Equity Trustees

Issue Date: 25 February 2022

APPENDIX 4D

EQT Holdings Limited ABN 22 607 797 615

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

PERFORMANCE	31 DECEMBER 2021 $'000		31 DECEMBER 2020 $'000
Revenue from ordinary activities	55,871	Up 15.8% from	48,266
Profit after tax from ordinary activities attributable to members	12,710	Up 29.3% from	9,831
Net profit for the period attributable to members	12,710	Up 29.3% from	9,831
Earnings per share attributable to members (cents per share)	60.47	Up 13.31 cents, or 28.2% from	47.16
DIVIDENDS	**31 DECEMBER 2021**		**31 DECEMBER 2020**
Interim Dividend (cents per share)	48	Up 4 cents, or 9.1% from	44
Franked percentage	100%		100%
KEY DATES			
Record date for determining entitlements to the Interim dividend			Thursday, 10 March
Last date for the receipt of an election notice for participation in the DRP			Friday, 11 March
Payment date for Interim dividend			Tuesday, 29 March

The Directors have declared a fully franked Interim dividend of 48 cents per share. The Directors have also declared that the Dividend Reinvestment Plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average market price of EQT traded shares on the first five days of EQT share trading after the Record Date. A 1.25% discount will be applied.

ASX ADDITIONAL INFORMATION

Additional information, current as at 31 December 2021, and not shown elsewhere in this report, follows:

NET TANGIBLE ASSETS PER SHARE

NET TANGIBLE ASSETS PER SHARE[1]	31 DECEMBER 2021	31 DECEMBER 2020
Net tangible asset backing per share	$3.27	$2.80

[1]Based on shares on issue at 31 December 2021 of 21,060,138 (31 December 2020: 20,899,909). The calculation of NTA backing includes right of use assets recognised under AASB 16 *Leases* relating to the Group's premises leases.

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

HALF-YEAR ENDED 31 DECEMBER 2021

There were no material entities for which control was gained or lost during the period.

HALF-YEAR ENDED 31 DECEMBER 2020

There were no material entities for which control was gained or lost during the period.

AUDITOR'S REVIEW

A review of the condensed consolidated half-year financial statements has been completed with an unqualified conclusion expressed by the Auditor. A copy of the review report is attached.

COMMENTARY

Additional Appendix 4D disclosure requirements can be found in the half-year Report, which contains the Directors' Report and the 31 December 2021 Financial Statements and accompanying notes.

For a comprehensive overview of the half-year results, please refer to the separate ASX release covering the Announcement of Results and Shareholder Presentation.

The EQT Holdings Limited Board has authorised that this document be given to the ASX

CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Equity Trustees

Issue Date: 25 February 2022
EQT Holdings Limited and Controlled Entities

The Board has authorised that this document be given to the ASX.

Equity Trustees acknowledges Aboriginal and Torres Strait Islander people as the First Australians and respects their long and enduring connection to their land.

We pay our respects to all Elders past, present and emerging.

CONTENTS

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The Directors of EQT Holdings Limited (Equity Trustees, or the Company) present the interim financial report for EQT Holdings Limited and its subsidiaries (the Group) for the half year ended 31 December 2021, and the independent auditor's review report.

BOARD OF DIRECTORS

The Directors of the Company during or since the end of the half year are:

CAROL SCHWARTZ AO	Independent Director	Appointed Director in March 2020, Chair in October 2020.
ANNE O'DONNELL	Independent Director	Appointed in September 2010.
KEVIN ELEY	Independent Director	Appointed Director in November 2011.
D GLENN SEDGWICK	Independent Director	Appointed Director in August 2016.
TIMOTHY (TIM) HAMMON	Independent Director	Appointed Director in December 2018.
CATHERINE ROBSON	Independent Director	Appointed Director in February 2020.
THE HON. KELLY O'DWYER	Independent Director	Appointed Director in March 2021.
MICHAEL (MICK) O'BRIEN	Managing Director	Appointed Director in July 2014; Executive Director in April 2016; Managing Director in July 2016.

COMPANY SECRETARIES

SAMANTHA EINHART	Company Secretary	Appointed as Company Secretary 5 January 2022.
PHILIP GENTRY	Company Secretary	Appointed Company Secretary in April 2021, Resigned as Company Secretary on 5 January 2022.

OPERATING AND FINANCIAL REVIEW

OVERVIEW OF EQUITY TRUSTEES

INTRODUCTION

Established in 1888, EQT Holdings Limited and its controlled entities (Equity Trustees or the Group), is an Australian independent financial services organisation operating in Australia, the United Kingdom and Ireland providing trustee and related services to a variety of corporate and private clients.

PURPOSE

Equity Trustees is a company founded on trust and has acted in a trusted role for individuals, trusts and corporations for over 130 years.

Its purpose is to help people take care of their future through:

- Safeguarding people's wealth now and for generations to come.
- Acting as a trusted, independent partner to grow and manage clients' wealth.
- Providing trustee services to help clients protect members' and investors' interests.
- Empowering clients to improve the lives of others and support the community.

STRATEGY

Equity Trustees aims to be the pre-eminent independent specialist provider of trustee services in Australia. The Group's vision is to become Australia's leading trustee company, and a significant global player in fund governance services. This vision is supported by the following key strategies:

GROUP STRATEGY

BUSINESS GROWTH

- Capture opportunities from market demand for fiduciary independence
- Compete in additional lines of trusteeship to maximise our opportunity set
- Scale up areas of business that show greatest scope for growth
- Disciplined acquisitions in areas with greatest growth and/or synergy opportunities
- Maintain balance sheet discipline

CLIENT SERVICE

- Deliver seamless, tailored client service across our B2B and B2C clients
- Leverage technology solutions to improve client offering and streamline operations

CAPABILITY

- Resource our businesses with the best technical professionals in fiduciary services
- Build teams of dedicated, skilled, resilient people
- Build technology and systems to drive operational efficiency

COMMUNITY

- Efficient and effective management of clients' philanthropic funds
- Responsible corporate citizen with strong ESG practices
- Contribute to improving social and economic outcomes for Aboriginal and Torres Strait Islander peoples and communities
- Supporting volunteers and communities via the Community Rebuilding Trust

Key strategic objectives include:

- Consistent growth in shareholder value and returns.
- Market leadership in our specialist business areas.
- Reputation as a stable, trusted, enduring corporation.

As an independent, specialist trustee, Equity Trustees aims to be a leading player in all aspects of trusteeship. Equity Trustees deploys its trustee capability through three core businesses complemented by shared technology and support services.

OPERATING BUSINESSES AND PRINCIPAL ACTIVITIES

The Group has three business units through which we offer our services to corporate and private clients:

Corporate Trustee Services (CTS) – provides a range of fund governance and trustee services for investment schemes on behalf of local and international fund managers and sponsors, as well as specialised trustee services for debt, securitisations, custody and real asset arrangements for corporates. CTS operates in Australia, the United Kingdom and Republic of Ireland. CTS's strategy is to:

- Build on its Australian leadership position in trustee services.
- Accelerate growth in its Corporate Trust business.
- Improve scale and profitability in UK/Ireland.

Trustee & Wealth Services (TWS) – provides a range of Private Client and Philanthropic Trustee Services including estate planning and management, charitable, compensation, community and personal trust services, and wealth management and advice. TWS operates within Australia. TWS's strategy is to:

- Achieve a leadership position in additional states and more segments of business.
- Build on its strong presence in the not-for-profit market.
- Utilise technology to provide an enhanced client experience.

Superannuation Trustee Services (STS) – provides independent, outsourced superannuation trustee services for superannuation funds. STS operates within Australia. STS's strategy is to:

- Capitalise on industry and ownership changes to facilitate new appointments.
- Continue to develop processes and systems to manage improved member outcomes.

Revenues are a mixture of fixed fee and asset related. Contracts typically provide relatively enduring revenue streams.

GROUP FINANCIAL PERFORMANCE

Summary Financial Results and Value Creation Measures

FINANCIAL SUMMARY	1H22 $'000	2H21 $'000	1H21 $'000	1H22 v 2H21 $'000	1H22 v 2H21 %	1H22 v 1H21 $'000	1H22 v 1H21 %
Revenue	**55,871**	52,774	48,266	3,097	5.9%	7,605	15.8%
Total expenses	**(36,102)**	(35,574)	(35,155)	(528)	(1.5%)	(947)	(2.7%)
Net Profit Before Tax (NPBT)	**19,769**	17,200	13,111	2,569	14.9%	6,658	50.8%
Reconciliation to Underlying NPBT (UNPBT)[1]							
M&A Project costs	-	88	1,739	(88)	(100.0%)	(1,739)	(100.0%)
Underlying NPBT	**19,769**	17,288	14,850	2,481	14.4%	4,919	33.1%
Net Profit After Tax (NPAT)	**12,023**	11,116	9,392	907	8.2%	2,631	28.0%
Loss attributable to non-controlling interest	**(687)**	(581)	(439)	(106)	18.2%	(248)	56.5%
NPAT attributable to equity holders of the Company	**12,710**	11,697	9,831	1,013	8.7%	2,879	29.3%
Reconciliation to Underlying NPAT (UNPAT)[1]							
M&A Project costs	-	31	1,686	(31)	(100.0%)	(1,686)	(100.0%)
Settlement of ATO dispute	-	-	(846)	-	-	846	(100.0%)
Underlying NPAT	**12,710**	11,728	10,671	982	8.4%	2,039	19.1%
VALUE CREATION MEASURES[2]							
Earnings Per Share (EPS) (cents)	**60.47**	55.88	47.16	4.59	8.2%	13.31	28.2%
Underlying Earnings Per Share (EPS) (cents)	**60.47**	56.02	51.19	4.45	7.9%	9.28	18.1%
Dividends per share (cents) (paid and proposed)	48	47	44	1	2.1%	4	9.1%
Return on equity using NPAT	**9.0%**	8.5%	7.2%	0.5%	5.9%	1.8%	25.0%
FUMAS ($b)	**151.8**	144.2	128.1	7.6	5.3%	23.7	18.5%

[1] Underlying net profit after tax (UNPAT) excludes significant items. Adjustments have been made to reflect the impact of a settlement reached with the Australian Taxation Office (ATO) in relation to a disputed rights to future income (RTFI) deduction on an acquisition that occurred in 2010. The 1H21 underlying result is adjusted by $846k to eliminate the impact of the settlement reached with the ATO. Underlying NPBT and NPAT for 1H21 also includes a one-off post tax adjustment of $1.69m (pre-tax $1.74m) to NPAT for M&A project costs during the half for M&A that did not proceed. 2H21 includes one-off post tax adjustment of $30k (pre-tax $88k) to NPAT in relation to the same M&A proposed transaction.
[2] The weighted average shares on issue during the period were 21,017,537 (year ended 30 June 2021: 20,893,718).

The Directors of Equity Trustees are pleased to present the results of the Group for the half year ended 31 December 2021. The key themes for the results for the year are:

- Strong organic growth from all three businesses.
- Funds Under Management, Administration, Advice and Supervision (FUMAS) up 18.5% on the prior corresponding period to record levels.
- The continued recovery of financial markets from the impacts of COVID-19.
- Selective investment in growth areas along with operating cost containment.

The above table describes the key financial performance and financial value creation metrics of the Group for the half year ended 31 December 2021. Of particular focus are net profit before tax (NPBT), earnings per share, dividends and FUMAS.

Net profit before tax of $19.8m was up 50.8% on the prior corresponding period on a statutory basis, however on an underlying basis was up 33.1%. Underlying NPBT (UNPBT) adjusts for $1.74m of M&A project costs relating to M&A initiatives that ultimately did not proceed in the prior corresponding period.

1H22 NPAT was $12.7m, up 29.3% on the prior corresponding period and Underlying NPAT (UNPAT) was up 19.1% on the previous year. UNPAT adjusts for $1.69m of M&A projects costs (post-tax), along with an $846k settlement in relation to a longstanding tax matter in the prior corresponding period.

The improvement in UNPAT reflects:

- Good organic growth, especially in Corporate Trustee Services and Trustee Wealth Services.
- Positive recovery in equity markets.
- Improvements in earnings on Trustee and Wealth Services dividend distribution income as a result of increased dividends on investments, reflecting generally higher and more normalised dividend yields.
- Targeted investment in growth areas and related risk management and support.
- Operating cost containment and resequencing of some project investment from FY22 to FY23.

Underlying NPBT and underlying NPAT are intended to provide readers with a normalised view of performance of the Group, adjusting for amounts that are material, but are not necessarily expected to reoccur, and don't relate directly to the operating performance of the business.

REVENUE

The main driver of revenue is the value of FUMAS as fees are typically charged in basis points or as a percentage of FUMAS. The value of FUMAS is influenced by the level of the Australian and global equity markets along with net organic growth.

The **Trustee & Wealth Services** revenue is just over 50% linked to markets, as measured by the average daily performance of the ASX 200 index. The Corporate Trustee Services revenue is approximately 50% linked to markets, as measured by the performance of the average daily All-World MSCI index. The Superannuation Trustee Services business has lower leverage to markets, at approximately 30% of the performance of the average daily ASX 200 index, as its business model has a higher proportion of fixed fees.

For the year to 31 December 2021, FUMAS was up 18.5% to $151.8b. This was a significant achievement in a year in which the COVID-19 pandemic continued along with substantial market volatility, and largely reflects significant new client wins in Corporate Trustee Services and Trustee Wealth Services, Funds Under Supervision (FUS) growth in Superannuation Trustee Services and improving equity markets.

Total revenue for 1H22 of $55.9m was up 15.8% on the prior corresponding period reflecting positive equity markets and strong organic growth across all three revenue businesses. Total revenue was also up 5.9% on the previous half also reflecting this good momentum.

EXPENSES

Total expenses for the half were up 2.7% on 1H21. Total expenses include both operating and non-operating expenses. During the prior corresponding period, the Group incurred pre-tax costs of $1.74m in respect of potential M&A opportunities that did not complete. While on this occasion this investment did not materialise into an acquisition, the Group is confident its diligent and conservative approach to M&A is appropriate. The Group continues to search for and assess high quality businesses to complement our longer-term strategic aspirations.

Excluding the aforementioned M&A project costs from 1H21, results in lower total expenses of $33.4m in that period, resulting in expense growth up a more moderate 8.0% during the current period. This expense increase reflects several factors including:

- Continued investment in resources for Superannuation Trustee Services, supporting the strong growth this area of the business is experiencing, as well as for CTS Europe and CTS Australia where there are high levels of new business activity.
- An increase in technology investment across the Group to support the continuous evolution of digital platforms.
- A material increase in insurance costs reflecting premium increases more broadly across the industry.

MARGINS

The Group's EBITDA margin, calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue, has increased by 20.3% to 41.5% compared with 34.5% for 1H21. On an underlying basis when adjusted for the M&A project costs, the EBITDA margin is up 8.9% to 41.5%.

The Group's NPBT margin has also had a healthy increase, up from 27.2% in 1H21 to 35.4% in 1H22. When adjusting for the M&A costs, the underlying NPBT margin is up from 30.8% in 1H21 to 35.4% in 1H22.

	1H22	2H21	1H21	1H22 v 2H21	1H22 v 1H21
EBITDA margin	**41.5%**	38.8%	34.5%	6.8%	20.3%
Underlying EBITDA margin	**41.5%**	39.0%	38.1%	6.4%	8.9%
NPBT margin	**35.4%**	32.6%	27.2%	8.6%	30.3%
Underlying NPBT margin	**35.4%**	32.8%	30.8%	8.0%	15.0%

SHAREHOLDER RETURNS AND DIVIDENDS

SHAREHOLDER RETURNS FOR THE PERIOD	1H22	2H21	1H21	1H22 v 2H21 %	1H22 v 1H21 %
Earnings Per Share on NPAT (cents)	**60.47**	55.88	47.16	8.2%	28.2%
Earnings Per Share on underlying NPAT (cents)	**60.47**	56.02	51.19	7.9%	18.1%
Annualised ROE on NPAT (%)	**9.0%**	8.5%	7.2%	5.9%	25.0%
Dividends for the period					
Fully franked dividends paid/payable ($'000)	**10,109**	9,869	9,196	2.4%	9.9%
Fully franked dividends per ordinary share (cents)	**48**	47	44	2.1%	9.1%
Dividend payout ratio (%)	**79.5%**	84.4%	93.5%	(5.8%)	(15.0%)
Underlying Dividend payout ratio (%)	**79.5%**	84.1%	86.2%	(5.5%)	(7.8%)

EARNINGS PER SHARE

The statutory earnings per share for 1H22 was 60.47 cents, a 28.2% increase on the 47.16 cents per share for 1H21. The increase in earnings per share on an underlying basis was 18.1% compared with 1H21. The key adjustments between statutory and underlying earnings per share relate to the settlement of the aforementioned tax matter with the ATO, as well as the M&A project costs, both impacting the prior corresponding period. None-the-less, both statutory and underlying earnings per share have improved substantially from 1H21, due to strong organic growth, positive markets and the improved operating performance of the business.

The weighted average shares on issue during the period of 21,017,537 (period ended 31 December 2020: 20,846,831), represents a 0.8% increase over the prior corresponding period. This increase arises from shares issued in relation to:

- Participation in the dividend reinvestment plan (DRP) in relation to the FY21 interim and final dividends; and
- Participation in employee share acquisition plans, share based remuneration and salary sacrifice share schemes.

DIVIDENDS

Subsequent to 31 December 2021, the Directors resolved to pay a fully franked interim dividend of 48 cents per share.

During the prior corresponding period, a fully franked interim dividend of 44 cents per share was paid to ordinary shareholders of the Company in respect of the half year period ended 31 December 2020.

During the current period, a fully franked final dividend of 47 cents per share was paid to ordinary shareholders of the Company in respect of the financial year ended 30 June 2021.

The interim dividend represents a dividend payout ratio of 79.5%, comfortably within the company's dividend policy payout range of 70-90%.

The Dividend Reinvestment Plan will continue to operate for the FY22 interim dividend, with a 1.25% discount. The FY22 interim dividend will be fully franked and payable on 29 March 2022.

GROUP FINANCIAL POSITION

SUMMARY CONSOLIDATED BALANCE SHEET

	1H22 $'000	FY21 $'000
Assets		
Cash and cash equivalents - corporate	**69,760**	68,925
Cash and cash equivalents - ORFR related	**30,505**	23,250
Trade receivables and accrued income	**33,852**	34,615
Goodwill and intangible assets	**209,940**	211,780
Other assets (including managed fund investments)	**23,009**	15,264
Total Assets	**367,066**	353,834
Liabilities		
Trade payables and other current liabilities	**14,168**	14,758
Borrowings - corporate	**10,000**	10,000
Borrowings - ORFR related	**30,505**	23,250
Other non-current liabilities	**33,582**	31,575
Total Liabilities	**88,255**	79,583
Equity		
Issued capital	**255,841**	253,621
Reserves	**1,983**	1,778
Retained earnings	**24,258**	21,407
Total equity attributable to owners of the Company	**282,082**	276,806
Non-controlling interest	**(3,271)**	(2,555)
Total Equity	**278,811**	274,251

BALANCE SHEET ANALYSIS

Liquidity

The Group manages liquidity risk by:

- Preparing regular cash flow forecasts and reviewing and testing them with management.
- Ensuring healthy liquidity buffers are available for regulatory capital and other purposes in each of the operating entities.
- Maintaining a committed credit facility with significant capacity.
- Engaging regularly with debt providers.

In 1H22, cash and cash equivalents – corporate, increased slightly from $68.9m to $69.8m. Investments in managed funds increased by $5.0m to a total of $10.0m reflecting an objective of improving returns whilst still maintaining a healthy level of liquidity.

Borrowings – Corporate

During the period the Group maintained its outstanding corporate debt of $10.0m. The $30.0m undrawn balance of the $40.0m facility with ANZ Bank remains available should it be required.

The facility is unsecured and subject to the Group meeting certain financial covenants including minimum NTA, a maximum ratio of gross debt to EBITDA and a minimum interest cover. The Group complied with all financial covenants during the period.

Borrowings – ORFR facility loans

ORFR RELATED ASSETS AND LIABILITIES	1H22 $'000	FY21 $'000
Assets		
Cash and cash equivalents	**30,505**	23,250
Liabilities		
Borrowings	**30,505**	23,250

ORFR FACILITIES	1H22 $'000	FY21 $'000
Aracon	**405**	-
AMP	**6,600**	7,700
Centric	**500**	-
Colonial Mutual Life Assurance Society Limited (CMLA)	**8,000**	8,000
HUB24	**15,000**	7,550
Total	**30,505**	23,250

The Group enters into borrowing arrangements in relation to certain superannuation trustee activities. Some superannuation funds are configured such that some or all of the Operational Risk Financial Requirements (ORFR) (a superannuation prudential requirement) are held on the superannuation trustee balance sheets as tier 1 common equity, rather than within the superannuation funds themselves. Where it has been determined that an ORFR will be met via capital held on the trustee balance sheet, the Group may enter into special purpose, limited recourse borrowing arrangements to fund these requirements and appropriately capitalise the respective trustee entities.

The ORFR facility loans have increased in line with the increase in Superannuation Trustee Services business. The Group currently has five such loan facilities in place (ORFR facility loans). The ORFR facility loans have differing maturities of between three and five years, and the arrangements provide for the replenishment of ORFR amounts and/or forgiveness of loans in the event of an operational event that results in a deduction to the reserves. Amounts borrowed are held as segregated cash in the respective trustee entities, the obligations are fully cash-backed, and the net interest cost is effectively neutral to Equity Trustees.

Net Assets and Net Tangible Assets

Overall, the Group's financial position has strengthened during the half. At 31 December 2021, net assets increased to $278.8m, up 1.7% from $274.3m at 30 June 2021. Net tangible asset (NTA) backing per share has increased by 9.7% to $3.27 from $2.98 at 30 June 2021. The calculation of NTA backing includes right of use assets recognised under AASB 16 *Leases* relating to the Group's premises leases.

Issued Capital

Issued capital increased by $2.2m during the year, due primarily to the active Dividend Reinvestment Plan (DRP), with the remainder being shares issued under the Long-term Incentive Plan, Employee Salary Sacrifice Share Plan and Employee Share Acquisition Plan.

Capital Management

Equity Trustees' overarching capital management objectives are as follows:

- The Group must have a clear and sustainable capital structure that reflects the size and nature of the organisation and supports the Group's core strategic goals and objectives.
- The Group seeks to maximise returns to shareholders over the medium term.
- The capital structure should provide flexibility to comfortably meet regulatory capital requirements as well as the flexibility to take advantage of future opportunities.
- Capital must be managed prudently in line with the Group's risk appetite and to enable the Group to withstand adverse events.

Equity Trustees maintains a conservative balance sheet with low gearing. The Group's debt to equity ratio (excluding ORFR facility loans and their related cash) at 31 December 2021 is 3.6%, or 14.5% including the ORFR facility loans. The debt to equity ratio (excluding ORFR facility loans) has decreased 0.1 percentage points on the prior year (including ORFR loans: increased 2.3 percentage points).

The Group continually reviews funding options to ensure it is optimising both the use and mix of its capital to achieve its capital management objectives. During the half the Group actively managed its cash and liquidity to ensure that it had the resilience and flexibility to manage any unforeseen circumstances arising from the COVID-19 pandemic and the associated economic and social disruption.

CASH FLOW

Cash flow Analysis

The Group's capacity to generate cash is strong with 1H22 pre-tax operating cash flows of $22.9m, up substantially on the prior corresponding period of $10.1m. This improvement was due to higher margins and profitability along with improved working capital management.

The Group's total cash and cash equivalents have increased by $8.1m or 8.8% on the prior corresponding period. The increase largely reflects strong operating cash flows and additional ORFR borrowings with associated cash on deposit offset by a $5m investment in a managed investment scheme.

The Group is required to hold a certain amount of cash and liquidity to meet regulatory capital requirements in relation to its licenced activities, a portion of which may be held in managed schemes that are managed by the Group. This can enable the Group to achieve a better than cash return on a portion of its cash holdings.

Material non-operating cash flows during the year were:

- $5.0m investment in a managed investment scheme.
- $7.3m increase in ORFR borrowings (and associated increase in liquidity) to facilitate the provision of ORFR capital associated with various superannuation funds.
- $8.3m of dividend payments (net of DRP of $1.6m) to shareholders.

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021	1H22 $'000	1H21 $'000
Cash from operating activities		
Receipts from customers	**63,077**	49,982
Payment to suppliers and employees	**(40,178)**	(39,930)
Operating cash flow before income tax	**22,899**	10,052
Income tax paid	**(7,012)**	(5,302)
Net cash from operating activities after income tax	**15,887**	4,750
Dividends paid to members of the Company	**(8,266)**	(7,218)
Net payments for assets and acquisitions	**(1,314)**	(201)
Investment in managed investment schemes	**(5,000)**	-
Repayment of borrowings - corporate	**-**	(4,000)
Net proceeds from borrowings - ORFR related	**7,255**	14,250
Payment of lease liabilities	**(648)**	(688)
Interest received	**201**	305
Other cash flows	**(16)**	54
Net increase in cash and cash equivalents	**8,099**	7,252
Cash and cash equivalents at the beginning of the half-year	**92,175**	84,738
Exchange fluctuations on foreign cash balances	**(9)**	209
Cash and cash equivalents at the end of the half-year	**100,265**	92,199

REVIEW OF BUSINESSES

BUSINESS UNIT PERFORMANCE – CORPORATE TRUSTEE SERVICES (CTS)

Key products and services include:

AUSTRALIA (CTS-A)

- Provides a range of fiduciary services for managed investment schemes on behalf of local and international fund managers and sponsors, as well as specialised trustee services for debt, securitisations, custody and real estate arrangements for corporates.

UNITED KINGDOM AND IRELAND (CTS-EU)

- Authorised Corporate Director (ACD) for UK-based Open-Ended Investment Companies (OEICs), and Management Company Services to Ireland-based Alternative Investment Funds (AIFs) and Undertakings in Collective Investment Transferrable Securities (UCITS) on behalf of local and international managers and sponsors.

Revenues for CTS are grouped together as a single category of services, named fund governance and trustee services.

CTS PERFORMANCE AND KEY DRIVERS

	1H22	2H21	1H21	1H22 v 2H21	1H22 v 2H21	1H22 v 1H21	1H22 v 1H21
FINANCIAL PERFORMANCE	**$'000**	**$'000**	**$'000**	**$'000**	**%**	**$'000**	**%**
Revenue	**18,719**	17,461	15,960	1,258	7.3%	2,759	17.3%
Expenses	**(11,036)**	(10,479)	(10,006)	(557)	5.3%	(1,030)	10.3%
Business unit net profit before tax	**7,683**	6,982	5,954	701	10.0%	1,729	29.0%
Business unit profit margin (%)	**41.0%**	40.0%	37.3%	-	2.6%	-	10.0%
GROWTH IN KEY DRIVERS							
Funds under supervision (FUS) ($b)	**106.7**	100.8	89.7	5.9	5.9%	17.0	19.0%
Funds Manager Clients							
No. Clients	**128**	123	133	5	4.1%	(5)	(3.8%)
No. Funds	**349**	310	306	39	12.6%	43	14.1%

Revenue

CTS revenues have increased by 17.3%, or $2.76m on the prior corresponding period. CTS revenues are approximately 50% linked to prevailing market levels, particularly global markets. This result reflects a combination of the continued recovery of investment markets from the lows experienced in the second half of FY20 and good organic growth offset by a small number of fund closures and mandate exits, predominantly in the first half of FY21.

Funds under supervision have increased by 19.0% on 1H21 reflecting the strong recovery in global equity markets and good organic growth.

The high levels of fund establishment seen in FY21 have continued into the first half of FY22, and while the number of clients supervised decreased by 3.8%, total funds supervised increased by 14.1% on the prior corresponding period. Most of this activity has related to CTS-A's Responsible Entity Services.

During the period the team's capability was enhanced by the addition of new relationship management, business development and operations and oversight resources to further support our growing presence and service offering in the market.

CTS-A's Corporate Trust Services continues to grow, with the numbers of clients, accounts and funds all increasing significantly. Revenues are up approximately 33% on the prior corresponding period to $1.6m. While revenues are relatively flat half on half, the significant new business activity is expected to see further improvement in 2H22.

The team has completed a number of new transactions during the period, including a retail note transaction for Latitude Financial, custody transactions for Home Co, and 10 new bond issuances were onboarded in 1H22. The team continues to build momentum in syndicated property transactions as Facility Agent and Security Trustee and has started offering Reinsurance Trustee Services.

The CTS-EU team has continued to pursue a number of opportunities in 1H22. The business supervises 28 funds and funds under supervision has grown from GBP £2.2b in 1H21 to GBP £3.5b in 1H22 reflecting positive markets and good net flows to key managers. The pipeline of opportunities remains healthy for the Group's overseas operations, however the impact of the pandemic and associated lockdowns has slowed fund establishments and also limited fund managers' ability to market and distribute their products.

The regulatory environment continues to intensify, particularly in the UK where the FCA has set higher expectations for the Authorised Corporate Director (ACD) industry. This will require increased investment in resourcing and capability over time and represents both an opportunity and a challenge for industry participants as well as an increasing need for scale.

Expenses

CTS expenses have increased by 10.3% or $1.03m on the prior corresponding period. This reflects the increases in resourcing for the CTS-A Responsible Entity Services and Corporate Trust Services teams, as well as the CTS-EU team.

A key priority in the year ahead is to invest in technology to improve automation and productivity and enhance the proposition for both employees and clients.

Outlook

The outlook for CTS is positive with strong organic client and fund growth activity during the half, which looks set to continue in the period ahead. Key hires made along with further investment in people and capability are expected to support continued growth in new fund openings in Australia, Ireland and the United Kingdom, and increased transaction activity in the Australian Corporate Trust business.

In the period ahead the business will further assess the regulatory developments in each of Australia, UK and Ireland markets and consider how best to optimise its business model. The selective application of technology will play a key role in further enhancing productivity.

In the UK and Ireland the opportunities are significant, but there is still a considerable gap to reach break-even in profitability. With the gradual opening up of economies and the potential of some larger new prospects on the horizon it is expected a clearer path to profitability will be evident in the coming years.

Equity markets are off their highs but continue to perform relatively well globally. Interest rates are expected to rise at some stage while still remaining low by historical standards. The outlook for equity markets, while not without risks, appears positive, at least in the near term.

With these underlying drivers, and subject to continuing positive investment markets, the longer-term outlook is encouraging.

BUSINESS UNIT PERFORMANCE – TRUSTEE & WEALTH SERVICES (TWS)

Key products and services include:

- Philanthropy services, including perpetual charitable trusts, living donors and investment management for not-for-profit organisations.
- Wealth and asset management advice and services.
- Estate planning advice and the management of deceased estates.
- Trustee administration and services including personal, compensation and Indigenous trusts.

Revenues for TWS are grouped into the following categories of services:

- Private client trustee services.
- Other services.

Services within each category have been grouped as they have similar performance obligations, and the basis upon which revenues are measured is also similar.

TWS PERFORMANCE AND KEY DRIVERS

FINANCIAL PERFORMANCE	1H22 $'000	2H21 $'000	1H21 $'000	1H22 v 2H21 $'000	1H22 v 2H21 %	1H22 v 1H21 $'000	1H22 v 1H21 %
Private client trustee services revenue	**23,339**	22,029	19,865	1,310	5.9%	3,474	17.5%
Other services revenue	**2,351**	2,582	2,520	(231)	(8.9%)	(169)	(6.7%)
Total TWS revenue	**25,690**	24,611	22,385	1,079	4.4%	3,305	14.8%
Expenses	**(17,098)**	(17,162)	(17,047)	64	0.4%	(51)	(0.3%)
Business unit net profit before tax	**8,592**	7,449	5,338	1,143	15.3%	3,254	61.0%
Business unit profit margin (%)	**33.4%**	30.3%	23.8%	-	10.5%	-	40.3%

GROWTH IN KEY DRIVERS	1H22 $B	FY21 $B	1H21 $B	1H22 v FY21 $B	1H22 v FY21 %	1H22 v 1H21 $B	1H22 v 1H21 %
Funds under management, advice, administration and supervision (FUMAS)	**9.7**	9.8	9.1	(0.1)	(1.0%)	0.6	6.6%
Philanthropy	**2.7**	2.5	2.2	0.2	8.0%	0.5	22.7%
Asset Management	**4.6**	4.6	4.4	-	-	0.2	4.5%
Trusts & Estates	**1.7**	2.1	1.9	(0.4)	(19.0%)	(0.2)	(10.5%)
Wealth Advice	**0.7**	0.6	0.6	0.1	16.7%	0.1	16.7%

Revenue

Equity Trustees is a leader in the provision of philanthropic, trust, estate, and investment services. The TWS business unit contains the Group's foundational services and has been trusted by Australians to provide these services for over 130 years.

TWS revenues increased by 14.8% to $25.7m compared with the prior corresponding period. This was attributable to a range of factors including:

- Good underlying organic growth and higher dividend distribution revenue driven by higher Australian equity markets and a return to more normal level of dividends.
- Improving traction of business development, albeit still somewhat impacted by the pandemic, particularly for the Estate Planning, Advice and Trust businesses where client facing activity was restricted.

- TWS is just over 50% exposed to markets, as measured by the average daily performance of the ASX 200 index. During the 1H22 the average daily ASX 200 was up 19.4% compared to the average daily ASX 200 for 1H21 which provided a significant benefit.
- Revenues from other services, which include estate management, estate planning and tax services have decreased by 6.7% on the prior corresponding period. This decrease reflects the predominantly transactional nature of these services and also included the completion of a substantial estate in the prior comparative period. Estate planning and taxation services are not exposed to equity markets, however estate management can be, and the size and nature of estates is also difficult to predict leading to some inherent variability in revenues from year to year.

FUMAS grew 6.6% to $9.7b on the prior corresponding period reflecting higher equity markets and organic growth. Half on half FUMAS declined slightly from $9.8b to $9.7b predominantly reflecting completion of a large estate in the prior comparative period.

Expenses

Expenses were relatively flat on the prior corresponding period, up 0.3% or $51k to $17.1m. This reflected tight cost control and efficiency gains offset by selective investment in growth opportunities including business development resources supporting growth, Advice and Compensation Trusts.

Outlook

The outlook for TWS in the period ahead is encouraging. The impacts of reduced cash management returns have bottomed out and dividend distribution fees have returned to more normal levels as market dividend yields have recovered. While equity markets are still at reasonable levels, some increased volatility is to be expected and with TWS's revenues approximately 50% leveraged to the average daily ASX200, the results of the business will continue to be influenced by markets proportionately.

With additional investment in relationship and business development resources, increased momentum in organic growth is already evident, particularly across Advice, Trusts and Estates and Philanthropy Services, and the pipeline of activity in our health and personal injury trust and indigenous trust businesses is promising.

The business has just onboarded the health and personal injury advice clients of AMP, this will boost advice revenue for the second half and provide other opportunities for growth into FY23 and beyond.

We have been pleased with the overall performance and alpha generation of our Asset Management business. Its joint venture in international equities with Eight Bays is promising and we are investing further in the ESG capability of the Asset Management business.

A key initiative over the next 12-24 months will be the progressive investment in platform and digital solutions to significantly improve the TWS client experience and operational efficiency. The majority of this development and investment will occur in FY23 and is designed to ensure Equity Trustees remains at the forefront of providing trustee services to private clients, beneficiaries and investors.

On a longer-term basis, the fundamentals underpinning the TWS business remain positive. We expect traditional trustee services will continue to benefit from an ageing demographic and increasing levels of intergenerational wealth transfer. Equity Trustees position as the leading specialised independent trustee ensures we are well placed to play an important serving this growing market.

BUSINESS UNIT PERFORMANCE – SUPERANNUATION TRUSTEE SERVICES (STS)

Key products and services include:

- Superannuation trustee services to superannuation funds and members.

STS PERFORMANCE AND KEY DRIVERS

	1H22	2H21	1H21	1H22 v 2H21	1H22 v 2H21	1H22 v 1H21	1H22 v 1H21
FINANCIAL PERFORMANCE	**$'000**	**$'000**	**$'000**	**$'000**	**%**	**$'000**	**%**
Revenue	**10,472**	9,768	9,426	704	7.2%	1,046	11.1%
Expenses	**(7,343)**	(7,655)	(6,259)	312	4.1%	(1,084)	(17.3%)
Business unit net profit before tax	**3,129**	2,113	3,167	1,016	48.1%	(38)	(1.2%)
Business unit profit margin (%)	**29.9%**	21.6%	33.6%	-	38.1%	-	(11.1%)

	1H22	FY21	1H21	1H22 v FY21	1H22 v FY21	1H22 v 1H21	1H22 v 1H21
GROWTH IN KEY DRIVERS	**$B**	**$B**	**$B**	**$B**	**%**	**$B**	**%**
Funds under supervision (FUS)	**35.4**	33.6	29.2	1.8	5.4%	6.2	21.2%

Revenue

Superannuation Trustee Services has had a strong year with revenue growth up 11.1% to $10.5m on the prior corresponding period. This was primarily driven by new appointments as trustee for the Centric Super Fund (part of the broader Findex Group) and the Aracon Super Fund, along with strong funds under administration (FUA) growth in HUB24.

STS now acts as trustee for the benefit of approximately 600,000 members.

Total FUS was up 21.2% to $35.4b on the prior corresponding period. This reflected these significant new appointments along with net fund inflows and positive equity markets. The STS business has achieved a material improvement in size and scale, and there remains an opportunity to grow further.

Expenses

Expenses were up 17.3% or $1.1m to $7.3m on the prior corresponding period. This increase reflected the material investment made in STS to ensure it was appropriately resourced to undertake its fiduciary activities.

It includes investment in technology to enhance the use of data and analytics to support improved member outcomes, along with significant investment in people to ensure that this business has the resources and capability to sustainably manage its new clients and pipeline of opportunities.

Outlook

STS is the leading specialist, independent superannuation trustee in Australia, and its unconflicted, specialist proposition is seeing increasing interest from a variety of participants across the industry. The pipeline of new opportunities remains healthy, although long lead times are typically required for due diligence and to finalise appointments and the regulatory load is expected to increase.

BUSINESS RISKS

The Equity Trustees Group utilises a comprehensive Risk Management Framework (RMF) comprising the totality of systems, processes, structures, polices and people involved in identifying, assessing, mitigating and monitoring risks. The key elements of the RMF are set out below.

RISK AND COMPLIANCE CULTURE

Our Risk Culture is the system of values and behaviours that supports good risk and compliance management and determines our collective ability and commitment to identify, understand, openly discuss and act on our current, emerging and future risks and obligations whilst operating consistently within our Risk Appetite.

The Group strives to foster a Risk Culture (RC) aligned to its Values:

- We make risk-informed decisions in line with our risk appetite (Trusted).
- Everyone feels safe to raise issues and incidents and ask for help if they don't know (Trusted and Empowering).
- We are accountable and identify, address and learn from breaches and incidents rather than hiding them (Accountable).
- We are pragmatic in our approach to identifying and managing risk rather than ticking a box (Accountable).

SUPPORT AND MONITORING OF THE RISK CULTURE

The EQT Group assesses and monitors its risk culture through:

- An annual Risk Culture Survey.
- Key Risk Indicator monitoring to Management and Board Committees.
- The development of a range of governance, risk and compliance frameworks, policies and procedures that clearly define risk and compliance responsibilities and expectations.
- Ongoing mandatory compliance training.
- A number of governance committees to oversee risk and compliance matters and practices.

THREE LINES OF DEFENCE

Equity Trustees operates the three lines of defence governance model to ensure clear accountability and responsibility for governance, risk management and compliance. The model ensures appropriate structures are in place for:

- Taking and managing risk.
- Meeting compliance obligations.
- Provision of advice accompanied by challenge and oversight in the risk management process.
- Assurance in control design and operating effectiveness.

The three lines have independent reporting lines through Executive Management and into Group Boards and Sub-Committees, with unfettered access to Directors to ensure appropriate checks and balances are built into our operating model.

EQT GROUP BOARDS
Business Strategy, Risk Culture and Risk Appetite

Board Audit, Risk & Compliance Committees

Management Audit Risk and Compliance Committee

1ST LINE OF DEFENCE
OWNERSHIP

BUSINESS OPERATIONS

- Risk and compliance ownership
- Identify and assess risks
- Own and operate controls
- Day to day responsibility
- Ongoing testing
- Incident and complaints management

2ND LINE OF DEFENCE
OVERSIGHT, MONITOR & SUPPORT

ENTERPRISE RISK TEAM

- Risk and compliance advice
- Risk and compliance policies and frameworks
- Independent oversight of 1^{st} Line
- Incident review and reporting
- Report trends and themes

3RD LINE OF DEFENCE
INDEPENDENT ASSURANCE

INTERNAL AUDIT

- Independent assurance to the Board in relation to the internal control environment
- Assurance over 1^{st} and 2^{nd} Lines activities

BUSINESS RISKS AND COVID-19

Following the navigation of the acute impact of COVID-19 in FY20 and 21 Equity Trustees has continued to manage its people, financial, investment and operational risks throughout the first half of FY22 incorporating lockdowns across the Eastern States of Australia and working from home directives in the UK and Ireland.

The safety of our people in all jurisdictions has remained the key focus for the organisation along with ensuring our service to clients and appropriate discharge of our obligations to clients, members, investors and beneficiaries of our trusts and funds.

The trajectory of the global pandemic is moving into a new phase with the widespread infection rates in Australia and Europe accompanied by less restrictive Government public health settings. The effective management and support of the workforce through a period of higher infection and hybrid working arrangements while ensuring resilient business operations and service to our clients continues to be our focus.

REGULATORY DEVELOPMENTS

The past six months has seen a significant body of regulatory reform navigated including:

- The changes to fee disclosure in ASIC's Regulatory Guide RG97.
- The introduction of the Design and Distribution obligations.
- The changes to APRA's data and reporting regime.
- ASIC's breach reporting reforms.
- ASIC's changes to internal dispute resolution in Regulatory Guide 271.
- The UK Financial Conduct Authority's thematic review of host Authorised Fund Management firms.
- The Central Bank of Ireland's review of Fund management effectiveness framework (CP86).

Further to the introduction of these changes the focus of both the organisation and the regulators will now turn to ensuring the changes are effectively implemented and embedded within our operations on an ongoing basis.

There remain substantial future changes that will impact Equity Trustees business including:

- The introduction of the Financial Accountability Regime (FAR) and the attendant APRA remuneration standard.
- Proposed changes to APRA's prudential standard SPS250 Insurance in Superannuation.
- Proposed changed to ASIC's Derivative Transaction Rules (Reporting) in CP334.

While Equity Trustees is supportive of measures designed to improve governance, and the outcomes for members, investors and beneficiaries, the reforms represent a complex and substantive body of work. The body of work is a significant impost that leads to higher industry costs to be borne by clients and shareholders.

KEY RISKS

Key risks faced by the Group are categorised with reference to the Group's risk management framework (RMF), as follows:

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
Strategic	There is a risk that the assumptions underlying the Group's strategic decisions are (or prove to be) incorrect or that the conditions underpinning those decisions may change. Also, one or more of the Group's strategic initiatives may prove to be too difficult or costly to execute. Opportunities that are pursued may change the Group's risk profile and/or capital structure.	• Articulated Group strategy. • Dedicated Group Strategy committee. • Regular reviews of the Group's business model. • Executive KPIs aligned to Group strategic objectives. • Dedicated business development and referral channels. • Review of the risk profile following new or changed strategic initiatives.
Operational	Operational risks are a core component of doing business, arising from the day-to-day operational activities of the Group as well as projects and business change activities. A substantial operational risk event may give rise to losses, including financial losses, fines, penalties, personal injuries, reputational damage, loss of market share, theft of property, customer redress and litigation.	• Detailed policies and procedures. • Defined roles and responsibilities for staff. • Information security policy and Group privacy framework. • Incident and breach management policy. • Business continuity management policy and annual testing program. • A Group controls-monitoring program, which includes quarterly attestations from external service providers, and targeted testing.
Financial	Financial risks encompass liquidity, foreign exchange, interest rate, credit and balance sheet management risks, which, if not managed well, could have a significant adverse impact on the Group. Financial risks also encompass the preparation of financial statements for the Group and the entities for which the Group acts as Responsible Entity or Trustee. Should the estimates and assumptions adopted in preparation of the financial statements be found to be incorrect, there could be an impact on the Group's performance, reputation and position.	• Forecasting and budgeting process. • Oversight by Board Audit Committees. • Annual business unit strategy and plan reviews. • Regular cost control and improvement initiatives. • Group capital management policy. • Detailed financial policies and procedures. • Independent audits by reputable accounting firms.

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
People	The success of Equity Trustees relies on its ability to attract, motivate and retain people who have the necessary skills and experience to help achieve the Group's goals. The loss of key personnel could disrupt our operations in the short term. While our incentives program is designed to align key personnel interests with the Group's goals, there is no guarantee of their continued employment.	• Succession planning for key roles. • Employee engagement monitoring and action plans. • Wellness program. • Remuneration benchmarking. • Risk culture training and annual risk culture surveys. • Clearly articulated corporate values.
Outsourcing	Equity Trustees relies on several third-party service providers for various fund administration, investment management, accounting, custody, market data, market indices, promotion and other distribution and operational needs. The failure of one or more of those service providers to fulfil its obligations could lead to operational and regulatory impacts to the Group. Equity Trustees actively manages its key third-party service providers and vendor relationships.	• Outsourcing and vendor management framework. • Monitoring of third-party performance against service level agreements. • Use of standardised contracts wherever possible. • Partnering with reputable organisations. • Thorough legal and due diligence processes.
Investment	Equity Trustees' and its clients' investment portfolios are subject to normal market risks, such as interest rates and equity market volatility. These risks can affect investment valuations and income volatility. Equity Trustees actively manages its clients' investments and capital in line with our risk appetite and investment and capital management policies.	• Oversight by management and Board sub-committees. • Detailed investment governance and selection frameworks. • Regular monitoring of mandate limits and investment performance.
Governance and Compliance	Entities controlled by Equity Trustees hold several licences and operate in a highly regulated environment. If the entities that hold those licences fail to comply with the general obligations and conditions, this could impact the ability to operate key parts of the Company's business, which could potentially lead to a material adverse effect on either business or financial performance.	• Maintenance of a Group obligations register. • Governance and compliance frameworks. • A Group controls monitoring program, which includes quarterly attestations from external service providers, and targeted testing. • Regular compliance reporting to management and Board sub-committees. • Three lines of defence model.

OUTLOOK

The Group has finished the 2021 calendar year well capitalised and with good organic growth momentum in all three core businesses and along with positive investment markets, is well positioned to pursue further growth opportunities in all segments of our business.

Our staff have responded positively and constructively in the context of the challenges over the past 12 to 18 months. Despite working remotely, client service levels have been maintained to a high standard. This is particularly important given the high reliance placed on Equity Trustees by so many of our clients, investors and beneficiaries.

While restrictions of some form continue to operate in many of the geographies we operate in, there has been much satisfaction in reengaging with both colleagues and clients on a face-to-face basis where this has been possible. While there will inevitably be changes to the way business is conducted in a post-COVID-19 world, we are doing our best to support our staff who continue to focus on delivering the best possible service to their clients.

Despite the ongoing threats associated with COVID-19, the fundamentals of the Group's business are solid, and we continue to see opportunities to grow across the broad spectrum of our trustee services. Prospective clients are increasingly seeing the value of an independent, unconflicted, specialist trustee.

While the prospect of inflation and higher interest rates is increasing our expectation is this will be relatively moderate and measured in the next 12-18months. None-the-less, we are seeing upward pressure on salaries and staff turnover may be slightly elevated for a period of time. However, our broader Equity Trustees employment proposition is appealing and we are pleased with the calibre of new hires we are attracting.

Over the next 1-2 years we are planning a material increase in investment in technology to improve productivity and our client proposition. This investment will be particularly focused on platform and digital solutions to improve both the client and employee experience as well as operational efficiency for Trustee Wealth Services along with solutions to create scale, efficiency and enhanced analytics in Corporate Trustee Services and Superannuation Trustee Services.

The Equity Trustees proposition is supported by the long-term structural dynamics of an ageing demographic, combined with government-mandated superannuation and an unprecedented intergenerational wealth transfer. In addition, there is both a regulatory and industry focus on improved governance. Equity Trustees independent, unconflicted specialist trustee model is well placed to provide clients with products and services that are highly valued in this environment.

Industry restructuring may enable corporate opportunities to arise as companies review their strategies and place renewed focus on their core capability while exiting or out-sourcing other components. Opportunities that are a good strategic fit for Equity Trustees include those that enable our core trustee capability to be strengthened or deployed more broadly.

There is an increased level of global uncertainty associated with the conflict in Ukraine. The long-term impacts of the Ukraine conflict are not yet known but are likely to result in increased market and economic volatility.

Over the medium to longer term, Equity Trustees' 130-plus year fiduciary heritage, strong financial position, favourable industry position, combined with a market-leading, specialist focus on trusteeship and targeted further investment in our core trustee capabilities is expected to underpin a positive outlook for the year ahead and beyond.

ADDITIONAL INFORMATION

EVENTS SUBSEQUENT TO BALANCE DATE

At the time of signing these financial statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The long-term impacts of the Ukraine conflict are not yet known but are likely to result in increased market and economic volatility, which may in turn have an impact on the Company.

Aside from the aforementioned, there has not been any matter or circumstance that has arisen since the end of the half year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years (31 December 2020: nil).

ROUNDING-OFF OF AMOUNTS

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and, in accordance with the Corporations Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 27 of the Financial Report.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors,

Carol Schwartz AO
Chair

Dated 25 February 2022

Deloitte.

Deloitte Touche Tohmatsu
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25 February 2022

The Board of Directors
EQT Holdings Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members

Auditor's Independence Declaration to EQT Holdings 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 EQT Holdings Limited.

As lead audit partner for the review of the financial statements of EQT Holdings Limited for the half-year ended 31 December 2021, 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 sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M Stretton

Mark Stretton
Partner
Chartered Accountants

DIRECTORS' DECLARATION

EQT Holdings Limited
ABN 22 607 797 615

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The Directors declare that:

- 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; and
- in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors,

Carol Schwartz AO
Chair

Dated 25 February 2022

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	NOTE	31 DEC 21 $'000	31 DEC 20 $'000
Revenue and other income	2	**55,871**	48,266
Expenses	3	**(32,702)**	(31,632)
Finance costs		**(937)**	(790)
Depreciation and amortisation		**(2,463)**	(2,733)
Profit before income tax expense		**19,769**	13,111
Income tax expense	5	**(7,746)**	(3,719)
Profit for the period		**12,023**	9,392
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation differences for foreign operations		**(66)**	21
Total comprehensive income for the period		**11,957**	9,413
Profit for the period attributable to:			
Equity holders of the Company		**12,710**	9,831
Non-controlling interests		**(687)**	(439)
Profit for the period		**12,023**	9,392
Total comprehensive income attributable to:			
Equity holders of the Company		**12,673**	9,832
Non-controlling interests		**(716)**	(419)
Total comprehensive income for the period		**11,957**	9,413
Earnings per share			
Basic (cents per share)		**60.47**	47.16
Diluted (cents per share)		**60.36**	47.12

The above statement should be read in conjunction with the accompanying notes to the financial statements.

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	NOTE	31 DEC 21 $'000	30 JUN 21 $'000
Current assets			
Cash and cash equivalents		**100,265**	92,175
Trade and other receivables		**16,240**	19,478
Prepayments		**4,287**	2,827
Accrued income		**12,999**	11,911
Other financial assets	11	**10,000**	5,000
Total current assets		**143,791**	131,391
Non-current assets			
Trade and other receivables		**326**	399
Furniture, equipment and leasehold		**5,269**	4,943
Right-of-use assets		**7,740**	5,321
Deferred tax assets		**4,314**	5,376
Intangible assets		**77,985**	78,782
Goodwill	6	**127,641**	127,622
Total non-current assets		**223,275**	222,443
Total assets		**367,066**	353,834
Current liabilities			
Trade and other payables		**3,937**	2,478
Provisions		**6,565**	8,013
Other current liabilities		**2,349**	2,548
Current tax payable		**1,317**	1,719
Total current liabilities		**14,168**	14,758
Non-current liabilities			
Provisions		**3,324**	3,483
Borrowings	8	**40,505**	33,250
Other non-current liabilities		**8,909**	6,810
Deferred tax liabilities		**21,349**	21,282
Total non-current liabilities		**74,087**	64,825
Total liabilities		**88,255**	79,583
Net assets		**278,811**	274,251
Equity			
Issued capital	9	**255,841**	253,621
Reserves		**1,983**	1,778
Retained earnings		**24,258**	21,407
Equity attributable to owners of the Company		**282,082**	276,806
Non-controlling interest		**(3,271)**	(2,555)
Total equity		**278,811**	274,251

The above statement should be read in conjunction with the accompanying notes to the financial statements.

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	NOTE	FULLY PAID ORDINARY SHARES $'000	RETAINED EARNINGS $'000	OTHER RESERVES $'000	CURRENCY TRANSLATION $'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
Balance as at 1 July 2020		248,862	18,009	1,695	254	268,820	(1,462)	267,358
Profit/(loss) for the period		-	9,831	-	-	9,831	(439)	9,392
Foreign exchange translation differences for foreign operations		-	-	-	1	1	20	21
Total comprehensive income for the period		-	9,831	-	1	9,832	(419)	9,413
Foreign exchange translation differences for foreign operations		-	(3)	-	1	(2)	-	(2)
Shares issued under employee salary sacrifice share plan		68	-	-	-	68	-	68
Shares issued under dividend reinvestment plan		1,738	-	-	-	1,738	-	1,738
Shares issued under employee share acquisition plan		211	-	(211)	-	-	-	-
Shares issued under executive share scheme		855	-	(855)	-	-	-	-
Share issue costs		(14)	-	-	-	(14)	-	(14)
Related income tax		4	-	-	-	4	-	4
Provision for executive share entitlements		-	-	438	-	438	-	438
Provision for employee share acquisition plan		-	-	85	-	85	-	85
Payment of dividends		-	(8,958)	-	-	(8,958)	-	(8,958)
Balance as at 31 December 2020		251,724	18,879	1,152	256	272,011	(1,881)	270,130
Balance as at 1 July 2021		253,621	21,407	1,601	177	276,806	(2,555)	274,251
Profit/(loss) for the period		-	12,710	-	-	12,710	(687)	12,023
Foreign exchange translation differences for foreign operations		-	-	-	(37)	(37)	(29)	(66)
Total comprehensive income for the period		-	12,710	-	(37)	12,673	(716)	11,957
Foreign exchange translation differences for foreign operations		1	10	-	1	12	-	12
Shares issued under employee salary sacrifice share plan		66	-	-	-	66	-	66
Shares issued under dividend reinvestment plan		1,601	-	-	-	1,601	-	1,601
Shares issued under employee share acquisition plan		208	-	(208)	-	-	-	-
Shares issued under executive share scheme		357	-	(357)	-	-	-	-
Share issue costs		(16)	-	-	-	(16)	-	(16)
Related income tax		3	-	-	-	3	-	3
Provision for executive share entitlements		-	-	723	-	723	-	723
Provision for employee share acquisition plan		-	-	83	-	83	-	83
Payment of dividends		-	(9,869)	-	-	(9,869)	-	(9,869)
Balance as at 31 December 2021		**255,841**	**24,258**	**1,842**	**141**	**282,082**	**(3,271)**	**278,811**

The above statement should be read in conjunction with the accompanying notes to the financial statements.

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	NOTE	31 DEC 21 $'000	31 DEC 20 $'000
Cash flows from operating activities			
Receipts from customers		**63,077**	49,982
Payments to suppliers and employees		**(40,178)**	(39,930)
Income tax paid		**(7,012)**	(5,302)
Net cash provided by operating activities		**15,887**	4,750
Cash flows from investing activities			
Investment in managed investment schemes		**(5,000)**	-
Interest and managed fund distributions received		**201**	305
Payment for furniture, equipment, leasehold and right-of-use assets		**(1,044)**	(125)
Payment for intangible assets		**(270)**	(76)
Net cash (used in)/provided by investing activities		**(6,113)**	104
Cash flows from financing activities			
Proceeds from issues of equity securities		**-**	68
Repayment of borrowings - corporate facility		**-**	(4,000)
Net proceeds from borrowings - operational risk financial requirement facilities		**7,255**	14,250
Repayment of lease liabilities		**(648)**	(688)
Payment for share issue costs		**(16)**	(14)
Dividends paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)		**(8,266)**	(7,218)
Net cash (used in)/provided by financing activities		**(1,675)**	2,398
Net increase in cash and cash equivalents		**8,099**	7,252
Cash and cash equivalents at the beginning of the half-year		**92,175**	84,738
Exchange rate fluctuations on foreign cash balances		**(9)**	209
Cash and cash equivalents at the end of the half-year		**100,265**	92,199

The above statement should be read in conjunction with the accompanying notes to the financial statements.

EQT HOLDINGS LIMITED
ABN 22 607 797 615
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

GENERAL INFORMATION

EQT Holdings Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol: "EQT"), incorporated in Australia, and operating in Australia, the United Kingdom and Ireland.

The Company's registered office and its principal place of business is Level 1, 575 Bourke St, Melbourne, Victoria 3000, Australia. EQT Holdings Limited and its subsidiaries are referred to as 'the Group' in the notes to the financial statements. The principal activities of the Group are described in note 4.

1 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

This half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue by the Directors on 25 February 2022.

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument (Corporations Instrument)*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2021. These accounting policies comply with Australian Accounting Standards and the International Financial Reporting Standards. Further details on the adoption of new Accounting Standards are contained within note 14.

PERFORMANCE

2 REVENUE AND OTHER INCOME

	31 DEC 21 $'000	31 DEC 20 $'000
Revenue		
Private Client Trustee Services	**23,339**	19,865
Superannuation Trustee Services	**10,472**	9,426
Fund Governance and Trustee Services	**18,719**	15,960
Other Services	**2,351**	2,520
Revenue from service activities	**54,881**	47,771
Interest and managed fund distributions	**247**	265
	55,128	48,036
Other income		
Recoveries	**671**	84
Foreign currency gain	**72**	146
Total revenue and other income	**55,871**	48,266

ACCOUNTING POLICIES

Revenue is recognised on an accruals basis, as a service is transferred to a customer or a performance obligation is satisfied (if it is highly probable that a significant reversal is unlikely to occur), at the fair value of the consideration specified in the contract.

Revenue recognition for each of the Group's revenue streams is as follows:

REVENUE STREAM	INCLUDES	PERFORMANCE OBLIGATION	TIMING OF RECOGNITION
Private Client Trustee Services	Traditional trustee services for philanthropy, testamentary, indigenous and compensation trusts, and investment mandates	Governance and oversight of trusts, portfolios, mandates and their related investments	Over time as the relevant services are provided. Revenues are determined with reference to funds under management, administration and supervision
Superannuation Trustee Services	Trustee services for superannuation funds	Governance and oversight of funds and their related investments	Over time as the relevant services are provided. Revenues are determined with reference to funds under management and supervision
Fund Governance and Trustee Services (formerly Corporate Trustee Services)	Fund governance and corporate trustee services	Governance and oversight of registered and unregistered schemes, trusts and other structured vehicles	Over time as the relevant services are provided. Revenues are determined with reference to funds under supervision
Other Services (this category includes all residual services that do not fall into one of the above categories)	Estate administration fees	Estate administration and distribution	Over time as the relevant services are provided. Revenues are determined with reference to funds under administration during the estate administration process
	Estate planning fees Tax fees	Preparation of estate plans and tax returns	On completion of the provision of the relevant service. Revenues are determined with respect to the complexity of client arrangements

3 EXPENSES

	31 DEC 21 $'000	31 DEC 20 $'000
Salaries and related employee expenses:		
Wages and salaries	**21,480**	20,417
Post-employment benefits	**1,722**	1,489
Equity-settled share-based payments	**872**	591
Other employment related expenses	**690**	779
Administrative and general expenses:		
Other administrative and general expenses	**1,060**	1,021
Information technology expenses	**3,045**	2,544
Occupancy expenses:		
Minimum lease payments (short term and low value leases)	**191**	109
Outgoings and other occupancy expenses	**395**	405
Legal, consulting and regulatory expenses	**1,663**	3,063
Audit and tax advice expenses	**566**	553
Insurance expenses	**1,018**	661
Total expenses	**32,702**	31,632

During the half-year ended 31 December 2021, the Group did not incur any costs in relation to potential merger and acquisition activities. (Half-year ended 31 December 2020: the Group incurred costs of $1.7m in relation to potential merger and acquisition activities. These amounts are recorded as Legal, consulting and regulatory expenses.)

4 SEGMENT PERFORMANCE

Information reported to the Group's Managing Director (chief operating decision maker) for the purpose of resource allocation and assessment of performance is focused on the categories of services provided to customers. The principal categories of services are Trustee & Wealth Services, Superannuation Trustee Services and Corporate Trustee Services - Australia and Corporate Trustee Services - Europe. No operating segments have been aggregated in arriving at the reportable segments of the Group. The Group's reportable segments, as determined in accordance with AASB 8 *Operating Segment,* are as follows:

TRUSTEE & WEALTH SERVICES (TWS)

Provides a range of private client and philanthropic services including estate planning and management, charitable, compensation, community and personal trust services, and wealth management and advice. TWS operates within Australia.

SUPERANNUATION TRUSTEE SERVICES (STS)

Provides trustee services, and also includes custody and investment management services for superannuation funds. STS operates within Australia.

CORPORATE TRUSTEE SERVICES - AUSTRALIA (CTS-A)

Provides a range of fiduciary services for managed investment schemes and other trusts on behalf of local and international fund managers and sponsors, as well as specialised trustee services for debt, securitisations, custody and real estate arrangements for corporates.

CORPORATE TRUSTEE SERVICES UK/IRELAND (CTS-EU)

Provides Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) and UCITS Management Company services for funds on behalf of local and international managers and sponsors. CTS-EU operates within the United Kingdom and the Republic of Ireland.

EQT HOLDINGS LIMITED
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. These operating segments also constitute the major categories of services offered by the Group.

	31 DEC 21 $'000	31 DEC 20 $'000
Segment revenue		
Trustee & Wealth Services		
Private Client Trustee Services	**23,339**	19,865
Other services	**2,351**	2,520
	25,690	22,385
Superannuation Trustee Services	**10,472**	9,426
Corporate Trustee Services - Australia - Fund governance and trustee services	**17,393**	14,979
Corporate Trustee Services - UK/Ireland - Fund governance and trustee services	**1,326**	981
	54,881	47,771
Unallocated	**990**	495
Total revenue and other income per statement of profit or loss	**55,871**	48,266

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (31 December 2020: nil).
There were no discontinued operations (31 December 2020: nil).
No single customer accounts for 10% or more of the Group's revenue.

	31 DEC 21 $'000	31 DEC 20 $'000
Segment net profit/(loss) before tax		
Trustee & Wealth Services	**8,592**	5,338
Superannuation Trustee Services	**3,129**	3,167
Corporate Trustee Services - Australia	**9,155**	7,640
Corporate Trustee Services -UK/Ireland	**(1,472)**	(1,686)
	19,404	14,459
Unallocated	**365**	(1,348)
Total net profit before tax per statement of profit or loss	**19,769**	13,111

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the contribution earned by each segment without the allocation of non-operating expenditure (including projects and acquisition related expenditure) or income tax. This is the measure used by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring performance, the chief operating decision maker reviews balance sheet items for the Group as a whole. The Group's assets and liabilities are not allocated to the reportable segments for management reporting purposes.

5 INCOME TAXES

	31 DEC 21 $'000	31 DEC 20 $'000
Income tax expense comprises:		
Current income tax expense	**6,934**	4,066
Prior period adjustments and other deferred tax adjustments relating to the origination and reversal of temporary differences	**812**	(347)
Total income tax expense	**7,746**	3,719
The income tax expense for the year can be reconciled to accounting profit as follows:		
Profit before tax from continuing operations	**19,769**	13,111
Income tax expense calculated at 30%	**5,931**	3,933
Effect of different tax rates of subsidiaries operating in other jurisdictions	**525**	311
Non-deductible expenses	**248**	252
Non-assessable income	**(27)**	(292)
	6,677	4,204
Prior year tax adjustments	**1,069**	(485)
Total income tax expense	**7,746**	3,719

Included within the prior year tax adjustment line above for the current period is an amount of $873k. This amount relates to the derecognition of a previously recognised deferred tax asset related to accrued tax losses of the Group's UK operations. Noting that there is some ongoing uncertainty around the timing of the recovery of these losses, a decision was made to derecognise this amount.

OPERATING ASSETS

6 GOODWILL

	31 DEC 21 $'000	30 JUN 21 $'000
Cost	**127,641**	127,622
	127,641	127,622
Balance at the beginning of the financial year	**127,622**	127,573
Effects of foreign currency exchange differences	**19**	49
	127,641	127,622

7 BUSINESS COMBINATIONS

HALF YEAR ENDED 31 DECEMBER 2021

There were no business combinations during the period.

HALF YEAR ENDED 31 DECEMBER 2020

There were no business combinations during the period.

During the half-year ended 31 December 2021, the Group did not incur any costs associated with potential merger and acquisition activities (half-year ended 31 December 2020: the Group incurred costs of $1.7m in relation to potential merger and acquisition activities. These amounts are recorded in note 3 as Legal, consulting and regulatory expenses).

EQT HOLDINGS LIMITED
ABN 22 607 797 615
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

CAPITAL STRUCTURE
8 BORROWINGS

	31 DEC 21 $'000	30 JUN 21 $'000
Unsecured, at amortised cost		
Corporate facility	**10,000**	10,000
Operational risk financial requirement (ORFR) facilities	**30,505**	23,250
	40,505	33,250

CORPORATE FACILITY

The Group has a $40m facility with Australia and New Zealand Banking Group Limited (ANZ). The facility has a 3 year term and was renewed in the 2022 financial year.

Loans are drawn down as needed and the drawn tranches bear interest at variable market rates. The facility is drawn down to $10m as at 31 December 2021 (30 June 2021: $10m). The weighted average effective interest rate on all drawn down loans is 1.7% per annum (30 June 2021: 1.6%).

OPERATIONAL RISK FINANCIAL REQUIREMENT (ORFR) FACILITIES

The Group enters into borrowing arrangements in relation to certain superannuation trustee activities. Some superannuation funds are configured such that some or all of the Operational Risk Financial Requirements (ORFR) (a superannuation prudential requirement) are held on the superannuation trustee balance sheets as tier 1 common equity, rather than within the superannuation funds themselves. Where it has been determined that an ORFR will be met via capital held on the trustee balance sheet, the Group may enter into special purpose, limited recourse borrowing arrangements to fund these requirements and appropriately capitalise the respective trustee entities. At 31 December 2021, of the total cash held of $100.27m, $30.50m was held for ORFR related purposes (30 June 2021: total cash of $92.18m, $23.25m held for ORFR purposes).

LENDER	FACILITY TERM	FACILITY LIMIT $'000	AMOUNT USED $'000
31 December 2021			
Aracon	3 Years	1,000	405
AMP Life	5 Years	7,700	6,600
Centric	5 Years	5,000	500
Colonial Mutual Life Assurance Society Limited (CMLA)	5 Years	9,000[1]	8,000
HUB24	3 Years	15,000	15,000
		37,700	**30,505**
30 June 2021			
AMP Life	5 Years	7,700	7,700
Colonial Mutual Life Assurance Society Limited (CMLA)	5 Years	9,000[1]	8,000
HUB24	3 Years	15,000	7,550
		31,700	23,250

[1]Amounts repaid in relation to this facility cannot be reborrowed.

The weighted average effective interest rate on all drawn down loans is 5.4% per annum (30 June 2021: 5.5%).

9 ISSUED CAPITAL

	31 DEC 21 No. '000	31 DEC 21 $'000	30 JUN 21 No. '000	30 JUN 21 $'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	**20,980**	**253,621**	20,776	248,862
Shares issued under employee salary sacrifice share plan	**2**	**66**	8	211
Shares issued under executive share scheme	**17**	**357**	49	855
Shares issued under employee share acquisition plan	**7**	**208**	4	103
Shares issued under dividend reinvestment plan (DRP)	**54**	**1,602**	143	3,609
Share issue costs net of tax	**-**	**(13)**	-	(19)
Closing balance as at the end of the period	**21,060**	**255,841**	20,980	253,621

10 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL $'000
Recognised amounts			
Final 2021 dividend (fully franked)	5 October 2021	47	9,869
Interim 2021 dividend (fully franked)	23 March 2021	44	9,196
Unrecognised amounts			
Interim 2022 dividend (fully franked)	29 March 2022	48	10,109

FINANCIAL RISK MANAGEMENT

11 FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets. The Group has no financial liabilities measured at fair value.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

	FAIR VALUE AS AT			
FINANCIAL ASSETS	31 DEC 21 $'000	30 JUN 21 $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE
EQT Wholesale Mortgage Income Fund	10,000	5,000	Level 2	Daily published prices

There are no significant unobservable inputs in relation to the fair value of EQT Wholesale Mortgage Income Fund in the half-year (30 June 2021: same).

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2021: nil).

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

IMPACT OF COVID-19 ON CAPITAL RISK MANAGEMENT

The Group has taken steps to solidify its capital and liquidity position during the half-year in response to the COVID-19 pandemic. These include maintaining higher than average cash balances (in excess of regulatory capital requirements), a greater emphasis on working capital management, and follow up of debtors. The Group's cash holdings are diversified amongst local and international banks, and the Group has limited exposure to managed funds. Other activities, such as monitoring of capital requirements, bank covenants and other obligations, continue to be performed regularly.

CONTINGENCIES AND SUBSEQUENT EVENTS

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities (30 June 2021: nil).

There are no contingent assets (30 June 2021: nil).

13 SUBSEQUENT EVENTS

At the time of signing these financial statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The long-term impacts of the Ukraine conflict are not yet known but are likely to result in increased market and economic volatility, which may in turn have an impact on the Company.

Aside from the aforementioned, there has not been any matter or circumstance that has arisen since the end of the half year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years (31 December 2020: nil).

OTHER DISCLOSURES

14 NEW AND AMENDED ACCOUNTING STANDARDS

AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

No new and revised Standards, amendments and Interpretations have been adopted in the half year.

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Independent Auditor's Review Report to the Members of EQT Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of EQT Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed 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 as set out on pages 28 to 40.

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 2021 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.

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

Deloitte.

Group's financial position as at 31 December 2021 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

M Stretton

Mark Stretton
Partner
Chartered Accountants

Melbourne, 25 February 2022

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CORPORATE GOVERNANCE STATEMENT
Our Corporate Governance Statement is available on our website:
www.eqt.com.au/investor-centre/corporate-governance