

27 February 2023

Appendix 4D

Half- yearly report Period ended 31 December 2022

EUROZ HARTLEYS GROUP LIMITED

ABN 53 000 364 465

Results for announcement to the market

Extracts from this report for announcement to the market

	31 Dec 22	31 Dec 21	Change \$	\$AUD Change %
Revenue from ordinary activities	\$40,069,823	\$55,065,604	(\$14,995,781)	(27%)
Profit/(loss) from ordinary activities after tax attributable to members	\$3,072,634	\$22,877,869	(\$19,805,235)	(87%)
Net Profit/(loss) for the period attributable to members	\$3,072,634	\$22,877,869	(\$19,805,235)	(87%)
Net Tangible Assets per share	\$0.48	\$0.81		(41%)
Dividends and Distributions	Amount per security	Franked amount per security		
Interim Dividend	2.5 cents	2.5 cents		
Record date for determining entitlements to the interim dividend				2 Feb 2023
Last date for election to participate in Dividend Reinvestment Plan				3 Feb 2023
Dividend payable date				17 Feb 2023
The Company's dividend reinvestment plan was applicable to the interim dividend.				
Special Dividend	20.27 cents	20.27 cents		
Record date for determining entitlements to the special dividend				21 Sept 2022
Last date for election to participate in Dividend Reinvestment Plan				N/A
Dividend payable date				7 Oct 2022
The Company's dividend reinvestment plan was not applicable to the special dividend.				

Results commentary for announcement to the market

The Directors of Euroz Hartleys Group Limited ("Group") announce a net profit after tax (attributable to members) of \$3.1 million for the 6 months to 31 December 2022 (2021: \$22.9 million).

Euroz Hartleys Limited ("Euroz Hartleys") is Western Australia's leading stockbroking and wealth management business and we are pleased to operate a profitable business in a hesitant market environment affected by a series of unprecedented and rapid interest rate rises to combat inflation.

Brokerage income at the half-year was \$11.8 million versus \$18.7 million for the previous corresponding half-year reporting period. Wealth management fees remain comparable with previous period at \$9.0 million. Equity Capital Market ("ECM") raisings were \$666.8 million versus the corresponding half year of \$743 million but Corporate Finance revenues at half-year were \$18.1 million versus \$25.6 million in the previous corresponding half-year reporting period.

The Group's combined Funds Under Management ("FUM") as at 31 December 2022 was \$3.3 billion an increase of 8.8% from \$3.0 billion as at 30 June 2022. This is a reflection of our ongoing focus to build recurring revenue streams.

Following the sale of our Westoz Investment Company Limited and Ozgrowth Limited holdings your Directors determined to retain our Westoz Funds Management ("WFM") license to retain optionality for future funds management opportunities.

In October 2022, WFM was appointed to be the responsible manager for Westoz Resources Fund Limited ("WRFL"). WRFL is a new unlisted investment fund whose purpose is to generate positive returns from a portfolio of stocks generally associated with the resources sector in Western Australia. Euroz Hartleys Group Limited owns approximately 8% of the issued share capital of the fund which now manages approximately \$25 million following a successful initial capital raising late last year.

We are pleased that our business has an excellent track record of counter cyclical and well executed acquisitions in a financial landscape that continues to evolve and benefit those that have true scale and that can provide the best investment solutions to their clients.

Cash and investments as at 31 December 2022 was \$91.6 million¹ (30 June 2022: \$194.2 million) with zero debt. During the half-year, we returned \$80 million of excess capital to shareholders via a \$40 million fully franked special dividend and a \$40 million return of capital by way of equal share capital reduction resulting in the simultaneous cancellation of ~16.85% of our issued capital.

We remind investors that our second half year performance and final dividend will be dependent on market sentiment, commodity prices and our ECM and corporate advisory activity.

For further information please contact:

Andrew McKenzie
Executive Chairman
M: 0438755727
E: amckenzie@eurozhartleys.com

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

Reporting period

The financial information contained in this report is for the six-month period ended 31 December 2022. This document should be read in conjunction with the Interim Financial Report and any public announcements made in the period by Euroz Hartleys Group Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Note 1: Cash (excluding restricted cash in client trust account), other financial assets at fair value and investments at fair value as at 31 December 2022.

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Euroz Hartleys Group Limited

ABN 53 000 364 465

Financial Report

For the half year ended 31 December 2022

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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**EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated group Euroz Hartleys Group Limited and its controlled entities for the half-year ended 31 December 2022.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Andrew McKenzie
Jay Hughes
Robert Black
Ian Parker
Richard Simpson
Robin Romero
Fiona Kalaf

COMPANY SECRETARY

Anthony Hewett

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group consisted of:

- Stockbroking, Corporate Finance and Wealth Management;
- Funds Management and
- Investing.

OPERATING RESULTS AND REVIEW OF OPERATIONS

The Directors of Euroz Hartleys Group Limited ("Group") announce a net profit after tax (attributable to members) of \$3.1 million for the 6 months to 31 December 2022 (2021: \$22.9 million).

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EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT (continued)

We are pleased that our business has an excellent track record of counter cyclical and well executed acquisitions in a financial landscape that continues to evolve and benefit those that have true scale and that can provide the best investment solutions to their clients.

Our cash (excluding restricted cash in client trust account), other financial assets at fair value and investments at fair value as at 31 December 2022 was \$91.6 million (30 June 2022: \$194.2 million) with zero debt. During the half-year, we returned \$80 million of excess capital to shareholders via a \$40 million fully franked special dividend and a \$40 million return of capital by way of equal share capital reduction resulting in the simultaneous cancellation of 16.85% of our issued capital.

We remind investors that our second half year performance and final dividend will be dependent on market sentiment, commodity prices and our ECM and corporate advisory activity.

DIVIDENDS

A fully franked dividend of 2.5 cents per share was provided for and payable on 17 February 2023.

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2022.

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



Andrew McKenzie
Executive Chairman
27 February 2023



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

To the Directors of Euroz Hartleys Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Euroz Hartleys Group Limited for the half-year ended 31 December 2022 there have been:

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

KPMG

Trevor Hart

Partner

Perth

27 February 2023

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Independent Auditor's Review Report

To the shareholders of Euroz Hartleys Group Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Euroz Hartleys Group Limited.

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 Euroz Hartleys Group Limited does not comply with the *Corporations Act 2001*, including:

- 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
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Euroz Hartleys Group Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

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 Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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Responsibilities of the Directors 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*
- 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 does not comply 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 *Australian 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.

KPMG

Trevor Hart

Partner

Perth

27 February 2023

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

	Note	31 December 2022 \$	31 December 2021 \$
Revenue	3	40,069,823	55,065,604
Share of profits of equity accounted investments, net of tax		-	12,563,383
Gain on investments		1,537,607	3,258,446
Employee benefits expense		(28,837,063)	(35,177,259)
Depreciation and amortisation expenses		(1,281,655)	(1,409,409)
Regulatory expenses		(576,070)	(663,247)
Legal, professional and consultancy expenses		(543,005)	(955,463)
Conference and seminar expenses		(511,749)	(193,604)
Stockbroking expenses		(2,335,232)	(2,622,765)
Impairment reversal		-	6,510,348
Other expenses		(2,946,381)	(2,906,942)
Profit before income tax expense		4,576,275	33,469,092
Income tax expense		(1,503,641)	(10,591,223)
Profit after income tax expense for the period		3,072,634	22,877,869
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		3,072,634	22,877,869
Profit for the period is attributable to:			
Owners of Euroz Hartleys Group Limited		3,072,634	22,877,869
		3,072,634	22,877,869
Total comprehensive income for the period is attributable to:			
Owners of Euroz Hartleys Group Limited		3,072,634	22,877,869
		3,072,634	22,877,869
		Cents	Cents
Basic earnings per share		1.69	12.17
Diluted earnings per share		1.60	11.63

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EUROZ HARTLEYS GROUP LIMITED
AS AT 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents	6	87,702,113	190,667,525
Trade and other receivables	8	9,254,081	18,071,214
Other financial assets at fair value	8	16,457,127	15,317,064
Other current assets		1,930,615	2,482,114
Current tax receivable		1,582,870	-
Total current assets		116,926,806	226,537,917
Non-current assets			
Financial assets at amortised cost	8	671,935	1,069,380
Investments at fair value through profit and loss	7, 8	2,025,317	-
Property, plant and equipment		1,853,876	2,097,562
Deferred tax assets		4,634,388	4,238,048
Intangible assets		39,059,224	39,362,702
Right of use asset		3,624,372	4,244,049
Total non-current assets		51,869,112	51,011,741
Total assets		168,795,918	277,549,658
Current liabilities			
Trade and other payables	9	39,674,475	59,537,023
Current tax liabilities		-	8,834,084
Current provisions		7,433,356	7,788,835
Lease liability		1,387,828	1,354,750
Total current liabilities		48,495,659	77,514,692
Non-current liabilities			
Deferred tax liabilities		2,711,998	3,131,101
Non-current provisions		139,522	140,970
Lease liability		2,850,322	3,552,525
Total non-current liabilities		5,701,842	6,824,596
Total liabilities		54,197,501	84,339,288
Net assets		114,598,417	193,210,370
Equity			
Issued capital	10 (a)	100,408,008	136,740,320
Reserves	10 (e)	7,625,800	8,917,497
Retained earnings		6,564,609	47,552,553
Total equity		114,598,417	193,210,370

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Retained Earnings	Share based payment reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2022	136,740,320	47,552,553	8,917,497	193,210,370
Profit for the period	-	3,072,634	-	3,072,634
Total comprehensive income for the period	-	3,072,634	-	3,072,634
<i>Transactions with owners, recorded directly in equity</i>				
Return of capital (i)	(39,998,187)	-	-	(39,998,187)
Vested shares under Performance Rights Plan	3,639,833	-	(3,639,833)	-
Treasury shares	26,042	-	-	26,042
Share based payments	-	-	2,348,136	2,348,136
Dividends to equity holders (ii)	-	(44,060,578)	-	(44,060,578)
Total contributions by and distributions to owners	(36,332,312)	(44,060,578)	(1,291,697)	(81,684,587)
Balance at 31 December 2022	100,408,008	6,564,609	7,625,800	114,598,417

	Issued Capital	Retained Earnings	Share based payment reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2021	134,665,226	28,481,589	7,955,369	171,102,184
Profit for the period	-	22,877,869	-	22,877,869
Total comprehensive income for the period	-	22,877,869	-	22,877,869
<i>Transactions with owners, recorded directly in equity</i>				
Shares issued during the period (Note 10)	2,446,514	-	-	2,446,514
Vested shares under Performance Rights Plan	2,101,171	-	(2,101,171)	-
Treasury shares acquired	(1,230,064)	-	-	(1,230,064)
Share based payments	-	-	1,884,807	1,884,807
Dividends to equity holders	-	(4,908,342)	-	(4,908,342)
Total contributions by and distributions to owners	3,317,621	(4,908,342)	(216,364)	(1,807,085)
Balance at 31 December 2021	137,982,847	46,451,116	7,739,005	192,172,968

(i) Return of capital relates to the \$40 million equal capital reduction and share cancellation paid in December 2022 as part of the Group's strategic cash and capital management initiative. This resulted in the simultaneous cancellation of 16.85% of the issued capital.

(ii) Dividends to equity holders comprise \$40 million fully franked special dividend of \$0.2027 per share paid to shareholders in October 2022 as part of the Group's strategic cash and capital management initiative and \$4.1 million fully franked December 2022 half year dividend of \$0.025 per share to be paid in February 2023.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	45,089,659	69,298,011
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(40,346,585)</u>	<u>(52,690,353)</u>
	4,743,074	16,607,658
Proceeds from sale of trading shares	3,651,823	4,436,841
Payments for trading shares	(401,774)	(2,106,096)
Interest received	961,568	68,445
Income taxes paid	<u>(12,736,039)</u>	<u>(10,165,529)</u>
Net cash (outflow) / inflow from operating activities	<u>(3,781,348)</u>	<u>8,841,319</u>
Cash flows from investing activities		
Payment into investment fund	(2,000,000)	-
FinClear Services security deposit	350,000	-
Maturity of term deposit	-	92,277
Dividends and trust distributions received	-	1,596,061
Payments for property, plant and equipment	<u>(119,849)</u>	<u>(2,227,022)</u>
Net cash outflow from investing activities	<u>(1,769,849)</u>	<u>(538,684)</u>
Cash flows from financing activities		
Return of capital (i)	(39,998,186)	-
Proceeds from share issue	-	2,446,514
Receipts / (payments) for treasury shares	26,042	(1,230,064)
Dividends paid (ii)	(56,729,828)	(26,377,834)
Repayment of lease liabilities	(618,637)	(605,519)
Interest paid on lease liabilities	<u>(93,606)</u>	<u>(121,134)</u>
Net cash outflow from financing activities	<u>(97,414,215)</u>	<u>(25,888,037)</u>
Net decrease in cash and cash equivalents	<u>(102,965,412)</u>	<u>(17,585,402)</u>
Cash and cash equivalents at 1 July (Note 6)	<u>190,667,525</u>	<u>96,050,325</u>
Cash and cash equivalents at 31 December (Note 6)	<u>87,702,113</u>	<u>78,464,923</u>

- (i) Return of capital relates to the \$40 million equal capital reduction and share cancellation paid in December 2022 as part of the Group's strategic cash and capital management initiative. This resulted in the simultaneous cancellation of 16.85% of the issued capital.
- (ii) Dividends paid comprise \$16.7 million fully franked June 2022 final dividend of \$0.085 per share paid to shareholders in August 2022 and \$40 million fully franked special dividend of \$0.2027 per share paid to shareholders in October 2022 as part of the Group's strategic cash and capital management initiative.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Statement of significant accounting policies

The half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting, and IAS 34 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022. Selected explanatory notes are included to explain significant events and transactions since 30 June 2022 annual report.

Euroz Hartleys Group Limited is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (“ASX”).

This consolidated half-year financial report was approved by the Board of Directors for issue on 27 February 2023.

(a) Basis of preparation

The half-year consolidated financial report has been prepared on the basis of historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets.

The half-year consolidated financial report is presented in Australian Dollars, which is the consolidated Group’s functional currency. All amounts have been rounded to the nearest dollar, 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 consolidated group’s annual financial report for the financial year ended 30 June 2022.

The half-year consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

(b) Estimates

The preparation of the half-year consolidated financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the half-year consolidated financial report, significant judgment made by management in applying the consolidated group’s accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2022.

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2: Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive team (the chief operating decision makers) in assessing performance and in allocating resources. The Group's reportable segments have been determined to be:

Retail

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

Wholesale

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

Funds Management

Westoz Funds Management (WFM), a wholly owned subsidiary of Euroz Hartleys Group has an Australian Financial Services Licence (AFSL). Currently WFM is managing the mandate for Westoz Resources Fund Limited, an unlisted public company available to sophisticated and professional investors.

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

Basis of accounting for purpose of reporting by operating segments

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

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2: Segment information (continued)

Segment performance

	Retail	Wholesale	Funds Management	Other	Total
	\$	\$	\$	\$	\$
31 December 2022					
Brokerage	9,578,156	2,252,449	-	-	11,830,605
Underwriting and placement fees	4,312,712	11,640,035	-	-	15,952,747
Performance and management fees	-	-	21,500	-	21,500
Wealth management fees	9,014,032	7,814	-	-	9,021,846
Corporate advisory	-	2,186,430	-	-	2,186,430
Interest received	-	-	5,848	957,646	963,494
Other revenue	32,162	60,799	-	240	93,201
Total segment revenue	22,937,062	16,147,527	27,348	957,886	40,069,823
Segment net operating profit after tax	798,979	4,571,037	(132,474)	(2,164,908)	3,072,634
	Retail	Wholesale	Funds Management	Other	Total
	\$	\$	\$	\$	\$
31 December 2021					
Brokerage	13,633,325	5,069,047	-	-	18,702,372
Underwriting and placement fees	5,261,092	16,054,909	-	-	21,316,001
Performance and management fees	-	-	1,489,232	-	1,489,232
Wealth management fees	9,035,958	23,884	-	-	9,059,842
Corporate advisory	-	4,328,280	-	-	4,328,280
Dividends and trust distributions received	-	-	-	29,448	29,448
Interest received	-	-	9,797	58,648	68,445
Other revenue	-	45,182	-	26,802	71,984
Total segment revenue	27,930,375	25,521,302	1,499,029	114,898	55,065,604
Segment net operating profit after tax	4,525,615	7,708,400	658,893	9,984,961	22,877,869

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EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3: Revenue

	31 December 2022	31 December 2021
	\$	\$
Brokerage	11,830,605	18,702,372
Underwriting and placement fees	15,952,747	21,316,001
Performance and management fees	21,500	1,489,232
Wealth management fees	9,021,846	9,059,842
Corporate advisory fees	2,186,430	4,328,280
Dividends and trust distributions received	-	29,448
Interest received	963,494	68,445
Other revenue	93,201	71,984
	<u>40,069,823</u>	<u>55,065,604</u>

Note 4: Dividends payable

	31 December 2022	31 December 2021
	\$	\$
Fully franked ordinary interim dividend of 2.5 cents (2021: 2.5 cents) per share franked at the tax rate of 30% (2021: 30%). This has been recognised as a provision in the consolidated statement of financial position at 31 December 2022.	<u>4,101,002</u>	<u>4,925,481</u>

Note 5: Contingent liabilities and assets

The parent entity and consolidated group had contingent liabilities at 31 December as follows:

	31 December 2022	30 June 2022
	\$	\$
Secured guarantees in respect of leases of a controlled group entity:		
Westpac Banking Corporation	796,816	796,816
Bankwest	628,978	625,935
Secured guarantees in respect of leases of the consolidated group	<u>1,425,794</u>	<u>1,422,751</u>

The consolidated group has a deposit with FinClear Services Pty Ltd as part of Euroz Hartleys Limited international trading and settlement arrangements. This deposit totalled \$50,000 at reporting date (30 June 2022: \$400,000).

The group has no contingent assets at the reporting date.

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6: Cash and cash equivalents

	31 December 2022 \$	30 June 2022 \$
Cash at bank and on hand	71,887,355	175,256,542
Restricted cash:		
Cash margin account	1,206,579	3,593,551
Client trust account	<u>14,608,179</u>	<u>11,817,432</u>
Total restricted cash	<u>15,814,758</u>	<u>15,410,983</u>
Total cash and cash equivalents	<u>87,702,113</u>	<u>190,667,525</u>

The cash margin account is held by the Australian Securities Exchange (ASX) as a margin requirement to cover possible market participant default and is adjusted each day to reflect the Company's current obligation to the clearing house at ASX. Client trust bank balances are client funds, and not available for general use by the Group.

Note 7: Investments at fair value through profit and loss

	31 December 2022 \$
Opening fair value – 1 July	-
Additions (i)	2,000,000
Fair value increments	<u>25,317</u>
Closing balance – 31 December	<u>2,025,317</u>

- (i) Investments at fair value through profit and loss relates to Euroz Hartleys Group Limited's 8% investment in Westoz Resources Fund Limited ("WRFL"). WRFL is an unlisted investment fund whose purpose is to generate positive returns and returning dividends to investors through the trading of stocks generally associated with the resources sector in Western Australia. The responsible manager of the fund is Westoz Funds Management ("WFM") a wholly owned subsidiary of Euroz Hartleys Group Limited.

WRFL is measured at fair value in accordance with Group policies as disclosed in the annual report. At each reporting date, the Group will review the carrying amount of the investment to determine whether there is an indication of impairment. If any indication exists, then the investment's recoverable amount is estimated, being the higher of value in use and fair value less costs of disposal. An impairment loss will be recognised if the carrying amount of the asset exceeds its recoverable amount and is recognised in profit or loss.

Note 8: Fair value measurement

The following table details the consolidated group's fair value of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Techniques, such as estimated discounted cash flows and Black-Scholes model are used to determine fair value for the financial instruments.

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8: Fair value measurement (continued)

31 December 2022	Note	Carrying amount		Fair value				
		Mandatorily at FVTPL (ii)	Financial assets / liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Current financial assets								
Cash and cash equivalents (i)	6	-	87,702,113	87,702,113	-	-	-	-
Trade and other receivables (i)		-	9,254,081	9,254,081	-	-	-	-
Other financial assets		16,457,127	-	16,457,127	5,168,951	10,935,041	353,135	16,457,127
Non - Current financial assets								
Financial assets (i)		-	671,935	671,935	-	-	-	-
Investments at fair value	7	2,025,317	-	2,025,317	-	2,025,317	-	2,025,317
Current financial liabilities								
Trade and other payables (i)	9	-	39,674,475	39,674,475	-	-	-	-
		18,482,444	57,953,654	76,436,098	5,168,951	12,960,358	353,135	18,482,444

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

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

**EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8: Fair value measurement (continued)

	Note	Carrying amount		Fair value				
		Mandatorily at FVTPL (ii)	Financial assets / liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
30 June 2022								
Current financial assets								
Cash and cash equivalents (i)	6	-	190,667,525	190,667,525	-	-	-	-
Trade and other receivables (i)		-	18,071,214	18,071,214	-	-	-	-
Other financial assets		15,317,064	-	15,317,064	6,779,359	8,184,570	353,135	15,317,064
Non - Current financial assets								
Financial assets (i)		-	1,069,380	1,069,380	-	-	-	-
Current financial liabilities								
Trade and other payables (i)	9	-	59,537,023	59,537,023	-	-	-	-
		15,317,064	150,271,096	165,588,160	6,779,359	8,184,570	353,135	15,317,064

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

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

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9: Trade and other payables

	31 December 2022 \$	30 June 2022 \$
Trade and other payables	807,720	4,860,636
Broker payable (i)	21,110,776	27,254,709
Dividend payable	4,101,002	16,770,251
Accruals	13,654,977	10,651,427
	<u>39,674,475</u>	<u>59,537,023</u>

(i) Broker payable relates to outstanding client accounts and amounts owed by the Group to Australian Securities Exchange (ASX) Clearing.

Note 10: Share capital

	31 December 2022 Shares	31 December 2021 Shares	31 December 2022 \$	31 December 2021 \$
(a) Share capital				
Ordinary shares:				
Issued and paid up capital - consisting of ordinary shares (net of treasury shares)	<u>155,236,018</u>	<u>187,828,455</u>	<u>100,408,008</u>	<u>137,982,847</u>

(b) Movements in ordinary share capital

	31 December 2022 Shares	31 December 2021 Shares
Opening balance – 1 July	187,106,282	185,374,535
Issue of new shares	-	1,500,929
Share cancellation (i)	(33,257,006)	-
Acquisition of Treasury shares	-	(800,000)
Vested shares under Performance Rights Plan	1,386,742	1,752,991
	<u>155,236,018</u>	<u>187,828,455</u>
Closing balance – 31 December	<u>155,236,018</u>	<u>187,828,455</u>

(c) Movements in ordinary share capital

	31 December 2022 \$	31 December 2021 \$
Opening balance – 1 July	136,740,320	134,665,226
Issue of new shares	-	2,446,514
Return of capital (i)	(39,998,187)	-
Treasury shares	26,042	-
Acquisition of Treasury shares	-	(1,230,064)
Vested shares under Performance Rights Plan	3,639,833	2,101,171
	<u>100,408,008</u>	<u>137,982,847</u>
Closing balance – 31 December	<u>100,408,008</u>	<u>137,982,847</u>

(i) Return of capital / share cancellation relates to the \$40 million equal capital reduction and share cancellation paid in December 2022 as part of the Group's strategic cash and capital management initiative.

EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10: Share capital (continued)

(d) Movements in treasury shares

	31 December 2022	31 December 2021
	Shares	Shares
Opening balance – 1 July	(10,190,791)	(10,143,782)
On-market purchase during the period	-	(800,000)
Share cancellation (i)	1,483,980	-
Vested shares under Performance Rights Plan	<u>1,386,742</u>	<u>1,752,991</u>
Closing balance – 31 December	<u>(7,320,069)</u>	<u>(9,190,791)</u>

(i) Share cancellation relates to treasury shares that were cancelled as part of the \$40 million equal capital reduction and share cancellation in December 2022 as part of the Group's strategic cash and capital management initiative.

(e) Movements in share-based payments reserve

The reserve records items recognised as expenses on valuation of share-based payments. The movement in the current period totalling \$2,348,136 (December 2021: \$1,884,807) comprises the vesting expense related to the fair value of performance rights granted in prior years in connection with the Performance Rights Plan and an accelerated expense relating to performance rights granted in prior years which vested early as part of the equal capital reduction and share cancellation.

	31 December 2022	31 December 2021
	\$	\$
Opening balance – 1 July	8,917,497	7,955,369
Vested shares under Performance Rights Plan	(3,639,833)	(2,101,174)
Share based payments expense	<u>2,348,136</u>	<u>1,884,807</u>
Closing balance – 31 December	<u>7,625,800</u>	<u>7,739,002</u>

The decrease in the share-based payments reserve relates to the fair value of shares issued in respect of performance rights that vested as part of the performance rights plan. The fair value of performance rights is determined at grant date and is calculated as 25% of an individual's annual bonus as determined by the Board.

Advisors who are paid a commission may also be paid in equity when they meet specific performance hurdles as set out in their individual employment contract. Performance rights convert to plan shares after year 1 which are held as treasury shares by the Euroz Share Trust. These plan shares are subject to a 3-year vesting period.

Note 11: Subsequent events

The Directors are not aware of any other matter or circumstance subsequent to 31 December 2022 that has significantly affected, or may significantly affect the consolidated group's operations in future financial years, the results of those operations in future financial years, or the consolidated group's state of affairs in future financial years.

**EUROZ HARTLEYS GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

DIRECTORS' DECLARATION

The Directors of Euroz Hartleys Group Limited (“the Company”) declare that:

1. The financial statements and notes, of the consolidated group are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the consolidated group’s financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors:



Andrew McKenzie
Executive Chairman

Dated: 27 February 2023, Perth