

Netwealth Group Limited and Controlled Entities Half Year Report 1H 2023

ACN: 620 145 404

For personal

use only

Contents

Appendix 4D	3
Corporate highlights	5
Directors' Report	6
Operating and Financial Review	7
Auditor's Independence Declaration	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20
1 Significant Accounting Policies	20
2 Segment Information	22
3 Revenue	23
4 Income Taxes	24
5 Dividends	26
6 Other Current Assets	26
7 Leases	27
8 Intangible Assets	29
9 Investment in Associates & Joint Venture	30
10 Provisions	31
11 Issued Capital	32
12 Share Based Payments	33
13 Controlled Entities	35
14 Financial Instruments	36
15 Cash Flow Note	39
16 Events Occurring after Reporting Date	39
Directors' Declaration	40
Independent Auditor's Review Report	41

Appendix 4D

Report for the half year ended 31 December 2022 (1H 2023).

Netwealth Group Limited
ABN: 84 620 145 404

Details of the reporting period

Report for the half year ended 31 December 2022 (1H 2023).

Previous corresponding period half year ended 31 December 2021 (1H 2022).

Results for announcement to the market

	1H 2023 \$'000	1H 2022 \$'000	Increase/ (Decrease)	Var %
Revenue from ordinary activities	102,797	86,426	16,371	18.9%
Profit from ordinary activities before tax attributable to members	44,336	39,827	4,509	11.3%
Net profit for the period attributable to members	30,624	27,131	3,493	12.9%

During the half year, the Group has revised the classification and disclosure of brokerage expenses. \$1.8 million brokerage expenses, previously included net of the Group's revenue in Platform revenue, have been reclassified as expenses under Brokerage, investment & custody (1H 2022 \$1.7M).

Comparative figures have been reclassified to be consistent with current period disclosure.

Refer to the attached half year report (Directors' report – Review of operations section), for further commentary on the half year results.

Net tangible assets per ordinary security

	1H 2023	1H 2022
Net tangible assets per ordinary security	44.2 cents	39.7 cents

Dividend information

	Amount per Share (cents)	Franked Amount per Share (cents)	% Franked	Tax rate for Franking Credit
Final 2022 dividend per share (paid 29 Sep 2022)	10.00	4.28	100%	30%
Interim 2023 dividend per share (to be paid 24 Mar 2023)	11.00	4.71	100%	30%

Interim dividend dates

Ex-dividend date	22 February 2023
Record date	23 February 2023
Payment date	24 March 2023

There is no dividend reinvestment plan.

Control gained/loss over entities

Not applicable.

Details of associates and joint venture entities

Netwealth owns 25% of the equity of Xeppo Pty Ltd (Xeppo), a specialist fintech data solution provider.

Xeppo specialises in connecting, matching and reconciling data from a wide range of sources to support the wealth management, accounting and mortgage industries.

The Group re-classified from an Investment in Associate to a joint venture from August 2022 following a revised agreement with Xeppo. There is no significant change to the accounting treatment from this reclassification.

Compliance statement

This report is based on the consolidated financial statements for the half year ended 31 December 2022 which were subject to a review by Netwealth Group Limited's auditors, Deloitte Touche Tohmatsu, with the review report below.



Matt Heine
Managing Director
15 February 2023

Corporate highlights

Netwealth has continued to experience significant growth in the half year to December 2022. Some highlights for the half year were (comparative period being half year 31 December 2021):



\$102.8M

Total Income
Growth \$16.4M (+18.9%)



\$46.1M¹

EBITDA
Growth \$4.7M (+11.4%)



44.9%¹

EBITDA margin



12.4 cents^{1,2}

EPS



\$51.2M¹

Operating net cash flow before tax
and interest



**Interim dividend 11.0
cps**



\$62.4B FUA

Growth \$5.8B (+10.2%)



\$5.0B

FUA net inflows



121,032 Clients

Growth 13,929 (+13.0%)



\$14.4B FUM

Growth \$0.6B (+4.5%)



\$1.2B

FUM net inflows



#1 Platform³

For Growth, Functionality & Service

¹ Excludes non-recurring transactions.

² EPS has been calculated on the basis all options and rights currently on issue will vest in full.

³ Rated by Investment Trends as number 1 in Overall Satisfaction by users for the tenth consecutive year (2014-2021) and rated number 1 by Investment Trends for Best Platform Overall in 2017-2019 and 2021-2022.

EPS – Earnings per share; CPS – Cents per share

Directors' Report

The Directors present their report on Netwealth Group Limited "the Company" and its controlled entities for the half year ended 31 December 2022 (1H 2023). The consolidated entity is referred to as "the Group" or "Netwealth". To comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors in office at any time during, or since the end of the period are:

Non-Executive Directors:

- Timothy Antonie (Chairman)
- Davyd Lewis
- Sally Freeman
- Kate Temby

Executive Directors:

- Michael Heine
- Matthew Heine

All directors have been in office since the start of the financial year to the date of this report.

Principal Activities

The principal activities of the Group are to provide Financial Intermediaries and clients with wealth administration and management services including managed funds, investor directed portfolio services, a superannuation master fund, managed accounts service, self-managed superannuation and non-custodial administration services. There were no significant changes to the principal activities of the Group during the half year that are not otherwise disclosed in this Annual Report.

Operating and Financial Review

Key platform statistics

Set out in the below table is a summary of key platform statistics for 1H 2023 and 1H 2022.

	Consolidated Group for Period Ended			
	31 Dec 2022	31 Dec 2021	Variance	Variance %
FUA (EOP*) (\$ million)	62,414	56,654	5,760	10.2%
FUA inflows (\$ million)	8,771	10,183	(1,412)	(13.9%)
FUA outflows (\$ million)	(3,747)	(2,547)	1,200	47.1%
FUA net inflows (\$ million)	5,024	7,636	(2,612)	(34.2%)
FUA Market Movement (\$ million)	1,737	1,880	(143)	(7.6%)
Fee Paying FUA % (EOP)	64.6%	63.5%	-	-
Annualised platform revenue/average FUA (bps)	33.1 bps	32.3 bps	0.8 bps	2.5%
Non-Custodial Admin (EOP*) (\$ million)	33	-	33	NA
FUM (EOP*) (\$ million)	14,440	13,817	623	4.5%
FUM net inflows (\$ million)	1,196	1,729	(533)	(30.8%)
Managed Account (EOP*) (\$ million)	12,229	11,703	526	4.5%
Managed Account net inflows (\$ million)	867	1,508	(641)	(42.5%)
Managed Funds (EOP*) (\$ million)	2,211	2,114	97	4.6%
Managed Funds net inflows (\$ million)	328	220	108	49.1%
Cash transaction account as % of FUA (EOP*) (\$ million)	6.9%	6.1%	-	-
Accounts (EOP*) (number)	121,032	107,103	13,929	13.0%
Financial Intermediaries (EOP*) (number)	3,421	3,254	167	5.1%
Average FUA per average number of Accounts (\$ thousands)	506	508	(2)	(0.4%)
Annualised platform revenue/average number of Accounts (\$)	1,673	1,642	31	1.9%

* EOP=End of Period

Funds Under Administration (FUA) of \$62.4 billion as at 31 December 2022, increased by \$5.8 billion (10.2%) from 31 December 2021. FUA net inflows of \$5.0 billion for the period, decreased by \$2.6 billion (34.2%) from 1H 2022 following difficult macro-economic conditions caused by volatility in equity markets that often results in the delay of new transitions by advisers and their clients. Outflows during the period have also increased substantially due to high net worth, larger institutional accounts and pension clients partially withdrawing funds.

Based on the latest data research by Plan for Life, Netwealth remains the market leader in FUA net inflows and achieved a yearly record FUA net inflows of \$11.9 billion over the 12 months period to end September 2022. Total FUA grew by \$5.8 billion despite negative FUA market movement of \$4.6 billion over this 12-month period (-\$6.35 billion in 2H 2022).

During the half year, clients have begun piloting the new non-custodial administration service.

Funds Under Management (FUM) as at 31 December 2022 of \$14.4 billion, increased by \$0.6 billion (4.5%) from 31 December 2021.

Managed Account FUM as at 31 December 2022 of \$12.2 billion, increased by \$0.5 billion (4.5%) from 31 December 2021. Managed Funds FUM increased by \$0.1 billion (4.6%) to \$2.2 billion as at 31 December 2022.

At 31 December 2022 the cash transaction account as a percentage of FUA was 6.9%, an increase of 0.8% from 1H 2022.

Annualised platform revenue over average FUA for 1H 2023 was 33.1 bps, increase by 0.8 bps from 1H 2022. Average account size decreased to \$506,000 (Wrap \$1,094,000, Super \$246,000) in December 2022, down slightly from \$508,000 in 1H 2022.

Annualised platform revenue per Account for 1H 2023 increased slightly to \$1,673 (1H 2022: \$1,642) from the increase in cash ratio and as cash margins recovered following recent increases in RBA cash rate in 1H 2023.

Number of Accounts increased by 13,929 (13.0% increase) to 121,032. Financial Intermediaries using the platform at 31 December 2022 was 3,421, up 5.1% for 1H 2023.

Financial Review

Set out in the table below is the consolidated statement of profit or loss and other comprehensive income for 1H 2023 presented in full to reflect other financial metrics.

	Consolidated Group for Period Ended			
	31 Dec 2022	31 Dec 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
Income				
Platform revenue*	99,812	84,575	15,237	18.0%
Other income	2,985	1,851	1,134	61.3%
Total income	102,797	86,426	16,371	18.9%
Expenses				
Employee benefits expenses	(38,060)	(30,987)	7,073	22.8%
Share-based payment expense	(1,221)	(1,857)	(636)	(34.2%)
IT and communication	(6,120)	(2,861)	3,259	113.9%
Product and Marketing	(2,053)	(986)	1,067	108.2%
Travel and Entertainment	(586)	(113)	473	418.6%
Other costs and expenses*	(8,574)	(8,154)	420	5.2%
Total expenses	(56,614)	(44,958)	11,656	25.9%
EBITDA	46,183	41,468	4,715	11.4%
EBITDA margin	44.9%	48.0%	(3.1%)	-
Interest on leases	(232)	(254)	(22)	(8.7%)
Depreciation and amortisation	(1,615)	(1,387)	228	16.4%
NPBT	44,336	39,827	4,509	11.3%
Income tax expense	(13,712)	(12,696)	1,016	8.0%
NPAT	30,624	27,131	3,493	12.9%
NPAT margin	29.8%	31.4%	(1.6%)	-
EPS (cents per share)#	12.4	11.1	1.3	11.7%

*During the half year, the Group has revised the classification and disclosure of brokerage expenses. \$1.8 million brokerage expenses, previously included net of the Group's revenue in Platform revenue, have been reclassified as expenses under Other costs and expenses in the table above (1H 2022 \$1.7M). Comparative figures have been reclassified to be consistent with current period disclosure. Refer to Note 1 Significant Accounting Policies.

#EPS has been calculated on the basis all options and rights currently on issue has vested and converted to ordinary shares as at the beginning of the period.

Platform revenue increased by \$15.2 million (18.0%) to \$99.8 million from 1H 2022 to 1H 2023. Building on from the momentum in 2H 2022, strong FUA growth from both new and existing clients led to higher administration fee revenues.

Following a change in disclosures, brokerage expenses of \$1.8 million in 1H 2023 have been reclassified from platform revenue to other costs and expenses (1H 2022: \$1.7 million).

Total expenses of \$56.6 million for 1H 2023, increased by \$11.7 million (25.9%) compared to 1H 2022 with key drivers noted below.

Employee benefits expense increased by \$7.1 million (22.8%) to \$38.1 million for 1H 2023 compared to 1H 2022. Headcount on 31 December 2022 were 542 with an additional 27 roles added in 1H 2023, compared to 55 roles in 1H 2022. Of the 27 new roles, 19 were in technology teams, reflecting our ongoing investment in enhancing the platform. Employee benefits expense represented 67% of total 1H 2023 expenses.

Share based payments expense decreased by \$0.6 million (-34.2%) to \$1.2 million in 1H 2023 compared to 1H 2022 as no new employee options were issued in 1H 2023.

The largest increases in non-employment expenses during 1H 2023 compared to the prior period were in Information Technology and Communications (\$3.3 million), Product, Marketing and Travel and Entertainment (\$1.5 million). IT and communications expense increase primarily relates to our migration to the cloud and upgrading workflow, security and customer relationship management systems. We have also increased our spending in Marketing and Advertising, Travel and Entertainment as the economy re-opens post Covid-19.

Other operating expenses increased by \$0.4 million to \$8.6 million for 1H 2023 compared to 1H 2022.

Underlying profit or loss for 1H 2023

Set out in the table below is the reconciliation from EBITDA to underlying EBITDA and NPAT for 1H 2023 to reflect an adjustment on non-recurring costs.

	Consolidated Group for Period Ended			
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	Variance \$'000%	Variance %
EBITDA	46,183	41,468	4,715	11.4%
Add back: Non-recurring expense*	-	501	(501)	(100.0%)
Underlying EBITDA	46,183	41,969	4,214	10.0%
Underlying EBITDA margin	44.9%	48.6%	(3.7%)	-
Interest on leases	(232)	(254)	(22)	(8.7%)
Depreciation and amortisation	(1,615)	(1,387)	228	16.4%
Income tax expense	(13,712)	(12,696)	1,016	8.0%
Add back: Tax impact from non-recurring expense*	-	(150)	150	100.0%
Underlying NPAT	30,624	27,482	3,142	11.4%
Underlying NPAT margin	29.8%	31.8%	(2.0%)	-
Underlying EPS (cents per share)*	12.4	11.1	1.3	11.7%

*Netwealth incurred \$0.5 million of legal and consulting costs in 1H 2022, which are not recurring in nature as they relate to acquisitions no longer pursued. It has a tax impact of (\$0.15 million).

EPS has been calculated on the basis all options and rights currently on issue has vested and converted to ordinary shares as at the beginning of the period

Overall, underlying EBITDA of \$46.2 million for 1H 2023 increased by \$4.2 million or 10.0% versus 1H 2022. The underlying EBITDA margin of 44.9% decreased by 3.7% versus 1H 2022 as a result of planned increase in expenditure in particular from the investment in IT and in our people.

Underlying NPAT of \$30.6 million for 1H 2023 increased by \$3.1 million or 11.4% versus 1H 2022 reflecting continuing profit growth to the Group.

The underlying effective tax rate has decreased to 30.9% in 1H 2022 versus 1H 2021 of 31.9%. This was due to the permanent tax difference on non-cash share-based payment expense of \$1.0 million. Excluding the non-cash share-share based payment, the effective tax rate would have been 30.2%

Underlying Cash Flow Statement 1H 2023

The table below sets out the summary of the underlying consolidated statement of cash flows for 1H 2023 and 1H 2022.

	Consolidated Group for Period Ended			
	31 Dec 2022	31 Dec 2021	Variance	Variance
	\$'000	\$'000	\$'000	%
Receipts from customers	104,196	91,172	13,024	14.3%
Other operating cash flows	(52,976)	(41,951)	(11,025)	(26.3%)
Adjustment for once-off lease incentives received	-	(3,537)	3,537	100.0%
Operating net cash flows before tax and interest	51,220	45,684	5,536	12.1%
Investing activities	(2,553)	(3,101)	548	17.7%
Adjustment for seed funding for Managed Funds	(1,000)	1,000	(2,000)	(200.0%)
Free cash flows	47,667	43,583	4,084	9.4%

Underlying operating net cash flow before tax and interest was \$51.2 million for 1H 2023 which increased by \$5.5 million or 12.1% versus 1H 2022. For further information about the movement in working capital, please refer to Note 15.

The Group had free cash flows of \$47.7 million at the end of 1H 2023, an increase of \$4.1 million or 9.4% increase versus 1H 2022.

COVID-19 impact and External Outlook

As the world continues to shift into a post COVID-19 environment with travel and business relations recovering, the Group is very well positioned with its pipeline of new and existing business and growing market share. The Directors continue to monitor latest global and economic conditions including and not limited to the Russia-Ukraine war, inflation and rising interest rates to assess the impacts of these extraneous factors on the Group's operations on an ongoing basis.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs during the half year.

Dividends

During the half year, the Company declared on 24 August 2022 and paid on 29 September 2022 a fully franked dividend of 10.0 cents per share representing a total dividend of \$24,831,369. There is no dividend reinvestment plan.

Options and shares

On 14 September 2022, eligible employees who had served 3 or more years were offered ordinary shares valued at \$1,000 as a gift for no consideration resulting in 13,950 new ordinary shares issued at \$13.22 per share.

On 12 October 2022, 57,558 (\$434,816) Options which vested at 30 June 2022 were exercised for the equivalent number of issued Fully Paid Ordinary shares.

During the period, a number of employees were granted performance rights as part of the Group's long-term incentive plan. This resulted in the Group issuing 76,447 performance rights during the half year.

Corporate sustainability and governance (CSG)

Netwealth is committed to corporate sustainability and strong governance. We have in place a comprehensive corporate sustainability framework which reflects our core values of being genuine, agile, collaborative, curious, courageous and optimistic. This framework enables Netwealth to be clear in its vision and goals and be held accountable in each area of sustainability through the following four pillars.

1. Enhance our core business.
2. Be genuine and transparent.
3. Foster diversity, talent and well being.
4. Create a positive social and environmental impact.

We believe our corporate sustainability and governance focus is essential for our long-term performance and supports the interests of our people, shareholders, clients and other stakeholders. We have recently embarked on a new project to better understand our carbon emissions and we continue to support our Impact Partners and Banqer to deliver meaningful environmental and social impact to our community. Our latest corporate sustainability report, quarterly progress report and latest initiatives are available on the Company's website at

<https://www.netwealth.com.au/web/about-netwealth/corporate-sustainability/>

For our latest corporate governance statement and disclosure policies, please visit our website below.

<https://www.netwealth.com.au/web/about-netwealth/shareholders/>

Events subsequent to the end of the reporting period

On 15 February 2023, the Company declared a fully franked interim dividend for 1H 2023 of 11.00 cents per share (total dividend of \$26,827,372). The interim dividend is payable on 24 March 2023.

There are no other matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

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 part 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 any such proceedings during the half year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is set out on page 15.

For personal use only

Rounding of amounts

The Group is of a kind referred to in the Australian Securities and Investments Commissions Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors:



Tim Antonie

Chairman

15 February 2023

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia
Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

The Board of Directors
Netwealth Group Limited
Level 6, 180 Flinders Street
Melbourne VIC 3000

15 February 2023

Dear Directors,

Auditors' Independence Declaration to Netwealth Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Netwealth Group Limited.

As lead audit partner for the review of the half year financial report of Netwealth Group Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022.

	Note	Consolidated Group for Period Ended	
		31 December 2022 \$'000	31 December 2021 \$'000
Income			
Revenue*		99,812	84,575
Other income		2,985	1,851
Total income	3	102,797	86,426
Expenses			
Employee benefits expenses		(38,060)	(30,987)
Share-based payment expense		(1,221)	(1,857)
Brokerage, investment & custody*		(2,496)	(2,329)
IT and communication		(6,120)	(2,861)
Client transactions & communication		(1,366)	(1,198)
Professional fees		(1,751)	(1,392)
Insurance		(1,493)	(1,142)
Advertising & Marketing		(1,450)	(798)
Depreciation		(1,311)	(1,297)
Amortisation		(304)	(90)
Interest expense		(232)	(254)
Other operating expenses		(2,489)	(2,151)
Share of associate and joint venture NPAT	9	(168)	(243)
Total expenses		(58,461)	(46,599)
Profit before income tax		44,336	39,827
Income tax expense	4	(13,712)	(12,696)
Profit for the period		30,624	27,131
Total comprehensive income for the period		30,624	27,131
Total comprehensive income attributable to:			
Members of the parent entity		30,624	27,131
Earnings per share			
Basic (cents per share)		12.6	11.1
Diluted (cents per share)		12.6	11.1

*During the half year, the Group has revised the classification and disclosure of brokerage expenses. \$1.8 million brokerage expenses, previously included net of the Group's revenue in Platform revenue, have been reclassified as expenses under Brokerage, investment & custody (1H 2022 \$1.7M). Comparative figures have been reclassified to be consistent with current period disclosure. Refer to Note 1 Significant Accounting Policies.

[The accompanying notes form part of these financial statements](#)

Consolidated Statement of Financial Position

As at 31 December 2022.

		Consolidated Group as at	
	Note	31 December 2022	30 June 2022
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		98,753	88,376
Trade and other receivables		17,181	14,727
Other current assets	6	8,365	10,024
Financial Assets at FVTPL*	14	522	1,086
Total current assets		124,821	114,213
Non-current assets			
Property, plant and equipment		1,713	1,560
Intangible assets	8	4,410	2,215
Lease assets	7	13,736	14,643
Financial Assets at FVTPL*	9(ii), 14	302	-
Investment in associates & joint venture	9(i)	1,823	1,991
Deferred tax assets	4	2,851	1,582
Total non-current assets		24,835	21,991
Total assets		149,656	136,204
Current liabilities			
Trade and other payables		12,345	8,635
Provisions	10	7,062	6,417
Current tax liabilities		3,004	1,090
Lease liability	7	1,504	1,501
Total current liabilities		23,915	17,643
Non-current liabilities			
Lease liability	7	12,840	13,586
Provisions	10	759	732
Total non-current liabilities		13,599	14,318
Total liabilities		37,514	31,961
Net assets		112,142	104,243
Equity			
Issued capital	11	27,183	26,563
Reserves		5,612	4,576
Retained earnings		79,347	73,104
Total equity		112,142	104,243

*Fair value through Profit & Loss

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022.

Consolidated Group	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2021		26,398	1,688	65,095	93,181
Shares fully paid during the period		154	-	-	154
Total comprehensive income for the period		-	-	27,131	27,131
Amounts recognised on issue of employee shares		-	1,702	-	1,702
Dividends paid or provided for		-	-	(23,161)	(23,161)
Balance at 31 December 2021		26,552	3,390	69,065	99,007
Balance at 1 July 2022		26,563	4,576	73,104	104,243
Shares issued and fully paid during the period		620	-	-	620
Total comprehensive income for the period		-	-	30,624	30,624
Amounts recognised on issue of employee shares		-	1,036	-	1,036
Dividends paid or provided for	5	-	-	(24,381)	(24,381)
Balance at 31 December 2022		27,183	5,612	79,347	112,142

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2022.

	Note	Consolidated Group for Period Ended	
		31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities			
Receipts from customers		104,196	92,868
Payments to suppliers and employees		(54,097)	(44,296)
Dividends received		9	2
Interest received		1,110	147
Interest paid		(231)	(254)
Income tax paid		(13,066)	(17,207)
Net cash generated by operating activities	15	37,921	31,260
Cash flows from investing activities			
Purchase of property, plant and equipment		(558)	(870)
Proceeds from sale of Investments		985	335
Purchase of investments		(481)	(1,049)
Purchase of intangibles		(2,499)	(1,517)
Net cash used in investing activities		(2,553)	(3,101)
Cash flows from financing activities			
Proceeds from issue of shares		435	-
Payment of lease liabilities		(743)	(699)
Loan to joint venture		(302)	-
Dividends paid		(24,381)	(23,161)
Net cash used in financing activities		(24,991)	(23,860)
Net increase in cash held		10,377	4,299
Cash and cash equivalents at beginning of period		88,376	81,421
Cash and cash equivalents at end of period		98,753	85,720

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Significant Accounting Policies

Basis of preparation

This consolidated financial report for the half year ended 31 December 2022:

- is for the consolidated entity consisting Netwealth Group Limited and its controlled entities (trading on the ASX under the symbol 'NWL');
- is presented in Australian dollars, with all values rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2011;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Netwealth Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2011;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- has accounting policies and methods of computation which are consistent with the most recently published full year accounts, unless otherwise stated in this interim financial report.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The financial statements of all the entities are prepared for the same reporting period as the parent entity with consistent accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Critical accounting estimates and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are evaluated on an ongoing basis and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement and estimates have been used to determine the input to measure the fair value of the loan, call and put options in relation to the investment in Xeppo (Note 9).

Change in Disclosures

During the half year, the Group has revised the classification and disclosure of brokerage expenses. Brokerage expenses, previously included net of the Group's revenue in Platform revenue, have been reclassified as an expense under Brokerage, Investment and Custody expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. In addition, other operating expense items have been reclassified in the prior period. The revised classifications provide more relevant information as it more appropriately represents the economic substance of the transactions. Comparative figures have been reclassified to be consistent with current period disclosure.

	1H FY22 Interim Report	Reallocation in 1H FY23	Post-Reallocation
	31 December 2021		31 December 2021
	\$'000		\$'000
Income			
Revenue	82,878	1,697	84,575
Other Income	1,851	-	1,851
Total income	84,729	1,697	86,426
Expenses			
Brokerage, investment & custody	-	(2,329)	(2,329)
Other expenses	(44,902)	632	(44,270)
Total expenses	(44,902)	(1,697)	(46,599)
Profit before income tax	39,827	-	39,827
Profit for the period after tax	27,131	-	27,131

Investment in Associates & Joint Ventures

The Group re-classified the investment in Xeppo Pty Ltd from investment in associate to a joint venture as key strategic and operational decisions require unanimous consent.

Joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement and decisions on key strategic and operational activities require unanimous consent from all parties that collectively control the joint arrangement.

Investments in joint ventures are accounted for using the equity method in IAS 28 Investments in Associates and Joint Ventures in group financial statements. Under the equity method, investments in associates or joint ventures are recognised initially in the Consolidated Statement of Financial Position at cost, and subsequently, the carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. The Group's share of the profit or loss is recognised in the statement of profit or loss.

COVID-19 impact and External Outlook

As the world continues to shift into a post COVID-19 environment with travel and business relations recovering, the Group is very well positioned with its pipeline of new and existing business and growing market share. The Directors continue to monitor latest global and economic conditions including and not limited to the Russia-Ukraine war, inflation and rising interest rates to assess the impacts of these extraneous factors on the Group's operations on an ongoing basis.

2 Segment Information

The Group has identified two operating segments with the 'Platform Operations segment' and 'Data and Advice Tech Solutions segment' following its investment in Xeppo.

The Data and Advice Tech Solutions segment is not a reportable segment on its own as the operating segment does not yet meet any of the quantitative thresholds prescribed by the Accounting Standard AASB 8 Operating Segments. As this segment is not material and significantly below the quantitative threshold the Group will continue to disclose as one reportable segment.

The operating segments have been determined based on the separate internal financial reports that are reviewed and used regularly by the Board of Directors and the executive management team, identified as the Chief Operating Decision Makers (CODM), to assess performance and in determining the allocation of resources to the operating segments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group's operations are based solely in Australia.

3 Revenue

Revenue and other income

	Consolidated Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Platform Revenue		
Administration fees	47,701	41,384
Ancillary fees	34,194	25,313
Transaction fees	12,010	12,554
Management fees	5,907	5,324
Total platform revenue	99,812	84,575
Other income		
Net loss on disposal of investments	(171)	(6)
Unrealised investment gain	111	16
Dividends and distributions received	14	12
Interest received	1,111	147
Cost of capital recovery	1,918	1,620
Other Income	2	62
Total other income	2,985	1,851
Total income	102,797	86,426

During the half year, the Group has revised the classification and disclosure of brokerage expenses. In 1H 2023, \$1.8 million brokerage expenses, previously included net of the Group's revenue in Platform revenue, have been reclassified as expenses under Brokerage, Investment and Custody expense (1H 2022 \$1.7 million).

4 Income Taxes

	Consolidated Group	
	31 December 2022 \$'000	31 December 2021 \$'000
a) The components of tax expense/(income) comprise:		
Current tax	12,453	12,369
Deferred tax	1,268	370
Over provision from prior years	(9)	(43)
	13,712	12,696
b) The prima facie tax on profit before income tax is reconciled to income tax as follows:		
Prima facie tax before income tax at 30%	13,301	11,948
Other non-allowable/assessable items*	411	748
Income tax expense attributable to entity	13,712	12,696

*The Group recognised non-deductible share-based payment expense of \$1.0 million in 1H 2023 (1H 2022: \$1.7 million).

	Consolidated Group	
	31 December 2022 \$'000	31 December 2021 \$'000
c) The components of deferred tax assets comprise:		
Expenditure deductible over 5 years	124	576
Lease liability	4,303	4,740
Leave Provision	2,320	2,170
Temporary differences	1,468	1,445
	8,215	8,931
d) The components of deferred tax liabilities comprise:		
Property, equipment and intangible assets	1,108	782
Right-of-use assets	4,121	4,665
Temporary differences	135	181
	5,364	5,628

For personal use only

	Opening Balance 31 Dec 2021	Charged to Income	Charged Directly to Equity	Transferred to Assets Held for Sale	Closing Balance 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets/liabilities					
Expenditure deductible over 5 years	576	(419)	-	-	157
Provisions	2,320	(198)	-	-	2,122
Property, plant & equipment and intangible assets	(809)	(208)	-	-	(1,017)
Leases	75	58	-	-	133
Tax losses	-	-	-	-	-
Other temporary difference	1,141	(954)	-	-	187
	3,303	(1,721)	-	-	1,582

	Opening Balance 30 Jun 2022	Charged to Income	Charged Directly to Equity	Transferred to Assets Held for Sale	Closing Balance 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets/liabilities					
Expenditure deductible over 5 years	157	(33)	-	-	124
Provisions	2,122	198	-	-	2,320
Property, plant & equipment and intangible assets	(1,017)	(100)	-	-	(1,117)
Leases	133	49	-	-	182
Tax losses	-	-	-	-	-
Other temporary differences	187	1,155	-	-	1,342
	1,582	1,269	-	-	2,851

Offsetting within tax consolidated group

Netwealth and its wholly owned subsidiaries have applied the tax consolidation legislation which result in these entities being taxed as a single entity. The deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.



5 Dividends

Dividends paid or declared by the Company in the half year ended 31 December 2022 were:

	Cents Per Share	Total Amount \$'000	% Franked	Date of Payment
1H 2023				
Final 2022 ordinary	10.00	24,831	100%	29 Sep 2022
Total dividend	10.00	24,831		

During the period, the Company declared on 24 August 2022 and paid on 29 September 2022 a fully franked dividend of 10.0 cents per share representing a total dividend of \$24,831,369. There is no dividend reinvestment plan.

Subsequent events

Since the end of the half year, the Company declared the following interim dividend on 15 February 2023. The dividend has not been provided for as at 31 December 2022 and there are no tax consequences.

	Cents Per Share	Total Amount \$'000	% Franked	Date of Payment
Interim 2023 ordinary	11.00	26,827	100%	24 Mar 2023
Total dividend	11.00	26,827		

6 Other Current Assets

	Consolidated Group	
	31 December 2022 \$'000	30 June 2022 \$'000
Accrued income	4,447	4,223
Prepayments	3,836	5,115
Other receivables	82	686
Total other current assets	8,365	10,024

7 Leases

	Property \$'000	Office Equipment \$'000	Total \$'000
Right-of-use assets			
Balance as at 31 December 2021	15,483	66	15,549
Depreciation	(899)	(7)	(906)
Balance as at 30 June 2022	14,584	59	14,643
Depreciation	(899)	(8)	(907)
Total right-of-use assets as at 31 December 2022	13,685	51	13,736

	Property \$'000	Office Equipment \$'000	Total \$'000
Lease liability			
Balance as at 31 December 2021	15,734	66	15,800
Payment of lease liabilities	(948)	(8)	(956)
Interest on leases	242	1	243
Balance as at 30 June 2022	15,028	59	15,087
Payment of lease liabilities	(967)	(8)	(975)
Interest on leases	231	1	232
Total lease liability as at 31 December 2022	14,292	52	14,344
Current	1,490	14	1,504
Non-current	12,802	38	12,840
Total lease liability as at 31 December 2022	14,292	52	14,344

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position throughout 1H 2023 was 3.140% (1H 2022: 3.140%).

Amounts recognised in Statement of Comprehensive Income

	31 December 2022	31 December 2021
	\$'000	\$'000
Depreciation charge of right-of-use assets	899	899
Interest expense on lease liabilities	232	254

Amounts recognised in Statement of Cash Flows

	31 December 2022	31 December 2021
	\$'000	\$'000
Total cash outflows for leases	(743)	(699)

	Property	Office Equipment
	\$'000	\$'000
Undiscounted lease payments to be paid		
Year 1	1,916	16
Year 2	1,767	15
Year 3	1,801	15
Year 4	1,851	8
Year 5	1,904	-
> 5 years	7,116	-
Total	16,355	54

Short-term leases

Payments associated with short-term leases are directly expensed within 'Occupancy expenses' in the consolidated income statement. Short-term leases are leases with a contractual term of 12 months or less. Netwealth has no low-value assets. For the period ended 31 December 2022, \$0.1 million of short-term lease payments has been recognised in the income statement.

8 Intangible Assets

	Consolidated Group			
	31 December 2022 \$'000	30 June 2022 \$'000		
Carrying amount of:				
Non-contractual customer relationships	30	60		
Software and website developments costs	2,192	2,155		
Software – Work in Progress (WIP)	2,188	-		
Total intangibles	4,410	2,215		
	Customer relationships \$'000	Software and website \$'000	Software - Work in Progress \$'000	Total \$'000
Cost				
Balance at 31 December 2021	300	2,072	286	2,658
Additions	-	339	-	339
Disposal	-	(73)	-	(73)
Transfer	-	286	(286)	-
Balance at 30 June 2022	300	2,624	-	2,924
Additions	-	311	2,188	2,499
Disposals	-	-	-	-
Balance at 31 December 2022	300	2,935	2,188	5,423

	Customer relationship \$'000	Software and website \$'000	Software - Work in progress \$'000	Total \$'000
Accumulated amortisation and impairment				
Balance at 31 December 2021	(210)	(296)	-	(506)
Amortisation	(30)	(246)	-	(276)
Disposal	-	73	-	73
Balance at 30 June 2022	(240)	(469)	-	(709)
Amortisation	(30)	(274)	-	(304)
Disposals	-	-	-	-
Balance at 31 December 2022	(270)	(743)	-	(1,013)

9 Investment in Associates & Joint Venture

(i) Share in Associate & Joint Venture

	Consolidated Group	
	31 December 2022 \$'000	30 June 2022 \$'000
Equity investments with no provisions for impairment	2,567	2,567
Share of Associate and Joint Venture NPAT	(744)	(576)
Total Investment in Associates & Joint Venture	1,823	1,991

The Group's associates & joint venture at the balance date are:

Associates & Joint Venture	Ownership Interest	Nature of activities	Financial Reporting Date	Carrying Value 31 Dec 2022 \$'000
Xeppo Pty Limited	25%	Fintech Data Solutions Provider	31 December	1,823

Xeppo Pty Ltd

The Group has a 25% interest in Xeppo, an unlisted Australian entity specialising in fintech data solutions provider based in Adelaide.

In August 2022, the Group and Xeppo entered into a revised agreement with the Group providing Xeppo a \$2.5 million convertible loan facility at 5% interest per annum for the purpose of achieving its strategic initiatives. The revised agreement also grants the Group "First call option" for a further 25% shares in Xeppo and introduced a final call and put option, for the Group to acquire and Xeppo to sell

the remaining shares in Xeppo after 30 June 2026. There is no material change in the accounting treatment from the reclassification to joint venture. As at 31 December 2022, Xeppo has drawn \$0.3 million and no options have been exercised.

The carrying value of the joint venture represents the cost of the shares of the associate and joint venture at the date of investment, adjusted for the Group's share of the associate and joint venture's profit or loss since the date of acquisition.

(ii) Financial Assets at Fair Value through P&L

Netwealth has recognised the loan to Xeppo as a Financial Asset held at FVTPL in accordance with AASB 9.

	Consolidated Group	
	31 December 2022 \$'000	30 June 2022 \$'000
Loan held at FVTPL	302	-
Total Financial Assets at Fair Value through P&L	302	-

10 Provisions

	Consolidated Group	
	31 December 2022 \$'000	30 June 2022 \$'000
Annual Leave Accrual	4,262	3,851
Provision for Long Service Leave	3,471	3,210
Other Provisions	88	88
Total Provisions	7,821	7,149
Current	7,062	6,417
Non Current	759	732
Total provisions	7,821	7,149

11 Issued Capital

Issued capital comprised:

	Consolidated Group	
	31 December 2022	30 June 2022
	\$'000	\$'000
243,885,198 Fully Paid Ordinary shares (June 2022: 243,813,690)	883,222	882,604
Total share capital	883,222	882,604
Reorganisation reserve	(856,039)	(856,041)
Issued capital	27,183	26,563

The Company recognised a reorganisation reserve of \$856 million to reflect the market value of \$3.70 per Fully Paid Ordinary share during the initial public offering.

	Consolidated group	
	31 December 2022	30 June 2022
	Number	Number
Fully Paid Ordinary shares		
At the beginning of the reporting period	243,813,690	243,802,657
Employee Share Gift	13,950	11,033
Exercise of vested options	57,558	-
At the end of the reporting period	243,885,198	243,813,690
Shares with value	243,885,198	243,813,690

On 14 September 2022, 13,950 (\$184,419) Fully Paid Ordinary shares were issued at no cost to eligible employees as part of the Employee Gift Offer.

On 12 October 2022, 57,558 (\$434,816) Options which vested at 30 June 2022 were exercised and converted to Fully Paid Ordinary shares.

The Company has issued share capital amounting to 243,885,198 Ordinary shares (June 2022: 243,813,690 shares) of no par value.

At shareholders' meetings each Ordinary share is entitled to one vote when a poll is called, otherwise each Ordinary shareholder has one vote on a show of hands.

12 Share Based Payments

Netwealth Equity Incentive Plan (NEIP)

The Group operates an equity-settled share-based compensation plan for which the Board, under the NEIP may make offers of “incentive securities” in the form of rights, options, restricted shares or a combination of these to selected employees in exchange for their services. The value of the employee services rendered for the grant of these incentive securities is recognised as an expense over the vesting period, with the amount determined by the fair value of these incentive securities granted. The NEIP does not apply to Non-Executive Directors.

As at 31 December 2022, the Group had the following share-based payment arrangements:

Options Granted

During the period, the Company granted and issued NIL ordinary share options to employees under the NEIP.

The following unvested options remain outstanding at the end of the reporting period:

Series	Grant date	Number	Plan	Expiry Date	Exercise Price	Fair Value at Grant Date
Series 16	23 September 2021	1,510,000	Options - LTI	30 June 2024	\$15.74	\$3.14
Series 17	23 September 2021	450,000	Options - LTI	30 June 2024	\$15.74	\$2.78
Series 18	27 October 2021	75,000	Options - LTI	30 June 2024	\$15.74	\$4.52

The following vesting conditions apply to all the LTI Scheme Options:

- The holder must be either continuously employed by or hold office continually until the end of the vesting period;
- In each of the three financial years ending from the year the options are issued, the holder must achieve performance ratings of ‘achieving’ and achieve all minimum KPIs as detailed in the performance plan applicable for the relevant year.

In relation to Series 17 and 18 options, there are additional vesting conditions which only applies to those participants:

- 50% of Options are subject to achieving a Total Shareholder Return relative to the Group’s ranking in the Comparator Group (being the ASX 300 Diversified Financial Index);
- 50% of Options are subject to the Group achieving the target EPS growth rate over the vesting period.

Performance Rights Granted

During the period, the Company granted and issued 76,447 performance rights under the NEIP.

The following performance rights remains outstanding at the end of the reporting period:

Series	Grant date	Number	Plan	Expiry Date	Weighted Average Fair Value at Grant Date
Series 19	23 September 2021	27,240	Rights - LTI	30 June 2024	\$14.66
Series 20	27 October 2021	23,825	Rights - LTI	30 June 2024	\$17.40
Series 21	19 November 2021	4,686	Rights - LTI	30 June 2024	\$16.27
Series 22	12 September 2022	41,131	Rights - LTI	30 June 2025	\$12.37
Series 23	11 October 2022	5,059	Rights - LTI	30 June 2025	\$11.15
Series 24	23 November 2022	30,257	Rights - LTI	30 June 2025	\$13.09

The following vesting conditions apply to the 1H 2023 LTI Scheme Rights:

- The holder must be either continuously employed by or hold office continually until 30 June 2025;
- In each of the three financial years ending with the FY2025, the holder must achieve performance ratings of 'achieving' and achieve all minimum KPIs as detailed in the performance plan applicable for the relevant year;
- 25% of the Rights are based on the company values ratings over the vesting period;
- 25% of the Rights are based on the individual contribution to delivery of strategic initiatives over the vesting period; and
- 50% of Rights are subject to the Group achieving the target EPS growth rate over the vesting period.

Vested options

57,558 options that vested were exercised during the period (30 June 2022: nil).

The following options vested during the period and remain outstanding at the end of the reporting period:

Series	Grant date	Number	Plan	Expiry Date	Exercise Price	Fair Value at Grant Date
Series 14	17 October 2019	439,801	Options - LTI	30 June 2022	\$7.5544	\$2.73
Series 15	12 November 2019	78,232	Options - LTI	30 June 2022	\$7.5544	\$3.00

13 Controlled Entities

	Country of Incorporation	Percentage Owned	
		31 December 2022 %	30 June 2022 %
Subsidiaries of Netwealth Group Limited			
Netwealth Holdings Limited	Australia	100	100
Wealthtech Pty Ltd	Australia	100	100
Subsidiaries of Netwealth Holdings Limited			
Netwealth Investments Limited	Australia	100	100
Netwealth Group Services Pty Ltd	Australia	100	100
Netwealth Fiduciary Services Pty Ltd	Australia	100	100
Netwealth Superannuation Services Pty Ltd	Australia	100	100

Wealthtech is not operational as of 31 December 2022.

14 Financial Instruments

The carrying amount for each category of financial instruments, measured in accordance with AASB 9 *Financial Instruments*, as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Financial assets		
Cash & cash equivalent	98,753	88,376
Trade & other receivables	17,181	14,727
Financial assets at FVTPL	824	1,086
Total financial assets	116,758	104,189
Financial liabilities		
Trade & other payables	7,839	7,794
Total financial liabilities	7,839	7,794

The Group's financial instruments consist of deposits with banks, local money markets investments, short term investments, accounts receivable and payable and loan asset.

Fair value of financial instruments

The fair values of financial assets and financial liabilities that are measured at amortised cost are presented in the following table:

	Net Carrying Value	
	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Financial assets		
Cash & cash equivalent	98,753	88,376
Trade & other receivables	17,181	14,727
Total financial assets	115,934	103,103
Financial liabilities		
Trade & other payables	7,839	7,794
Total financial liabilities	7,839	7,494

For all in the above table, the carrying value approximates their fair value

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Unadjusted quoted prices in active markets for identical assets or liabilities (Level 1). The listed and unlisted investments are valued by reference to the quoted prices in active markets and are deemed to be Level 1 instruments in accordance with AASB 13 fair value hierarchy of measurement. In this regard, there is no subjectivity in relation to their value.
- In valuing investments that maybe included in Level 2 of the hierarchy, valuation techniques, such as comparison to similar investments for which market observable prices are available, are adopted to determine the fair value of these investments.
- Fair value for investments that maybe included in Level 3 are determined using valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For personal use only

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2022				
FVTPL financial assets:				
Listed investments	1	-	-	1
Loan held at FVTPL	-	-	302	302
Other	-	521	-	521
Total FVTPL financial assets	1	521	302	824
30 June 2022				
FVTPL financial assets:				
Listed investments	12	-	-	12
Other	-	1,074	-	1,074
Total FVTPL financial assets	12	1,074	-	1,086

The listed investments are valued by reference to the quoted prices in active markets for identical securities and are deemed to be Level 1 securities in accordance with AASB 13 fair value hierarchy of measurement. In this regard, there is no subjectivity in relation to their value as listed investments.

In valuing investments that maybe included in Level 2 of the hierarchy, valuation techniques, such as comparison to similar investments for which market observable prices are available, are adopted to determine the fair value of these investments.

Level 3 inputs are unobservable inputs for the asset or liability with the reconciliation shown in the table below:

Reconciliation of Level 3 fair value measurements

	Loan to Joint Venture
	\$'000
31 December 2022	
Opening balance	-
Principal and interest on loan	302
Closing balance	302

15 Cash Flow Note

Reconciliation of cash flow from operations with profit after income tax

	Consolidated Group	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit for the half year	30,624	27,131
Income tax expense recognised in profit or loss	13,712	12,696
Depreciation & amortisation	1,615	1,387
Share based payment expense	1,221	1,857
Unrealised gain on investments	(111)	(16)
Adjustment on make good provision	-	(13)
Loss on disposal of assets	-	9
Loss on disposal of investments	171	6
Share of Associate's & Joint Venture NPAT	168	243
	47,400	43,300
Movements in working capital		
Increase in trade & other receivables	(2,526)	(360)
Decrease in other assets	1,659	2,393
Increase in trade & other payables	3,782	2,316
Increase in provisions	672	818
Cash generated from operations	50,987	48,467
Income tax paid	(13,066)	(17,207)
Net cash provided by operating activities	37,921	31,260

16 Events Occurring after Reporting Date

On 15 February 2023, the Company declared a fully franked interim dividend for 1H 2023 of 11.00 cents per share (total dividend of \$26,827,372). The interim dividend is payable on 24 March 2023.

In the opinion of the Board, there are no other matters or circumstances which have arisen between 31 December 2022 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs for the Group in subsequent financial periods.

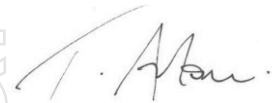
Directors' Declaration

The Directors declare that:

- a. the attached financial statements and notes are in accordance with the Corporations Act 2001, comply with Accounting Standards AASB 134 Interim Financial Reporting, Corporation Regulations 2001 and other mandatory professional reporting requirements;
- b. the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity; and
- c. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Timothy Antonie

Chairman

15 February 2023

Independent Auditor's Review Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Netwealth Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Netwealth Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants
Melbourne, 15 February 2023

For personal use only

Level 6, 180 Flinders Street
Melbourne, VIC 3000

PO Box 336
South Melbourne, VIC 3205

Freecall [1800 888 223](tel:1800888223)
Fax [+61 3 9655 1333](tel:+61396551333)
Email contact@netwealth.com.au
Web netwealth.com.au

ABN 84 620 145 404

