value movement on investments	33,788,240	(18,828,978)	14,959,262
Impairment (expense) / reversal (i)	(270,371)	4,168,458	3,898,087
Profit before income tax expense	74,448,341	-	74,448,341
Profit after income tax expense	52,540,905	-	52,540,905

(i) The adjustment represents a partial reversal of impairment of equity accounted investments recognised in previous years.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: RESTATEMENT (CONTINUED)

Consolidated statement of financial position	As previously reported	Adjustments	Restated
	\$	\$	\$
30 June 2021			
Investment entities at fair value	75,827,068	(75,827,068)	-
Equity accounted investments	-	75,827,068	75,827,068
Total assets	282,713,408	-	282,713,408
Total liabilities	111,611,224	-	111,611,224
Net assets	171,102,184	-	171,102,184
Total equity	171,102,184	-	171,102,184

There is no impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 30 June 2021.

Consolidated statement of financial position	As previously reported	Adjustments	Restated
	\$	\$	\$
30 June 2020			
Investment entities at fair value	56,998,090	(56,998,090)	-
Equity accounted investments	-	56,998,090	56,998,090
Total assets	139,166,490	-	139,166,490
Total liabilities	24,831,973	-	24,831,973
Net assets	114,334,517	-	114,334,517
Total equity	114,334,517	-	114,334,517

There is no impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 30 June 2020.

NOTE 8: CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank and on hand	175,256,542	78,587,456
Restricted cash:		
Cash margin account	3,593,551	3,330,943
Client trust account	11,817,432	14,131,926
Total restricted cash	<u>15,410,983</u>	<u>17,462,869</u>
Total cash and cash equivalents	<u>190,667,525</u>	<u>96,050,325</u>

The cash margin account is held by the Australian Securities Exchange (ASX) as a margin requirement to cover possible market participant default and is adjusted each day to reflect the 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9: TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Trade receivables	1,138,100	2,191,154
Broker receivable (i)	16,849,172	26,505,144
Other receivable	<u>83,942</u>	<u>83,252</u>
	<u>18,071,214</u>	<u>28,779,550</u>

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.

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

(i) Broker receivables relates to outstanding client accounts and amounts owed to the Group by ASX Clearing. This is offset by broker payable as disclosed in Note 17.

NOTE 10: OTHER FINANCIAL ASSETS AT FAIR VALUE

	2022	2021
	\$	\$
Fair value of securities in listed companies	6,779,359	14,683,377
Fair value of unlisted securities	<u>8,537,705</u>	<u>6,772,555</u>
Total	<u>15,317,064</u>	<u>21,455,932</u>

These securities are held at fair value through profit or loss and the fair values are based on the closing price of each investment at year end.

NOTE 11: OTHER CURRENT ASSETS

	2022	2021
	\$	\$
Prepayments	2,313,978	2,647,821
Accrued income	<u>168,136</u>	<u>156,903</u>
Total	<u>2,482,114</u>	<u>2,804,724</u>

NOTE 12: FINANCIAL ASSETS AT AMORTISED COST

	2022	2021
	\$	\$
Security deposit	400,000	400,000
Financial guarantee – term deposit	625,935	842,122
Other non-current receivable	<u>43,445</u>	<u>120,579</u>
	<u>1,069,380</u>	<u>1,362,701</u>

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2022 \$	2021 \$
Fair value of investment in managed investment schemes	-	826,040

Investment was disposed during the year

NOTE 14: EQUITY ACCOUNTED INVESTMENTS

	2022 \$	Restated (i) 2021 \$
<i>Reconciliation</i>		
Equity accounted investments as at 1 July	75,827,068	56,998,090
Add: Share of profits of equity accounted investments, net of tax	15,808,439	17,648,033
Add: Impairment reversal / (expense) (Note 5)	6,510,348	4,168,458
Less: Dividend received	(1,566,614)	(2,987,513)
Disposal (ii)	(96,579,241)	-
Equity accounted investment as at 30 June	-	75,827,068

Equity accounted investment entities were Westoz and Ozgrowth and these investments have since been disposed during the year.

- (i) Refer to Note 7
- (ii) 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 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.

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Leasehold improvements		
At cost	2,384,745	476,351
Less: Accumulated amortisation	<u>(674,166)</u>	<u>(277,902)</u>
	<u>1,710,579</u>	<u>198,449</u>
Software		
At cost	-	2,215,907
Less: Accumulated depreciation	<u>-</u>	<u>(1,612,339)</u>
	<u>-</u>	<u>603,568</u>
Office equipment		
At cost	1,149,396	880,582
Less: Accumulated depreciation	<u>(852,857)</u>	<u>(662,311)</u>
	<u>296,539</u>	<u>218,271</u>
Furniture, fixtures and fittings		
At cost	132,839	219,759
Less: Accumulated depreciation	<u>(42,395)</u>	<u>(110,550)</u>
	<u>90,444</u>	<u>109,209</u>
	<u>2,097,562</u>	<u>1,129,497</u>

Reconciliations

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

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
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	<u>(396,264)</u>	<u>(216,115)</u>	<u>(612,379)</u>
Carrying amount at 30 June 2022	<u>1,710,579</u>	<u>386,983</u>	<u>2,097,562</u>
2021			
Carrying amount at 1 July 2020	92,132	380,855	472,987
Additions as a result of acquisition of business	246,279	391,790	638,069
Additions	201,441	561,092	762,533
Disposal	(213,098)	(48,411)	(261,509)
Depreciation / amortisation expense	<u>(128,305)</u>	<u>(354,278)</u>	<u>(482,583)</u>
Carrying amount at 30 June 2021	<u>198,449</u>	<u>931,048</u>	<u>1,129,497</u>

Capital commitments – Property, plant and equipment

The Group had no capital commitments at 30 June 2022 (30 June 2021: \$2,328,592).

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16: INTANGIBLE ASSETS

	2022	2021
	\$	\$
Goodwill (a)	15,950,164	15,950,164
Other intangible assets (b)	<u>23,412,538</u>	<u>24,019,496</u>
	<u>39,362,702</u>	<u>39,969,660</u>

(a) Allocation of goodwill:

	2022	2021
	\$	\$
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	<u>7,507,619</u>	<u>7,507,619</u>
	<u>15,950,164</u>	<u>15,950,164</u>

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 (iv) contains additional information on this assessment.

	2022	2021
	\$	\$
(b) Other intangible assets		
Client portfolios (i)	520,871	694,496
Hartleys Brand (ii)	19,500,000	19,500,000
Customer relationship - Hartleys (ii)	3,141,667	3,575,000
ASX Licence	<u>250,000</u>	<u>250,000</u>
	<u>23,412,538</u>	<u>24,019,496</u>

	Client portfolios \$	Customer relationship - Hartleys \$	Total \$
2022			
Balance as at 1 July 2021	694,496	3,575,000	4,269,496
Amortisation expense	<u>(173,625)</u>	<u>(433,333)</u>	<u>(606,958)</u>
Balance as at 30 June 2022	<u>520,871</u>	<u>3,141,667</u>	<u>3,662,538</u>
2021			
Balance as at 1 July 2020	1,356,240	-	1,356,240
Additions as a result of acquisition of business	-	3,900,000	3,900,000
Amortisation expense	<u>(661,744)</u>	<u>(325,000)</u>	<u>(986,744)</u>
Balance as at 30 June 2021	<u>694,496</u>	<u>3,575,000</u>	<u>4,269,496</u>

(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 (v).

**EUROZ HARTLEYS GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade and other payables	4,860,636	4,275,581
Broker payable (i)	27,254,709	38,516,434
Dividend payable	16,770,251	26,394,973
Accruals	10,651,427	11,870,693
	<u>59,537,023</u>	<u>81,057,681</u>

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. This is offset by broker receivable as disclosed in Note 9.

Movement in dividend payable is set out below:

	2022	2021
	\$	\$
Opening balance	26,394,973	9,751,095
Amount provided during the year	21,695,735	31,389,918
Amounts paid out	<u>(31,320,457)</u>	<u>(14,746,040)</u>
Balance as at 30 June	<u>16,770,251</u>	<u>26,394,973</u>

NOTE 18: CURRENT TAX LIABILITIES

	2022	2021
	\$	\$
Opening balance	8,123,786	2,548,489
Amount provided during the year	18,039,104	13,528,892
Amounts paid out	<u>(17,328,806)</u>	<u>(7,953,595)</u>
Balance as at 30 June	<u>8,834,084</u>	<u>8,123,786</u>

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19: CURRENT PROVISIONS

	2022	2021
	\$	\$
Employee benefits (annual leave)	3,636,514	3,320,114
Employee benefits (long service leave)	<u>4,293,291</u>	<u>4,316,278</u>
Total Current and Non-Current	<u>7,929,805</u>	<u>7,636,392</u>
Disclosed as current (Refer Note 21 for non-current)	7,788,835	7,526,510
Movements in employee benefits, are set out below:		
	2022	2021
	\$	\$
<i>Annual leave:</i>		
Carrying amount at 1 July	3,320,114	1,483,615
Additional provisions recognised	2,014,565	1,739,372
Addition as a result of acquisition of business	-	1,088,152
Amounts paid out	<u>(1,698,165)</u>	<u>(991,025)</u>
Carrying amount at 30 June	<u>3,636,514</u>	<u>3,320,114</u>
<i>Long service leave:</i>		
Carrying amount at 1 July	4,316,278	1,928,818
Additional provisions recognised	701,229	1,517,642
Addition as a result of acquisition of business	-	1,375,858
Amounts paid out	<u>(724,216)</u>	<u>(506,040)</u>
Carrying amount at 30 June including non-current portion as disclosed in Note 21	<u>4,293,291</u>	<u>4,316,278</u>

NOTE 20: RIGHT OF USE ASSET AND LEASE LIABILITY

	2022	2021
	\$	\$
Leased premises	7,716,294	8,271,695
Accumulated amortisation	<u>(3,554,360)</u>	<u>(2,852,240)</u>
	<u>4,161,934</u>	<u>5,419,455</u>
Office Equipment	221,324	159,692
Accumulated amortisation	<u>(139,209)</u>	<u>(85,077)</u>
	<u>82,115</u>	<u>74,615</u>
Right of use asset	<u>4,244,049</u>	<u>5,494,070</u>
Lease liability – current	<u>1,354,750</u>	<u>1,354,249</u>
Lease liability – non current	<u>3,552,525</u>	<u>4,836,380</u>
Reconciliation of right of use asset:		
Balance as at 1 July	5,494,070	4,556,400
Right of use assets on acquisition of Hartleys Limited	-	2,633,583
Additions	61,630	-
Amortisation expense	(1,252,144)	(983,041)
Impairment	-	(270,371)
Lease payout, transfer to lease receivable and write off	<u>(59,507)</u>	<u>(442,501)</u>
Balance as at 30 June	<u>4,244,049</u>	<u>5,494,070</u>

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20: RIGHT OF USE ASSET AND LEASE LIABILITY (CONTINUED)

Reconciliation of right of use lease liability:

	2022	2021
	\$	\$
Balance as at 1 July	6,190,629	4,533,295
Right of use assets on acquisition of Hartleys Limited	-	2,793,840
Additions	61,630	-
Interest expense	241,110	248,125
Interest paid	(241,110)	(248,125)
Lease payments	<u>(1,344,984)</u>	<u>(1,136,506)</u>
Balance as at 30 June	<u><u>4,907,275</u></u>	<u><u>6,190,629</u></u>

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

	2022	2021
	\$	\$
Less than one year	1,354,751	1,354,249
One to two years	1,358,111	1,334,508
Two to three years	1,379,300	1,336,492
Three to four years	535,289	1,374,675
Four to five years	279,824	505,614
More than 5 years	-	285,091
	<u><u>4,907,275</u></u>	<u><u>6,190,629</u></u>

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 \$0.1 million was recognised as at 30 June 2022 (2021:\$0.2 million).
- The lease of Minolta Copiers due to expire in November 2022 and Pitney Bowes franking and folding machines due to expire on November 2024.
- The lease of Franke coffee machine due to expire in August 2024 and Top Brewer coffee machine due to expire on September 2024.

NOTE 21: NON-CURRENT PROVISIONS

	2022	2021
	\$	\$
Employee benefits (long service leave)	<u><u>140,970</u></u>	<u><u>109,882</u></u>

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22: CONTRIBUTED EQUITY

	2022	2021	2022	2021
(a) Share capital	Shares	Shares	\$	\$
Ordinary shares				
Issued and paid up capital - consisting of ordinary shares (net of Treasury shares)	<u>187,106,282</u>	<u>185,374,535</u>	<u>136,740,320</u>	<u>134,665,226</u>
(b) Movements in ordinary share capital			2022	2021
			Shares	Shares
At the beginning of the reporting period			185,374,535	155,676,401
Issue of new shares			1,778,756	33,000,075
Acquisition of Treasury shares			(1,800,000)	(5,298,017)
Vested shares under Performance Rights Plan			<u>1,752,991</u>	<u>1,996,076</u>
At the end of the year			<u>187,106,282</u>	<u>185,374,535</u>
(c) Movements in ordinary share capital			2022	2021
			\$	\$
Balance at the beginning of the reporting period			134,665,226	102,167,440
Shares issued during the period			2,868,844	38,280,087
Acquisition of Treasury shares			(2,894,924)	(7,949,948)
Vested shares under Performance Rights Plan			<u>2,101,174</u>	<u>2,167,647</u>
At the end of the year			<u>136,740,320</u>	<u>134,665,226</u>
(d) Treasury shares	2022	2021	2022	2021
	Shares	Shares	\$	\$
Balance at the beginning of the reporting period	(10,143,782)	(6,841,841)	13,025,440	7,137,510
Acquisition of Treasury shares	(1,800,000)	(5,298,017)	2,894,924	7,949,948
Vested shares under Performance Rights Plan	1,752,991	1,996,076	(2,004,082)	(2,062,018)
Balance of Treasury shares at the end of the reporting period	<u>(10,190,791)</u>	<u>(10,143,782)</u>	<u>13,916,281</u>	<u>13,025,440</u>

Treasury shares were acquired by the Employee Share Trust at various times during the year. The acquisition of Treasury shares forms part of the Performance Right Plan.

(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 2022 (30 June 2021: Nil).

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22: CONTRIBUTED EQUITY (CONTINUED)

(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 \$3,063,302 (2021: \$5,253,349) relates to the vesting expense related to the fair value of performance rights issued in the prior year and the current year in connection with the Performance Rights Plan.

	2022	2021
	\$	\$
Balance on share based payment reserve at 1 July	7,955,369	4,869,667
Recognised during the year	3,063,302	5,253,349
Vested shares under Performance Rights Plan	<u>(2,101,174)</u>	<u>(2,167,647)</u>
Balance on share based payments reserve at 30 June	<u>8,917,497</u>	<u>7,955,369</u>

(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 no external borrowings and significant cash reserves. 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.

NOTE 23: DIVIDENDS

	2022	2021
	\$	\$
Relating to ordinary shares		
Interim dividend for the half year ended 31 December 2021 of 2.5 cents (2020 – 2.5 cents) per fully paid ordinary share paid on 25 February 2022		
Fully franked based on tax paid @ 30%	4,925,483	4,910,292
Final dividend declared and provided for at 30 June 2022 of 8.5 cents (2021 – 13.5 cents) per fully paid ordinary share paid on 5 August 2022.		
Fully franked based on tax paid @ 30%	<u>16,770,251</u>	<u>26,394,973</u>
Total dividends provided for or paid	<u>21,695,734</u>	<u>31,305,265</u>

Of the total dividends paid during the year, \$42,983 (2021: \$63,005) 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 2022 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 2022.

	2022	2021
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 30%)	<u>26,119,761</u>	<u>7,609,902</u>

These 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.

**EUROZ HARTLEYS GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24: 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.

	2022	2021
	\$	\$
Current lease liability	1,354,750	1,354,249
Non-current lease liability	<u>3,552,525</u>	<u>4,836,380</u>
Total lease liability (Note 20)	<u>4,907,275</u>	<u>6,190,629</u>

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

	2022	2021
	\$	\$
Less than one year	181,251	239,589
One to two years	126,268	181,251
Two to three years	71,435	126,268
Three to four years	29,040	71,435
Four to five years	4,172	29,040
More than 5 years	<u>-</u>	<u>4,172</u>
	<u>412,166</u>	<u>651,755</u>

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

	2022	2021
	\$	\$
Less than 1 month	42,766,772	54,662,708
1 to 3 months	<u>16,770,251</u>	<u>26,394,973</u>
	<u>59,537,023</u>	<u>81,057,681</u>

(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 2022.

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

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

	Note	Carrying Amount	
		2022	2021
		\$	\$
Cash and cash equivalents	8	190,667,525	96,050,325
Trade and other receivables	9	18,071,214	28,779,550
Financial assets at amortised cost	12	1,069,380	1,362,701
		<u>209,808,119</u>	<u>126,192,576</u>

Impairment losses

All of the Group's receivables are considered recoverable.

(iv) Financial instruments composition

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2022	2021	2022	2021	2022	Restated (i) 2021
	%	%	\$	\$	\$	\$
FINANCIAL ASSETS						
Cash and cash equivalents	0.05	0.29	190,667,525	96,050,325	-	-
Trade and other receivables	-	-	-	-	18,071,214	28,779,550
Financial assets held for trading	-	-	-	-	15,317,064	21,455,932
Equity accounted investments	-	-	-	-	-	75,827,068
Other investments	-	-	-	-	-	826,040
Financial assets	0.05	0.36	<u>1,025,935</u>	<u>1,279,449</u>	<u>43,446</u>	<u>83,252</u>
Total financial assets			<u>191,693,460</u>	<u>97,329,774</u>	<u>33,431,724</u>	<u>126,971,842</u>
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	59,537,023	81,057,681
Lease liability (current and non-current)	4.25	4.25	<u>4,907,275</u>	<u>6,190,629</u>	-	-
			<u>4,907,275</u>	<u>6,190,629</u>	<u>59,537,023</u>	<u>81,057,681</u>

(i) Refer to Note 7

(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).

EUROZ HARTLEYS GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

2022	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL (ii)	Financial assets / liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$	\$	\$
Current financial assets								
	8	-	190,667,525	190,667,525	-	-	-	-
	9	-	18,071,214	18,071,214	-	-	-	-
	10	15,317,064	-	15,317,064	6,779,359	8,184,570	353,135	15,317,064
Non - Current financial assets								
	12	-	1,069,380	1,069,380	-	-	-	-
	13	-	-	-	-	-	-	-
	14	-	-	-	-	-	-	-
Current financial liabilities								
	17	-	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 and loss (FVTPL)

EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

2021	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL (ii)	Financial assets / liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$	\$	\$
Current financial assets								
	8	-	96,050,325	96,050,325	-	-	-	-
	9	-	28,779,550	28,779,550	-	-	-	-
	10	21,455,932	-	21,455,932	14,683,377	6,589,954	182,601	21,455,932
Non - Current financial assets								
	12	-	1,362,701	1,362,701	-	-	-	-
	13	826,040	-	826,040	-	-	826,040	826,040
	14	75,827,068	-	75,827,068	75,827,068	-	-	75,827,068
Current financial liabilities								
	17	-	81,057,681	81,057,681	-	-	-	-
		98,109,040	45,134,895	143,243,935	90,510,445	6,589,954	1,008,641	98,109,040

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

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

(iii) Refer to Note 7

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

(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:

	2022	2021
	\$	\$
Increase by 1%	1,342,158	681,891
Decrease by 1%	(1,342,158)	(681,891)

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:

	2022	2021
	\$	\$
Increase by 5%	536,097	779,869
Decrease by 5%	(536,097)	(779,869)

NOTE 25: REMUNERATION OF AUDITORS

	2022	2021
	\$	\$
Audit services		
Audit and review of financial reports for the Group - KPMG	354,000	285,000
Other services		
Other fees paid to KPMG	-	15,000

NOTE 26: CONTINGENT LIABILITIES

The parent entity and the Group had contingent liabilities at 30 June as follows:

	2022	2021
	\$	\$
Secured guarantees in respect of leases of a controlled group entity:		
Westpac Banking Corporation	796,816	1,013,514
Bankwest	625,935	625,423
	<u>1,422,751</u>	<u>1,638,937</u>

As detailed in note 12, the Group has a deposit with FinClear Services Pty Ltd as part of Euroz Hartleys Limited international trading and settlement arrangements. This deposit totalled \$400,000 at reporting date (2021: \$400,000).

The Group has no contingent assets at reporting date (2021: Nil).

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 27: COMMITMENTS FOR EXPENDITURE

	2022 \$	2021 \$
Capital commitments		
Office renovations and property, plant and equipment		
Within one year	-	2,328,592
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u> </u>	<u> </u>
Commitments not recognised in the financial statements	-	2,328,592
	<u> </u>	<u> </u>

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.

The lease commitment has been included as part of lease liabilities. Refer to Note 20.

NOTE 28: RELATED PARTIES

(a) Key Management Personnel compensation

	2022 \$	2021 \$
Short-term employee benefits	5,392,413	9,629,286
Post-employment benefits	189,497	184,580
Share based payments	730,939	869,610
Termination benefit	502,504	-
	<u> </u>	<u> </u>
Total compensation	<u>6,815,353</u>	<u>10,683,476</u>

In financial year 2021, Richard Simpson and Ian Parker were appointed to the Board on 6 October 2020, following completion of the off-market takeover offer by Euroz of Hartleys Limited on 3 October 2020. In connection with the takeover offer, it was agreed that certain amounts would be permitted to be distributed by Hartleys to its shareholders prior to completion of the takeover offer. This included cash proceeds from the sale of the securities held by Zenix Nominees Pty Ltd (a subsidiary of Hartleys) as at 30 June 2020 distributed by way of a dividend / return of capital as approved by Hartleys shareholders. Richard Simpson and Ian Parker each received (i) a completion bonus in connection with the takeover offer (paid from Hartleys cash reserves pre-completion of the takeover offer); and (ii) a corporate bonus which was paid following their respective appointments to the Euroz Hartleys Group Board however which relates to the period up to completion of the takeover offer (such amount predominantly as a result of the sale of securities held by Zenix Nominees Pty Ltd).

(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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 28: RELATED PARTIES (CONTINUED)

(c) Parent entity

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

(d) Share-based payments

During the year performance rights were issued to 77 employees who opted in the Performance Rights Plan (2021: 127 employees). This performance right entitles the holder to a number of shares in Euroz Hartleys Group Limited calculated as 25% of their profit share, bonus or commission entitlement for the year if they opt in. At point of issue, these performance rights are subject to a 4-year vesting period. The fair value of each performance right is calculated as 25% of the individual's bonus entitlement.

During the 2021 financial year, the Board introduced an additional bonus sacrifice arrangement as part of the Performance Rights Plan. Employees who qualify for this will have the opportunity to elect to sacrifice an additional amount of their bonus above the 25% to be settled via the issue of a separate Performance Right, instead of cash. Shares acquired as part of the bonus sacrifice arrangement will not be subject to any vesting conditions.

(e) Group transactions

Wholly-owned group

The wholly-owned group consists of Euroz Hartleys Group Limited and its wholly-owned controlled entities. See Note 29.

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

	2022	2021
	\$	\$
Transactions with related parties consisting of:		
(i) Subsidiaries		
- Loans advanced by Euroz Hartleys Group Limited to subsidiaries	11,083,104	18,531,540
- Payments of dividends to Euroz Hartleys Group Limited by subsidiaries	21,250,000	37,175,000
- Management fees charged by Euroz Hartleys Limited	1,555,242	1,748,262
- Impairment of intercompany loan by Euroz Hartleys Group Limited to subsidiaries	295,058	351,000
(ii) Other		
- Dividends received by Euroz Hartleys Group Limited from equity accounted investments	1,566,613	2,987,513
- Management fee received by the Euroz Hartleys Group from equity accounted investments	2,471,785	2,688,557
- Performance fee received by the Euroz Hartleys Group from equity accounted investments	11,319,224	14,545,035

Ownership interests in related parties

Interests held in controlled entities are set out in Note 29.

Other transactions with Directors and specified Executives

During the year ended 30 June 2022 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:

	2022	2021
	\$	\$
Amounts recognised as revenue		
Brokerage earned on Key Management Personnel accounts	<u>59,124</u>	<u>62,923</u>

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 29: INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2022 %	2021 %
Euroz Hartleys Limited	Australia	Ordinary	100	100
Euroz Hartleys Securities Limited *	Australia	Ordinary	100	100
Detail Nominees Pty Ltd (i) *	Australia	Ordinary	100	100
Zero Nominees Pty Ltd (i)	Australia	Ordinary	100	100
Westoz Funds Management Pty Ltd	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
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
Euroz Employee Share Trust	Australia	Ordinary	-	-
Ozgrowth Limited (ii)	Australia	Ordinary	-	40.58
Westoz Investment Company Limited (ii)	Australia	Ordinary	-	26.25
Westoz Investment Company Pty Ltd *	Australia	Ordinary	100	-
Ozgrowth Pty Ltd *	Australia	Ordinary	100	-
Prodigy Investment Partners Limited	Australia	Ordinary	100	100
WIM WA Resources Limited *	Australia	Ordinary	100	100
WIM Small Cap Limited *	Australia	Ordinary	100	100
Entrust Wealth Management Pty Ltd *	Australia	Ordinary	100	100

* Dormant company

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

- (i) Owned by Euroz Hartleys Limited
- (ii) Investments in Westoz and Ozgrowth were disposed during the year.

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) 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.
- (d) Westoz Funds Management Pty Ltd – Provides management services for investment funds.
- (e) Zero Nominees – Custodian Company holding shares on behalf of clients of Euroz Hartleys Limited.
- (f) Detail Nominees – Dormant Company that was previously used to for settlement obligation in relation to shares for the Group.
- (g) Euroz Employee Share Trust – Vehicle established to acquire treasury shares on-market for distribution to eligible employees in connection with the Performance Rights Plan.
- (h) 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.
- (i) Prodigy Investment Partners Limited – In 2020, the Company closed the Prodigy operations, including the partnership with the three separate boutiques.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: ACQUISITION OF EUROZ HARTLEYS LIMITED

On 1 October 2020, the Group completed the acquisition of Hartleys Limited (now Euroz Hartleys Limited) when the Group received 100% acceptances of the takeover offer from shareholders of Hartleys Limited. The Group determines that with the takeover, Euroz Hartleys Limited has become one of Western Australia's largest stockbroking and wealth management business. In addition, the Group has also experienced cost synergies from the merger of the operations.

Consideration transferred

The consideration transferred in relation to the acquisition was the issue of 33,000,075 Euroz Hartleys Group Limited ("EZL") shares. As all shares were issued on 1 October 2020, the fair value of the ordinary shares issued was \$38,280,087, based on the listed share price of EZL at 1 October 2020 of \$1.16.

A portion of the consideration to the Hartleys Limited shareholders who are also employees was placed on voluntary escrow as follows:

- 12% of the EZL shares are subject to voluntary escrow period of 42 months.
- Further 12% of the EZL shares are subject to voluntary escrow period of 46 months.

Acquisition related costs

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

Identifiable assets acquired and liabilities assumed

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

	1 October 2020
	\$
Cash and cash equivalents	32,168,127
Trade and other receivables	14,856,238
Other financial assets	652,048
Other current assets	210,240
Right of use asset	2,633,883
Plant and equipment	638,069
Identifiable intangible assets	23,650,000
Deferred tax assets	596,351
Trade and other payables	(29,049,989)
Subordinated loans	(10,000,000)
Current tax liabilities	(324,648)
Employee benefits provision	(2,464,011)
Lease liability	(2,793,840)
	<hr/>
Total net assets acquired	<u>30,772,468</u>

Measurement of fair values

The valuation techniques used for measuring the fair value of the material assets acquired were as follows:

- Other financial assets – The fair value of other financial assets is determined by reference to their quoted bid price at reporting date or by an appropriate valuation model considering parameters applicable to the securities, such as last close price, depth and bid/ask spread, liquidity, relationship discount, escrow, relative size of the holdings and volatility.
- Right of use asset – The fair value of the right of use asset is determined by reference to its cost net of depreciation.
- Intangible asset – The fair value of the intangible asset (ASX licence) is determined by reference to its cost. Consideration has been made of the legal, commercial and technical factors that are likely to impact the useful life of the licence and determined that indefinite useful life to be appropriate. As at the date of the acquisition, no economic, market or legal indicators to suggest the licence is impaired.
- Property, plant and equipment – The fair value of property, plant and equipment is determined by reference to its cost net of depreciation.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: ACQUISITION OF EUROZ HARTLEYS LIMITED (CONTINUED)

All trade and other receivables of \$14,856,238 were expected to be collectable at the date of acquisition.

Fair values

An assessment of the intangible assets was conducted by a third-party valuer. There has been no new information since nor any additional provisions recognized that existed at the date of acquisition.

The difference between the purchase consideration and the fair value of identified assets and liabilities has been allocated to goodwill. The fair value of identifiable intangible assets has been valued by a third-party professional valuer as below:

	\$
Consideration transferred	38,280,087
Fair value of identifiable net assets	<u>(30,772,468)</u>
Goodwill on acquisition	<u>7,507,619</u>
Allocation of Intangibles	
Customer relationship – Hartleys	3,900,000
Hartleys Brand	19,500,000
Goodwill	<u>7,507,619</u>
	<u>30,907,619</u>

NOTE 31: EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstance subsequent to 30 June 2022 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.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 32: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2022	Restated 2021 (i)
	\$	\$
Profit for the year	40,723,715	52,540,905
Adjustments for:		
Depreciation and amortisation	2,471,480	2,722,739
Impairment (reversal) / expense	(6,510,348)	(3,898,087)
Share of profits of equity accounted investments, net of tax	(15,808,439)	(17,648,033)
Share based payments	3,063,302	5,253,350
Gain arising from disposal of investments	(7,608,459)	(210,250)
Write-off / loss on disposal of property, plant and equipment	551,769	261,508
Interest paid on lease liabilities	241,110	248,125
Interest on security deposit	(512)	-
Distributions received from investing activity investments	(107,589)	(72,764)
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	10,708,336	(11,554,387)
Decrease / (increase) in other current assets	322,610	(1,175,545)
Decrease / (increase) in other financial assets	6,138,868	(13,639,219)
Decrease in deferred tax assets	4,775,793	1,401,703
(Decrease) / increase / in trade and other payables	(11,895,978)	21,972,934
Increase in current tax liabilities	710,298	5,250,649
Increase / (decrease) in deferred tax liabilities	(5,471,635)	7,301,488
Increase in provisions (excluding dividends)	293,413	1,759,947
	<u>22,597,734</u>	<u>50,515,063</u>

(i) Refer to Note 7

NOTE 33: NON-CASH INVESTING AND FINANCING ACTIVITIES

	2022	2021
	\$	\$
Share issued under employee share plan	3,063,302	5,253,349
Addition to the right of use assets - Hartleys	-	2,633,882
Conversion of debt to equity	-	10,000,000
	<u>3,063,302</u>	<u>17,887,231</u>

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 34: EARNINGS PER SHARE

	2022	2021
	Cents	Cents
Earnings per share attributable to the owners of Euroz Hartleys Group Limited		
Basic earnings per share (cents)	21.68	29.16
Diluted earnings per share (cents)	20.68	28.17
	2022	2021
	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.	<u>187,826,101</u>	<u>180,197,903</u>
Weighted average number of ordinary shares and potential ordinary shares (including treasury shares) used as the denominator in calculating diluted earnings per share.	<u>196,966,210</u>	<u>186,543,022</u>

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.

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**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 35: PARENT ENTITY DISCLOSURES

	2022	Restated 2021 (i)
	\$	\$
<i>Financial position</i>		
Assets		
Current assets	130,246,455	50,573,249
Non-current assets	89,509,831	160,491,555
Total assets	219,756,286	211,064,804
Liabilities		
Current liabilities	26,259,147	34,862,857
Non-current liabilities	2,752,482	6,270,235
Total liabilities	29,011,629	41,133,092
Equity		
Issued capital	136,804,690	134,785,172
Retained earnings	45,084,643	27,253,564
Reserves		
Share based payment reserve	8,855,324	7,892,976
Total equity	190,744,657	169,931,712
<i>Financial performance</i>		
Profit for the year	39,526,767	54,226,371
Total comprehensive income	39,526,767	54,226,371

(i) Refer to Note 7

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

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.
- Investments in associates 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.

NOTE 36: 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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE YEAR ENDED 30 JUNE 2022**

DIRECTORS' DECLARATION

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 2022 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: 31 August 2022



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 2022 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 2022
- 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.

Emphasis of matter – restatement of comparative balances

We draw attention to Note 7 of the Financial Report which states that the amounts reported in the previously issued 30 June 2021 Financial Report have been restated and disclosed as comparatives in this Financial Report. Our opinion is not modified in respect of this matter.

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.

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Valuation of Goodwill and Indefinite Life Intangible Assets (\$35.5 million)	
Refer to Note 16 of the Group Financial Report.	
The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us was the Group’s annual impairment testing of indefinite life intangibles and goodwill.</p> <p>The Group has prepared value in use cash flow models for its Retail and Wholesale business cash generating units (CGU), where portions of goodwill and indefinite life intangible assets (collectively referred to as “Intangibles”) have been allocated.</p> <p>We focused on the significant forward-looking assumptions the Group applied in their value in use models, including:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <p>Working with our valuation specialists, our procedures included the following:</p> <ul style="list-style-type: none"> • 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, 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.

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 Director's Report. The Executive Chairman's Report, Euroz Hartleys Group Limited Board of Directors profiles, Euroz Hartleys Group Structure, Euroz Hartleys Limited – Managing Directors Report, Euroz Hartleys Limited Board of Directors profiles, Corporate Transactions, Euroz Hartleys Limited Report, Entrust Wealth Management Report, Westoz Fund Management Report, Euroz Hartleys Foundation Report, Euroz Hartleys Foundation Board of Directors profiles 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; and
- 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.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Euroz Hartleys Group Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

KPMG

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 12 to 18 of the Directors' report for the year ended 30 June 2022.

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

Trevor Hart
Partner

Perth

31 August 2022

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