24 February 2022

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam,

## E&P Financial Group Limited FY22 Half Year Financial Results

The following announcements to the market are provided:

1. **Appendix 4D and Half Year Financial Report**
2. 1H22 Results Announcement
3. 1H22 Results Presentation

Yours faithfully,

**Paul Ryan**
Chief Financial Officer & Company Secretary
(Authorising Officer)

# Appendix 4D

## Half-Year Report
## For the period 1 July 2021 to 31 December 2021

**Name of entity**

**E&P Financial Group Limited**

| **Australian Company Number** | **Reporting Period** | **Previous Corresponding Period** |
|---|---|---|
| 609 913 457 | 1 July 2021 to 31 December 2021 | 1 July 2020 to 31 December 2020 |

### Results for announcement to the market

| | | **31 December 2021 ($'000)** |
|---|---|---|
| **Total revenue**<br>("revenue from ordinary activities") | Up by 8.1% to | $113,989 |
| **Profit for the period**<br>("profit from ordinary activities after tax attributable to members") | Down by 9.2% to | $4,102 |
| **Total comprehensive income for the period**<br>("net profit for the period attributable to members") | Up by 40.2% to | $4,322 |

**Commentary on results**

Refer to attached Half-Year Report including Director's Report. Additional Appendix 4D disclosure requirements can be found in the notes to these financial statements.

| **Dividends** | **Amount per security** |
|---|---|
| Nil Dividends | - |

No dividend has been declared in respect of the first half of the 2022 financial year

**Net tangible assets per share**

| | |
|---|---|
| 31/12/2021 | $0.24 |
| 31/12/2020 | $0.27 |

**Financial Report**

This report is based on the condensed consolidated financial statements for the half-year ended 31 December 2021 which have been reviewed by Deloitte Touche Tohmatsu.

E&P

# FINANCIAL REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

**E&P Financial Group Limited**
**ACN 609 913 457**

# Contents

# Directors' report

## INTRODUCTION

The Directors of E&P Financial Group Limited (the **Company**) submit herewith the financial report of the consolidated entity comprising the Company and its controlled entities (herein referred to as the **Group**) for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

## DIRECTORS

The names of the Directors of E&P Financial Group Limited during or since the end of the half-year are:

- David Evans, Executive Chairman
- Josephine Linden, Non-Executive Director
- Sally McCutchan, Non-Executive Director (appointed, 10 November 2021)
- Peter Anderson, Managing Director & Chief Executive Officer (appointed, 16 November 2021)
- Sally Herman, Non-Executive Director (resigned, 10 November 2021)
- Kevin McCann, Non-Executive Director (resigned, 16 November 2021)
- Anthony Pascoe, Non-Executive Director (resigned, 29 November 2021)

## REVIEW AND RESULTS OF OPERATIONS

### OPERATING AND FINANCIAL REVIEW

#### GROUP FINANCIAL PERFORMANCE BY OPERATING SEGMENT

| FOR THE PERIOD ($'000) | E&P WEALTH | E&P CAPITAL | E&P FUNDS | CORPORATE UNALLOCATED | TOTAL |
|---|---|---|---|---|---|
| Total revenue[1] | 48,415 | 37,150 | 28,210 | - | 113,775 |
| Net revenue[2] | 45,853 | 36,423 | 28,114 | - | 110,390 |
| Underlying EBITDA[3] | 8,058 | 8,717 | 10,096 | (6,131) | 20,740 |
| Underlying NPATA[4] | | | | | 9,692 |

*Notes:*

1. *Total revenue excludes interest income of $0.1 million and $0.1 million in trading gains on sale of non-core investments.*
2. *Net revenue is defined as gross revenue less cost of sales including trading execution, clearing and settlement costs, costs directly incurred in the provision of construction, project management, design and architectural services.*
3. *Underlying EBITDA reflect adjustments for items or events that the Directors consider are not part of the usual business activities or reflect the underlying performance of the Group. See reconciliation in Non-IFRS information section for further information.*
4. *Underlying NPATA is defined as underlying net profit after tax, before amortisation of acquired intangibles and items or events that the Directors consider are not part of the usual business activities or reflect the underlying performance of the Group. See reconciliation in Non-IFRS information section for further information.*

## GROUP PERFORMANCE

The Group recorded total revenue of $113.8 million[1] and net revenue of $110.4 million after deducting cost of sales for the half year to 31 December 2021. Net revenue was up 11% compared to the prior corresponding period, driven by the execution of transactions in E&P Capital, the continued strong contribution from the Evans & Partners business and successful rollout of the E&P Retail Wealth Management service offering, growth in our core equities strategies and profit contribution from principal positions in private equity funds.

The Group recorded underlying EBITDA of $20.7 million and underlying NPATA of $9.7 million for the period, which reflect a 16% and 63% increase respectively when compared to the prior corresponding period.

An ongoing focus to achieve cost discipline and deliver operational efficiencies contributed to a decrease in operating expenses (excluding non-underlying items) by 4% compared to the prior corresponding period, although higher revenue linked staff remuneration offset these savings. Earnings were supported by lower depreciation and amortisation expenses to a level which is expected to continue for future periods. The uplift in underlying profitability was reflected in an underlying EBITDA margin of 19%, a 1 percentage point increase compared to the prior corresponding period.

The Group recorded statutory net profit after tax of $4.1 million, down 9% on the prior corresponding period. The statutory result was impacted by non-underlying expenses arising from the costs associated with regulatory proceedings and the net change in the value of non-core investments, which represent legacy investments unrelated to the core activities of the Group.

During the period the Group implemented further operating platform enhancements to progress key structural changes to support the Group's growth initiatives.

- In E&P Wealth, the growing momentum in the Evans & Partners Retail Wealth Management offering increases the Group's presence in the underserviced mass affluent retail market, supported by the market-leading Evans & Partners core high net wealth offering.
- In E&P Capital, the business is expanding capability within targeted market segments, enhancing ECM deal origination and distribution with a continued focus on small caps.
- In E&P Funds, the growth and strong performance of the Group's core equities offering will be supported by the strategic objective to expand and diversify distribution.

The business continued to execute these initiatives with several structural improvements achieved as follows:

- In E&P Funds, the business delivered improved value and liquidity outcomes for clients invested in internally managed real asset funds. For example:
  - The FSREC Property Fund placement and withdrawal offer in February 2022 ($330 million) in addition to the $95 million withdrawal offer in July 2021.
  - New Energy Solar's Australian asset sales of $288 million with debt reduction and buyback.
  - $67 million in capital returns to investors in CD Private Equity Funds I-III during the period.

*Note:*

1. *Total revenue excludes interest income of $0.1 million and $0.1 million in trading gains on sale of non-core investments.*

## Directors' report *(cont.)*

- The consolidation of E&P Wealth under a unified brand:
  - all Advisers are authorised under the Evans & Partners AFSL.
  - strong support from Dixon Advisory clients choosing to transition to Evans & Partners.
- Continued investment in advice regtech to deliver improved efficiencies, advice quality and management oversight.
- Development of an enterprise-wide ESG program, with implementation well progressed.

### ADDRESSING LEGACY ISSUES

During the period and subsequently, the Board and management continued to address the legacy issues related to Dixon Advisory & Superannuation Services Pty Limited (**DASS**), a subsidiary of the Group.

On 9 July 2021, the Company announced that DASS had entered into a conditional Heads of Agreement with the Australian Securities & Investments Commission (**ASIC**) to resolve the legal proceedings commenced by ASIC against DASS in the Federal Court of Australia on 4 September 2020. Under the heads of agreement, DASS agreed to pay to the Commonwealth a pecuniary penalty of $7.2 million and ASIC's legal costs of its investigation and the legal proceedings agreed at $1.0 million (subject to approval of the Court). DASS finalised all legal documentation with ASIC on 15 October 2021 but as at the date of this report the Federal Court is yet to consider the settlement.

On 4 November 2021, the Company announced that a representative proceeding had been commenced in the Federal Court of Australia against DASS, the Company and Mr. Alan Dixon (former Executive Director of the Group) by Piper Alderman on behalf of named applicants and group members who were retail clients of DASS. The proceeding makes certain allegations in connection with personal advice provided by DASS representatives to the applicants and group members in respect of the US Masters Residential Property Fund.

On 24 December 2021, the Company announced that a second representative proceeding had been commenced by Shine Lawyers in the Federal Court of Australia against DASS, the Company, Mr. Alan Dixon and Mr. Christopher Brown (former Executive Directors of the Group). In the Statement of Claim, the Applicant makes similar allegations to those made in the representative proceedings commenced by Piper Alderman.

The appointment of Voluntary Administrators (see below) means that the representative proceedings are stayed as against DASS (unless the administrators' written consent or leave of the Court is given to proceed). In due course the Company intends to defend the proceedings, but as at the date of this release the issue of carriage of the representative proceedings (i.e. whether both or only one proceeding, and if so which one, will continue against the Company and its former executives) is yet to be resolved.

On 19 January 2022 the Directors of DASS placed DASS into Voluntary Administration (**VA**) after determining that mounting actual and potential liabilities meant DASS was likely to become insolvent at some future time. Actual or potential liabilities included possible damages arising from the representative proceedings led by Piper Alderman and Shine Lawyers, claims being determined by the Australian Financial Complaints Authority (**AFCA**), and penalties agreed between DASS and ASIC.

The objectives of the VA are to:

1. Facilitate the prompt transfer of DASS clients to a replacement service provider of the client's choice with minimal disruption to client service; and
2. Propose a Deed of Company Arrangement (**DOCA**) which provides for the comprehensive settlement of all DASS and related claims (including the representative proceedings) in a manner which provides for equitable treatment of all DASS client creditors.

Importantly:

1. The appointment is to DASS only – the VA does not affect any other services provided by the Company or related entities, including internally managed real asset funds, all of which are independently governed, and SMSF accounting, tax and administration services. There is no recourse for DASS liabilities to other entities within the Group;
2. No client assets are at risk as all client assets are either held in clients' own names or on trust by independent third-party custodians;
3. There will be no staff impact as a result of the VA. DASS clients will have continued access to their current Adviser/s; and
4. There will be minimal disruption to client service while clients are supported through the transition to a replacement service provider of their choice.

## NON-IFRS INFORMATION

The Group utilises certain non-IFRS financial measures when assessing the financial performance of the Group. These measures which include net revenue, underlying Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) and underlying Net Profit After Tax before Acquired Amortisation (**NPATA**) are not prepared in accordance with IFRS and are therefore considered 'non-IFRS' financial measures.

Management uses non-IFRS information, in addition to financial data prepared in accordance with IFRS to attain a more transparent understanding of the business' performance. We use non-IFRS measures consistently in our internal planning and forecasting, to establish strategic goals and to allocate resources. The Directors therefore believe that the non-IFRS measures provide useful information to assist investors and analysts to understand the business and its performance. The non-IFRS financial measures reflect adjustments for items or events that the Directors consider are not part of the usual business activities or reflect the underlying performance of the Group. The adjustments have been consistently applied in all reporting periods, regardless of their impact on the underlying result.

## Directors' report *(cont.)*

The table below sets out the adjustments to EBITDA and NPAT that were made for 1H22, 2H21 and 1H21.

### UNDERLYING EBITDA & NPATA RECONCILIATION IN FINANCIALS

| FOR THE PERIOD ($'000) | 1H21 | 2H21 | 1H22 |
|---|---|---|---|
| **Net profit before tax** | **5,446** | **(23,486)** | **6,908** |
| Interest revenue and finance costs | 670 | 681 | 570 |
| Depreciation, amortisation and impairment of PPE | 9,614 | 6,402 | 6,165 |
| Impairment of goodwill, intangible assets and investments | - | 11,195 | - |
| **EBITDA** | **15,730** | **(5,208)** | **13,643** |
| Non-recurring income (US PPP stimulus) | (918) | 29 | - |
| Net change in value of non-core investments[1] | 437 | 2,770 | 1,438 |
| Commonwealth penalty | - | 7,200 | - |
| Regulatory proceedings and related costs, net of insurance | 2,252 | 3,867 | 3,864 |
| Costs of takeover defence | 412 | 1,437 | - |
| Fair value loss on FSC investment held for sale | - | - | 1,795 |
| **Underlying EBITDA** | **17,913** | **10,095** | **20,740** |
| **Statutory NPAT** | **4,515** | **(23,350)** | **4,102** |
| After tax amount of underlying adjustments | 1,383 | 12,887 | 5,004 |
| Impairment of goodwill and other | - | 11,193 | - |
| Amortisation of acquired intangibles | 1,007 | 561 | 586 |
| US CARES Act tax credit | (969) | 22 | - |
| **Underlying NPATA** | **5,936** | **1,313** | **9,692** |

*Notes:*

1. *Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.*

- *The 1H22 Underlying EBITDA adjustments include net fair value adjustments on non-core investments of $1.4 million ($1.0 million after tax), $3.9 million in expenses relating to regulatory proceedings and related costs ($2.7 million after tax) and a $1.8 million fair value loss on the Group's investment in Fort Street Capital related to the sale of the FSREC investment management platform to ISPT ($1.3 million after tax).*
- *The 2H21 Underlying EBITDA adjustments include, net fair value adjustments on non-core investments of $2.8 million ($1.9 million after tax), $7.2 million Commonwealth penalty ($7.2 million after tax), $3.9 million in expenses relating to regulatory proceedings and related costs ($2.7 million after tax) and $1.4 million in direct legal and advisory expenses incurred in defence of 360 Capital's off-market takeover offer ($1.0 million after tax).*
- *The 1H21 Underlying EBITDA adjustments include income of $0.9 million received in the form of US Paycheck Protection Program forgivable loan ($0.9 million after tax), net fair value adjustments on non-core investments of $0.4 million ($0.4 million after tax), $2.3 million in expenses relating to regulatory proceedings and related costs ($1.6 million after tax) and $0.4 million in direct legal and advisory expenses incurred in defence of 360 Capital's off-market takeover offer ($0.3 million after tax).*
- *Underlying NPATA excludes the impact of amortisation of intangible assets that arose from the merger with Evans & Partners, acquisition of Fort Street Advisers and the Company's IPO totalling $0.6 million after tax in 1H22 (2H21: $0.6 million, 1H21: $1.0 million).*
- *2H21 Underlying NPATA includes $11.2 million impairment of goodwill in the E&P Wealth CGU due to regulatory matters.*
- *1H21 Underlying NPATA excludes tax relief stimulus measures resulting from the US CARES Act totalling $1.0 million.*

# BUSINESS SEGMENT OVERVIEW

## E&P WEALTH

E&P Wealth provides a full-service solution for private clients through a complementary suite of services including financial advice, investment advice, stock broking, private wealth management, private client portfolio administration and reporting, self-managed superannuation fund administration and legal services. E&P Wealth revenues are primarily derived from fee for service investment and financial advice and administration, asset-based advice fees and securities brokerage. E&P Wealth also receives fees for participation in equity and debt capital raisings.

E&P Wealth generated net revenue of $45.9 million in 1H22 which was up 8% compared to the prior corresponding period, driven by consistent underlying revenue growth from the Evans & Partners wealth business. Advice and services revenue benefitted from funds under advice (**FUA**) growth while the period also saw increased capital markets activity due to strong support for attractive ECM and DCM investment opportunities.

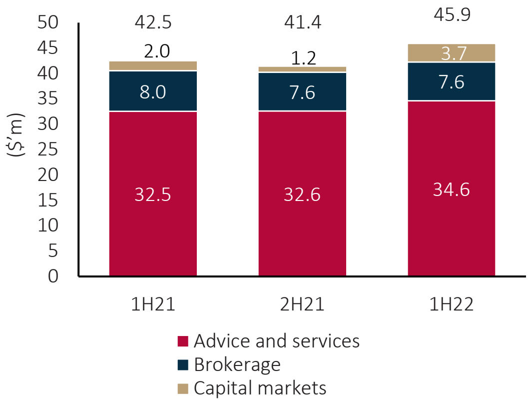
E&P Wealth underlying EBITDA of $8.1 million was up 4% on the prior corresponding period while an increase in the share of FUA-based revenue is leading to improved earnings quality. Despite the revenue growth, E&P Wealth's underlying EBITDA margin was in line with the prior corresponding period reflecting the short-term impact of Evans & Partners adviser transitions and the decreased Dixon Advisory revenue contribution.

The Evans & Partners Retail Wealth Management (**RWM**) service offering continues to be supported by existing and new clients, in combination with continued growth from the market-leading high net wealth service. At the period end, the RWM service offering had a total of 734 clients representing FUA of $1.4 billion. The growing momentum in the RWM offering remains integral to the divisional strategy to restructure the earnings profile by expanding the Evans & Partners financial advice offering across our client base and increasing exposure to FUA-based revenue whilst reducing the contribution from transactional sources.

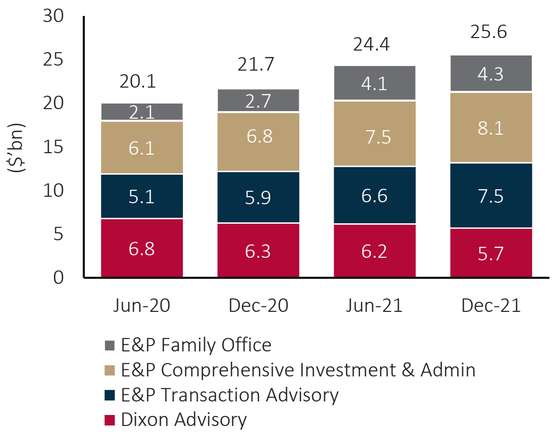
Total E&P Wealth FUA was $25.6 billion at 31 December 2021, representing an increase of 5% from the prior period. The business saw strong FUA growth from the Evans & Partners client base reflecting positive investment outcomes and net client growth. The total number of E&P Wealth clients of approximately 9,100 was largely stable compared to the prior period, although client exits are expected in 2H22 due to the Voluntary Administration of DASS, as clients transition to a replacement service provider of their choice.

The high-touch Evans & Partners Family Investment Office is providing clients with a bespoke offering for complex affairs and intergenerational wealth management. Other structural initiatives during the period include updates to the client portal to include stock specific environmental, social and governance (**ESG**) data and reporting, the ongoing transition of primary platform provider to HUB24 and key third-party SMSF technology partner to BGL 360. Each of these initiatives bring several key benefits across the client experience and provision of service.

### E&P WEALTH NET REVENUE




### E&P WEALTH FUA




## E&P CAPITAL

E&P Capital provides stockbroking and investment advisory services to institutional clients and advice to corporations, including advice on equity and debt capital market transactions, public markets and private treaty mergers and acquisitions, corporate divestments, private equity buyouts and debt financing and corporate restructurings. The E&P Capital segment generates revenue through institutional brokerage and securities execution commissions, corporate advisory services fees and debt and equity capital markets advice fees.

E&P Capital achieved strong revenue growth with the division recording net revenue of $36.4 million, up 30% compared to the prior corresponding period. The half-year performance was driven by the execution of E&P Capital's strategy. Underlying EBITDA was $8.7 million, which was 25% higher than the prior corresponding period.

The earnings uplift was led by the successful execution of Corporate Advisory transactions with several M&A transactions in targeted sectors of expertise and growth in Capital Markets activity. During the period, E&P Capital advised on over $2.0 billion of M&A transactions and numerous Capital Markets mandates. The result demonstrated the successful execution of the business' integrated growth strategy.

E&P Capital's institutional business continued to perform well in a competitive environment. The E&P Hong Kong institutional desk is now providing access to the E&P Capital platform for international clients and is expected to contribute to the growth of E&P Capital's sales and distribution presence.

E&P Capital refined its research coverage with 142 securities under coverage representing approximately 77% of the ASX200 by market capitalisation, including 11 small/mid-cap initiations so far in FY22, offsetting 11 cessations reflecting takeovers and the redeployment of resources.

The quality of the Group's institutional sales, trading and equity research teams were again demonstrated through E&P Capital's excellent result in the Peter Lee Associates Australian Equity Investors Report 2021. The strong result supports the investment the business has made over prior periods.

# Directors' report *(cont.)*

| REPORT | HIGHLIGHT |
|---|---|
| Peter Lee Associates Australian Equity Investors Report 2021 | **Sales** – #2 in sales team capability<br>**Research** – great recognition for sector research – top three ranked analysts in three sectors; top five in five sectors<br>**Trading** – #2 ranked for best execution in small caps |

## E&P CAPITAL SELECT CORPORATE ADVISORY TRANSACTIONS

### M&A

Genie Solutions

**December 2021**
**Undisclosed**

Adviser to Genie Solutions in relation to its sale to Citadel Group / PEP

AMP

**December 2021**
**n.a.**

Adviser to the Independent Board Committee of AMP Capital's Shopping Centre Fund

PRIME MEDIA GROUP

**December 2021**
**~$132 million**

Defense adviser to Prime Media Group in relation to the sale of its businesses to Seven West Media

ALE PROPERTY GROUP

**December 2021**
**~$1.6 billion**

Defence adviser to ALE Property Group

complispace

**November 2021**
**$105 million**

Sole financial adviser to the shareholders of CompliSpace in relation to its sale to Ideagen PLC

REDHILL EDUCATION

**October 2021**
**$65 million**

Defence adviser to RedHill Education in relation to a combination with iCollege Ltd

### CAPITAL MARKETS

QUALITAS

**November 2021**
**$214 million**

Non-Renounceable Entitlement Offer
Sole Arranger and Joint Lead Manager

Newmark

**November 2021**
**$128 million**

Initial Public Offering
Joint Lead manager

RAM REAL ASSETS REAL RETURNS

**October 2021**
**$357 million**

Initial Public Offering
Joint Lead manager

REGAL FUNDS MANAGEMENT

**November 2021**
**$212 million**

Institutional Placement and ANREO
Sole Arranger and Joint Lead Manager

ExperienceCo

**October 2021**
**$51 million**

Accelerated Non-Renounceable Institutional Entitlement Offer
Joint Lead Manager

MACQUARIE BANK

**August 2021**
**$655 million**

Capital Notes 3
Joint Lead Manager

## E&P FUNDS

E&P Funds provides investment management solutions tailored to suit the needs of clients and investors. E&P Funds employs a thematic driven approach to investment management and focuses on sectors that present long-term investment opportunities supported by strong macroeconomic tailwinds that can best be accessed and actively managed with internal and partner capabilities. E&P Funds generates its revenue primarily from investment management fees, revenue for responsible entity and administration services, performance fees, revenue from execution of transactions such as asset acquisitions, disposals and debt arranging.

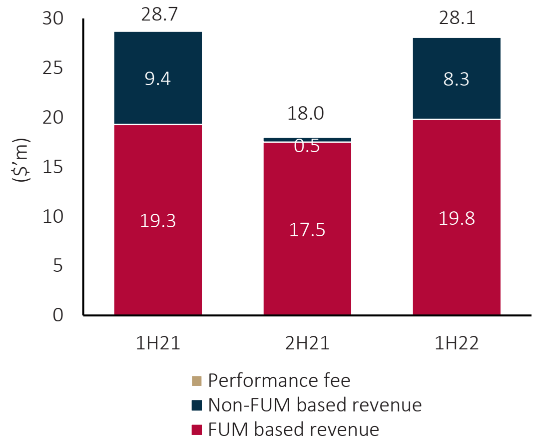
During the period, E&P Funds continued the strong momentum and performance of its core equities offering while also progressing several value and liquidity initiatives for investors in real asset funds. E&P Funds had a resilient performance with net revenue of $28.1 million down 2% on the prior corresponding period. FUM-based revenue growth of 13% against the prior period was driven by FUM growth in core equity strategies and the US Solar Fund while the half-year also benefitted from non-recurring non-FUM based revenue including contribution from principal positions in our joint venture private equity funds. E&P Funds produced underlying EBITDA of $10.1 million, which was up 7% compared to the prior corresponding period.

The business saw continued strength in its core equities offering with Claremont Global ranked the number one performing global equity manager in Australia in Morningstar's Top-performing global equity fund managers in 2021 (Large Blend) report, with total one-year returns of 42.1% after fees. The Orca Global Disruption Fund continued to perform well, delivering an annual total return since inception of 22.5% representing outperformance of 7.3% p.a. since inception. The momentum in the core equities offering has justified further investment in distribution capability in line with the strategic focus on growing third party capital from a diverse investor base.

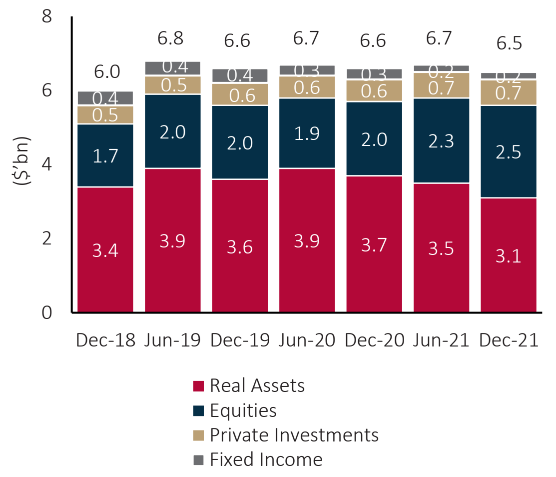
In the period, E&P Funds continued to progress structural initiatives to its real asset funds to achieve value and liquidity for investors. The FSREC Property Fund announced a $330 million placement and withdrawal offer, which has since completed, in addition to the $95 million withdrawal offer in July 2021, while the US Residential Property Fund asset sale program is progressing as planned with over US$180 million of asset sales completed since the commencement of the program. New Energy Solar completed Australian asset sales of $288 million with proceeds utilised for debt reductions and buybacks while CD Private Equity Funds I-III returned $67 million in capital to investors during the period. While there has been excellent progress made, the forward earnings outlook has changed alongside these deliberate structural changes with FUM-based revenue expected to reduce from real asset funds, to be offset by growth in core equities over time.

Funds under management at 31 December 2021 was $6.5 billion, down 3% on the prior period as strong core equities growth was offset by planned reductions in real asset funds from asset sale programs.

### E&P FUNDS NET REVENUE




### FUNDS UNDER MANAGEMENT BY ASSET CLASS




### E&P FUNDS EQUITIES

Claremont Global Fund

ORCA FUNDS MANAGEMENT

| EQUITIES OFFERING FUM[1] | 30 JUNE 2021 $'MILLION | 31 DECEMBER 2021 $'MILLION | CHANGE % |
|---|---|---|---|
| Claremont Global / E&P International Strategy | 1,081 | 1,272 | 17.7 |
| Orca Global Disruption Fund / Portfolio | 555 | 559 | 0.8 |
| Orca Asia Fund | 91 | 72 | (20.4) |
| Orca Global Fund | 110 | 98 | (10.6) |
| E&P Australian equities strategies | 411 | 450 | 9.5 |
| Other (Sprott Gold / Global Healthcare) | 23 | 26 | 13.0 |
| **Total Equities FUM** | **2,271** | **2,477** | **9.1** |

| TOP PERFORMING EQUITY FUNDS AS OF 31 DECEMBER 2021[2] | TOTAL RETURN (P.A.)[3] | | | |
|---|---|---|---|---|
| FUND | 1 YEAR % | VS INDEX % | SINCE INCEPTION[4] % | VS INDEX % |
| Claremont Global Fund | 42.1 | 16.0 | 17.0 | 3.5 |
| Orca Global Disruption Fund | 16.0 | (9.3) | 22.5 | 7.3 |
| E&P Australian Equities Growth Portfolio | 15.8 | (2.8) | 11.9 | 1.3 |

*Notes:*

1. *Gross funds under management, unaudited as at 31 December 2021. Past performance is not a reliable indicator of future financial performance.*
2. *Not illustrative of overall performance.*
3. *All returns are total returns (annualised if beyond one year), inclusive of reinvested distributions and net of fees and costs using net asset value per unit from inception to 31 December 2021 and exit unit price from this date, if applicable.*
4. *Inception date for Claremont Global Fund on 18 February 2014, Orca Global Disruption Fund on 25 July 2017 and E&P Australian Equities Growth Portfolio on 16 March 2011.*

## DIVIDENDS

The Board has determined it prudent to continue the dividend pause while legacy issues are addressed and as such has decided to not declare an interim dividend in respect of the half-year to 31 December 2021. The Board understands the importance of dividends to our shareholders and is committed to reverting to a full year dividend payout policy of 75-85% of NPATA in a normal operating environment.

## BALANCE SHEET AND CAPITAL

During the period, the Group maintained a solid balance sheet position. As at 31 December 2021, the Group had a strengthened net cash position of $56.7 million, supported by $32.2 million of investments in financial assets and equity accounted investments. The solid balance sheet position with cash and cash equivalents up 15% and net assets up 3% on the prior corresponding period is due to prudent management and growth in core operating earnings, noting the cash balance is largely committed with $53.9 million in regulatory and committed capital and employee remuneration.

## COVID-19 UPDATE

The effects of the COVID-19 pandemic resulted in significant disruption to both domestic and global financial markets and heightened uncertainty and risk for the global economic outlook.

Whilst the COVID-19 pandemic to date has not significantly impacted the operations of the Group (refer to "Year in Review" in most recent annual accounts for further details), as at the reporting date a definitive assessment of the future effects of COVID-19 more generally on the Group cannot be made.

Our primary focus remains our clients and, notwithstanding the obvious disruptions arising from COVID-19, we have maintained client service levels as staff work remotely. The Group will continue to adapt and address the ongoing challenges posed by COVID-19 as necessary over the financial year.

## SUBSEQUENT EVENTS

### DASS VOLUNTARY ADMINISTRATION

On 19 January 2022, Dixon Advisory and Superannuation Services Pty Limited (**DASS**), a subsidiary of the Group, appointed PwC Partners, Stephen Longley and Craig Crosbie, as Voluntary Administrators. The appointment was made as the Directors of DASS determined that mounting actual and potential liabilities meant DASS was likely to become insolvent at some future time. As a result, the Group ceased to control DASS as of 19 January 2022 and as such DASS' assets and liabilities will be deconsolidated from the Group on this date. Upon loss of control on 19 January 2022, intercompany balances between the Group and DASS will be deconsolidated. The operating intercompany account between the Group and DASS ("DASS IC Account") will be measured at fair value through profit and loss due to variability and contingent recourse conditions contained in the terms and conditions of those borrowings. As at 31 December 2021, the DASS IC Account closing balance was specific to funding amounts payable under the Heads of Agreement with ASIC disclosed in Note 16(a) and AFCA claims disclosed in Note 16(b), which are reliant on the satisfaction of a number of conditions.

In addition to the above intercompany balance, the Group maintains a tax funding and sharing agreement of which DASS is a participant. Any intercompany tax account balances will also be deconsolidated upon control being lost, and will be recognised as a related party payable/receivable in the Group's consolidated statement of financial position at fair value.

The first meeting of DASS creditors was held on 1 February 2022. On 16 February 2022, the Voluntary Administrators received Court approval for an extension of the period for convening the second meeting of DASS creditors by up to six months until 17 August 2022.

A prompt transfer of DASS clients to a replacement service provider of the client's choice with minimal disruption to client service is being facilitated and conducted under the supervision and guidance of the Voluntary Administrators at their direction. As at 22 February 2022, 70% of DASS clients have asked to transfer to Evans & Partners Pty Ltd, a subsidiary of the Group, with the Group facilitating a transfer to an external service provider for 16% of DASS clients who have expressed a desire to exit, leaving 14% of DASS clients who are yet to advise of their preference.

The Group has made a number of commitments to the Voluntary Administrators of DASS in relation to the ongoing provision of services during this transition period, until clients have sought a replacement service provider. These commitments include directing respective employees of Group entities to do all things necessary and exercise their duties to enable DASS to continue its current operations, including the provision of financial services to its clients and to make available the technology, systems and other necessary infrastructure to facilitate the ongoing operations of DASS. These commitments have been made up until 30 June 2022, or such later date as agreed with the Voluntary Administrators of DASS.

The Group intends to propose a Deed of Company Arrangement (**DOCA**) to the Voluntary Administrators as part of a wider arrangement that will include, among other matters, a comprehensive settlement of the Piper Alderman and Shine Lawyers representative proceedings and all other claims. The Group intends to contribute a sum equivalent to the $8.2 million in penalties and costs agreed in the ASIC Proceeding (refer below) for the benefit of creditors as part of a comprehensive settlement of all DASS and related claims. As at the date of this half-year financial report, the Group was yet to propose a DOCA.

## ASIC PROCEEDING

On 9 July 2021, the Group announced that DASS had entered into a conditional Heads of Agreement with ASIC to resolve the legal proceedings commenced by ASIC against DASS in the Federal Court of Australia on 4 September 2020. Under the heads of agreement, DASS agreed to pay to the Commonwealth a pecuniary penalty of $7.2 million and ASIC's legal costs of its investigation and the legal proceedings agreed at $1.0 million (subject to approval of the Court). DASS finalised all legal documentation with ASIC on 15 October 2021 and a hearing date of 25 November 2021 was set for the Federal Court to consider the settlement.

On 17 November 2021, an application was made by the lead applicants in the Piper Alderman representative proceeding to intervene in the ASIC penalty hearing pursuant to section 1317QF of the Corporations Act 2001 (Cth), seeking to have the penalty amount paid into Court pending the resolution of the Piper Alderman representative proceeding. DASS did not oppose the application and leave to intervene was granted by the Court. At ASIC's request, the penalty hearing was rescheduled for 28 January 2022.

On 19 January 2022, Voluntary Administrators were appointed to DASS. At the request of ASIC, the lead applicant in the Piper Alderman representative proceeding and the Voluntary Administrators of DASS, the hearing date of 28 January 2022 was subsequently vacated. As at the date of this half-year financial report, a rescheduled hearing date is yet to be set.

As at the date of this half-year financial report, while there is an elevated degree of uncertainty (due to the delayed hearing date) the Directors of the Company believe that consistent with the methodology adopted at 30 June 2021, the provision recognised in current liabilities as at 31 December 2021 in relation to the ASIC proceedings remains the most reliable basis for calculating a provision for the settlement of ASIC proceedings, which would be incurred by DASS.

## AFCA CASES

As at 31 December 2021, DASS was the subject of open cases with the external dispute resolution body - the Australian Financial Complaints Authority (**AFCA**) – alleging certain breaches by DASS in connection with personal advice provided by DASS representatives in respect of the US Masters Residential Property Fund and in some instances other related party products.

Following the commencement of the Piper Alderman representative proceeding, in mid-November 2021 AFCA put a pause on its handling of cases against DASS pending resolution of jurisdictional questions. Following the appointment of Voluntary Administrators to DASS on 19 January 2022, AFCA has communicated that its handling of cases against DASS remains on pause.

As at the date of this half-year financial report, while there is an elevated degree of uncertainty due to the current pause by AFCA on proceedings, the Directors of the Company believe that consistent with the methodology adopted in prior reporting periods the provision recognised in current liabilities as at 31 December 2021 remains the most reliable basis for calculating potential liabilities in respect of the AFCA cases, which would be incurred by DASS.

## MAURICE BLACKBURN PROCEEDING

As at the date of this half-year financial report, the proceeding remains on foot. As there is no reliable basis upon which any potential future liability can be measured this matter has been treated as a contingent liability.

## PIPER ALDERMAN AND SHINE LAWYERS REPRESENTATIVE PROCEEDINGS

As at the date of this half-year financial report, the issue of carriage of the representative proceedings remains unresolved. As there is no reliable basis upon which any potential future liability can be measured this matter has been treated as a contingent liability.

## SALE OF GROUP'S INTERESTS IN FSREC PROPERTY FUND INVESTMENT MANAGER

On 18 February 2022, as contemplated in the Group's ASX announcement on 17 December 2021, the Group disposed of its 75% economic interest in the Fort Street Real Estate Capital investment management platform. As part of the transaction, the Group has sold its 50% interest in Fort Street Capital Pty Limited (**FSC**) (held by E&P Operations Pty Limited, a subsidiary of the Group) and its 50% interests in Fort Street Real Estate Capital Pty Limited (**FSREC**) and Fort Street Real Estate Services Pty Limited (**FSRES**), (each held by Walker Street Partners Pty Limited, a subsidiary of the Group).

The total consideration paid to the Group for its 75% economic interest was $12.4 million. As a result of the transaction, the Group expects to recognise a total net pre-tax profit (after transaction costs) of approximately $4.1 million for the financial year. This comprises a $1.8 million fair value loss on the Group's investment in FSC during the half-year period ended 31 December 2021 and a gain of approximately $5.9 million on the remaining economic interest (represented by Walker Street's interests in FSREC and FSRES) in the second half of financial year 2022.

Other than the matters referred above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 18 of the half-year report.

## ROUNDING OFF OF AMOUNTS

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

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

On behalf of the Directors,

David Evans
Director

Peter Anderson
Director

Dated: 24th February 2022

# Auditor's independence declaration

Deloitte.

Deloitte Touche Tohmatsu
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Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
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The Board of Directors
E&P Financial Group Limited
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

24 February 2022

Dear Board Members

**Auditor's Independence Declaration to E&P Financial Group Limited**

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

As lead audit partner for the review of the half-year financial report of E&P Financial Group 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants

# Condensed consolidated statement of profit or loss and other comprehensive income

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | NOTES | HALF-YEAR ENDED 31 DECEMBER 2021 $'000 | HALF-YEAR ENDED 31 DECEMBER 2020 $'000 |
|---|---|---|---|
| **Revenue** | | | |
| Provision of services | 5 | 109,026 | 95,248 |
| Interest | | 135 | 86 |
| Share of profits of associates and jointly controlled entities | | 4,341 | 8,776 |
| Government stimulus grant (USA) | | - | 918 |
| Other income | | 487 | 435 |
| **Total revenue** | | **113,989** | **105,463** |
| **Expenses** | | | |
| Employee benefits | | (71,547) | (63,796) |
| Administrative expense | | (8,926) | (8,266) |
| Occupancy | | (585) | (703) |
| Depreciation and amortisation | 4 | (6,165) | (8,579) |
| Impairment of plant, equipment and right of use assets | | - | (1,035) |
| Information technology | | (5,443) | (4,943) |
| Rebates and commissions | | (3,196) | (3,122) |
| Finance costs | | (705) | (756) |
| Legal proceedings and related costs, net of insurance | 6 | (139) | - |
| Regulatory proceedings and related costs, net of insurance | 6 | (3,171) | (2,251) |
| Fair value loss on held for sale assets | 8 | (1,795) | (1,098) |
| Acquisition loss of investments | | (1,395) | - |
| Other expenses | | (4,014) | (5,468) |
| **Total expenses** | | **(107,081)** | **(100,017)** |
| **Profit before income tax expense** | | **6,908** | **5,446** |
| Income tax expense | 10 | (2,806) | (931) |
| **Profit for the period** | | **4,102** | **4,515** |
| **Other comprehensive income, net of income tax** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translating foreign operations | | 202 | (890) |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Fair value gain/(loss) on financial assets measured at FVTOCI | | 18 | (542) |
| | | 220 | (1,432) |
| **Total comprehensive profit for the period** | | **4,322** | **3,083** |
| **Profit per share** | | | |
| Basic (cents per share) | | 1.8 | 2.0 |
| Diluted (cents per share) | | 1.7 | 2.0 |

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

# Condensed consolidated statement of financial position

## AS AT 31 DECEMBER 2021

| | NOTES | 31 DECEMBER 2021 $'000 | 30 JUNE 2021 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 58,517 | 50,752 |
| Trade and other receivables | | 28,606 | 23,839 |
| Assets classified as held for sale | 14 | 12,805 | 6,750 |
| Current tax assets | | 925 | 2,890 |
| Finance lease receivable | | 798 | 746 |
| Prepayments | | 4,732 | 1,828 |
| Deposits | | 4,295 | 5,760 |
| **Total current assets** | | **110,678** | **92,565** |
| **Non-current assets** | | | |
| Investments accounted for using the equity method | 8 | 14,785 | 22,611 |
| Investments in financial assets | 14 | 4,606 | 2,698 |
| Property, plant and equipment | | 9,291 | 10,313 |
| Goodwill and other indefinite life intangible assets | 11 | 95,062 | 95,062 |
| Finite life intangible assets | | 10,270 | 11,451 |
| Right of use assets | | 20,998 | 23,506 |
| Deposits | | 3,662 | 4,084 |
| Prepayments | | 352 | 421 |
| Finance lease receivable | | 2,907 | 3,197 |
| Deferred tax assets | | 2,615 | 2,594 |
| **Total non-current assets** | | **164,548** | **175,937** |
| **Total assets** | | **275,226** | **268,502** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 12,567 | 10,946 |
| Borrowings | 15 | 1,814 | - |
| Contract liabilities | | 8,764 | 8,213 |
| Provisions | 16 | 55,439 | 54,575 |
| Lease liabilities | | 7,122 | 7,347 |
| **Total current liabilities** | | **85,706** | **81,081** |
| **Non-current liabilities** | | | |
| Provisions | 16 | 3,272 | 3,760 |
| Lease liabilities | | 23,237 | 25,871 |
| **Total non-current liabilities** | | **26,509** | **29,631** |
| **Total liabilities** | | **112,215** | **110,712** |
| **Net assets** | | **163,011** | **157,790** |
| **Equity** | | | |
| Share capital | 9 | 320,892 | 322,090 |
| Reorganisation reserve | | (135,099) | (135,099) |
| Investment revaluation reserve | | (228) | (246) |
| Foreign currency translation reserve | | 3,883 | 3,681 |
| Share based payments reserve | | 10,403 | 8,306 |
| Accumulated losses | | (36,840) | (40,942) |
| **Total equity** | | **163,011** | **157,790** |

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

# Condensed consolidated statement of changes in equity

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | SHARE CAPITAL $'000 | RE-ORGANISATION RESERVE $'000 | FOREIGN CURRENCY TRANSLATION RESERVE $'000 | SHARE BASED PAYMENTS RESERVE $'000 | INVESTMENT REVALUATION RESERVE $'000 | ACCUMULATED LOSSES $'000 | TOTAL EQUITY $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2020** | 322,424 | (135,099) | 3,890 | 3,589 | (112) | (16,754) | 177,938 |
| Profit after income tax expense for the period | - | - | - | - | - | 4,515 | 4,515 |
| Other comprehensive (loss) for the year, net of tax | - | - | (890) | - | (542) | - | (1,432) |
| **Total comprehensive (loss)/income for the year** | **-** | **-** | **(890)** | **-** | **(542)** | **4,515** | **3,083** |
| ***Transactions with owners in their capacity as owners:*** | | | | | | | |
| Treasury shares acquired | (334) | - | - | - | - | - | (334) |
| Equity-settled share-based payments | - | - | - | 2,344 | - | - | 2,344 |
| Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses | - | - | - | - | 511 | (511) | - |
| **Balance at 31 December 2020** | **322,090** | **(135,099)** | **3,000** | **5,933** | **(143)** | **(12,750)** | **183,031** |
| **Balance at 1 July 2021** | 322,090 | (135,099) | 3,681 | 8,306 | (246) | (40,942) | 157,790 |
| Profit after income tax expense for the period | - | - | - | - | - | 4,102 | 4,102 |
| Other comprehensive income for the year, net of tax | - | - | 202 | - | 18 | - | 220 |
| **Total comprehensive income for the year** | **-** | **-** | **202** | **-** | **18** | **4,102** | **4,322** |
| ***Transactions with owners in their capacity as owners:*** | | | | | | | |
| Treasury shares acquired | (1,198) | - | - | - | - | - | (1,198) |
| Equity-settled share-based payments | - | - | - | 2,097 | - | - | 2,097 |
| **Balance at 31 December 2021** | **320,892** | **(135,099)** | **3,883** | **10,403** | **(228)** | **(36,840)** | **163,011** |

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

# Condensed consolidated statement of cash flows

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | HALF-YEAR ENDED 31 DECEMBER 2021 $'000 | HALF-YEAR ENDED 31 DECEMBER 2020 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 113,977 | 101,101 |
| Payments to suppliers and employees | (108,938) | (97,010) |
| Receipts from insurance | 4,127 | - |
| Interest received | 8 | 14 |
| Interest paid | (60) | (63) |
| Income and other taxes paid | (873) | (2,628) |
| Income and other tax refund received | 3 | - |
| **Net cash generated by operating activities** | **8,244** | **1,414** |
| **Cash flows from investing activities** | | |
| Dividends received from jointly controlled entities and investments | 4,472 | 1,662 |
| Purchase of financial assets | (2,134) | (777) |
| Purchase / development costs of intangible assets (software) | (1,065) | (1,252) |
| Purchase of property, plant and equipment | (185) | (1,046) |
| Payments for investments in jointly controlled entities | - | (2,988) |
| Proceeds on sale of financial assets | - | 10,866 |
| **Net cash generated by investing activities** | **1,088** | **6,465** |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 5,967 | 5,266 |
| Proceeds from release of short-term deposits | 1,400 | - |
| Proceeds from finance lease | 507 | - |
| Net payments of lease liabilities | (4,169) | (4,816) |
| Repayment of borrowings | (4,153) | (3,633) |
| Purchase of treasury shares | (1,198) | (334) |
| Proceeds of lease incentive | - | 119 |
| **Net cash used in financing activities** | **(1,646)** | **(3,398)** |
| Net increase in cash and cash equivalents | 7,686 | 4,481 |
| Cash and cash equivalents at the beginning of the period | 50,752 | 37,635 |
| Effect of exchange rate fluctuations on cash held | 79 | (277) |
| **Cash and cash equivalents at the end of the period** | **58,517** | **41,839** |

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

# Notes to the condensed consolidated financial statements

## 1. GENERAL INFORMATION

### STATEMENT OF COMPLIANCE

The 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 report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

## 2. NEW AND REVISED ACCOUNTING STANDARDS

### AMENDMENTS TO ACCOUNTING STANDARDS AND NEW INTERPRETATIONS 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 Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

The new and revised Standards and Interpretations adopted during the period do not materially affect the Group's accounting policies or any of the amounts recognised in the condensed consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 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. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, 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 Group's 2021 annual financial report for the financial year ended 30 June 2021. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors note that in the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Directors note that in light of the post balance date appointment of Voluntary Administrators to Dixon Advisory and Superannuation Services Pty Limited there is a heightened level of uncertainty as to the final method of resolution of some assets and liabilities which are based on the aforementioned judgements, estimates and assumptions of management.

## 4. SEGMENT INFORMATION

*AASB 8* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Board of Directors as chief operating decision maker (**CODM**) in order to allocate resources to the segment and to assess its performance.

Information reported to the CODM for the purposes of resource allocation and assessment of performance is more specifically focused on the category of services provided to customers and the wider economic circumstances and market forces within which each segment operates. As such, the principal categories of services provided to customers as reported to and assessed by the CODM in the current reporting period, which represent the Group's reportable segments under *AASB 8* are as follows:

- E&P Wealth
- E&P Capital
- E&P Funds

E&P Wealth relates to the provision of full-service investment advisory, financial strategy, portfolio administration and stockbroking services to affluent self-managed superannuation trustees, retail clients, wholesale clients and high net worth individuals and the provision of share transaction arrangement and handling services.

E&P Capital relates to the provision of stockbroking and investment advisory services to institutional clients and advice to corporations on mergers, acquisitions, equity and debt capital market transactions.

E&P Funds relates to the provision of investment management services, fund accounting and administration services, Responsible Entity services to managed investment schemes and provision of ancillary services to client operations including construction, project management, design and architectural services and other real estate services.

## Notes to the condensed consolidated financial statements *(cont.)*

Corporate unallocated is the aggregation of corporate activities that do not fall under any of the above three segments as they do not engage in business activities that may earn revenue and there is no basis to accurately allocate expenses to the three operating segments in order for the CODM to reliably assess performance or allocate resources within the operating segments. Therefore, this category is not a reportable segment as defined within *AASB 8*, but is included below in order for the total amounts to reconcile to the condensed consolidated statement of profit or loss and other comprehensive income as contained earlier in this report.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

| | | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| **Half-year ended 31 December 2021** | | | | | | |
| **Revenue** | | | | | | |
| Provision of services | | 48,296 | 37,150 | 23,580 | - | 109,026 |
| Recognised as follows: | | | | | | |
| *Over time* | | *35,922* | *2,898* | *19,705* | - | *58,525* |
| *At a point in time* | | *12,374* | *34,252* | *3,875* | - | *50,501* |
| Share of profits of associates and jointly controlled entities | | 49 | - | 4,292 | - | 4,341 |
| Other income | | 70 | - | 338 | - | 408 |
| **Total revenue (excluding interest)** | **4A** | **48,415** | **37,150** | **28,210** | **-** | **113,775** |
| Total cost of sales | | (2,562) | (727) | (96) | - | (3,385) |
| **Net revenue** | | **45,853** | **36,423** | **28,114** | **-** | **110,390** |
| Direct expenses | | (31,528) | (20,884) | (15,364) | - | (67,776) |
| Overhead expenses | | (2,933) | (1,534) | (1,238) | - | (5,705) |
| Allocated staff expenses | | (3,334) | (5,288) | (1,416) | - | (10,038) |
| Unallocated group staff expenses | | - | - | - | (4,099) | (4,099) |
| Unallocated group operating expenses | | - | - | - | (2,032) | (2,032) |
| **Segment EBITDA** | | **8,058** | **8,717** | **10,096** | **(6,131)** | **20,740** |
| Less: Segment adjustments before tax | 4B | (3,278) | - | (1,918) | (1,901) | (7,097) |
| **EBITDA** | | **4,780** | **8,717** | **8,178** | **(8,032)** | **13,643** |
| Depreciation and amortisation expenses | 4C | - | - | - | (2,371) | (2,371) |
| Amortisation of acquired intangibles | | - | - | - | (686) | (686) |
| Right-of-use asset depreciation | | (1,566) | (572) | (313) | (657) | (3,108) |
| **EBIT** | | **3,214** | **8,145** | **7,865** | **(11,746)** | **7,478** |
| Interest revenue | | - | - | 127 | 8 | 135 |
| Finance costs | | (283) | (103) | (140) | (179) | (705) |
| **Profit/(Loss) before tax** | | **2,931** | **8,042** | **7,852** | **(11,917)** | **6,908** |
| Income tax expense | | | | | | (2,806) |
| **Net profit after tax** | | | | | | **4,102** |
| Add: Segment adjustments after tax | 4B | | | | | 5,590 |
| **Segment NPATA** | | | | | | **9,692** |

*Glossary:*

*EBIT is defined as earnings before interest and tax*
*EBITDA is defined as earnings before interest, tax, depreciation and amortisation*
*NPATA is defined as net profit after tax before amortisation of acquired intangibles*

# Notes to the condensed consolidated financial statements *(cont.)*

| NOTE 4A: REVENUE RECONCILIATION | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Half-year ended 31 December 2021** | | | | | |
| **Total revenue per Statement of Profit and Loss** | 48,415 | 37,150 | 28,337 | 87 | 113,989 |
| Interest income | - | - | (127) | (8) | (135) |
| Trading gain | - | - | - | (79) | (79) |
| **Total revenue per Operating Segment note** | **48,415** | **37,150** | **28,210** | **-** | **113,775** |

| NOTE 4B: SEGMENT ADJUSTMENTS | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Half-year ended 31 December 2021** | | | | | |
| **Segment adjustments before tax** | | | | | |
| Regulatory proceedings and related costs[1] | (3,278) | - | - | (586) | (3,864) |
| Fair value adjustments on non-core investments[2] | - | - | (123) | (1,315) | (1,438) |
| Fair value loss on FSC investment held for sale | - | - | (1,795) | - | (1,795) |
| **Total segment adjustments before tax** | **(3,278)** | **-** | **(1,918)** | **(1,901)** | **(7,097)** |
| **Segment adjustments after tax** | | | | | |
| Regulatory proceedings and related costs[1] | (2,294) | - | - | (411) | (2,705) |
| Fair value adjustments on non-core investments[2] | - | - | (123) | (920) | (1,043) |
| Fair value loss on FSC investment held for sale | - | - | (1,256) | - | (1,256) |
| Amortisation of acquired intangibles | - | - | - | (586) | (586) |
| **Total segment adjustments after tax** | **(2,294)** | **-** | **(1,379)** | **(1,917)** | **(5,590)** |

| NOTE 4C: DEPRECIATION AND AMORTISATION RECONCILIATION | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Half-year ended 31 December 2021** | | | | | |
| **Total Depreciation and Amortisation per Statement of Profit and Loss** | (1,566) | (572) | (313) | (3,714) | (6,165) |
| Right of use asset depreciation | 1,566 | 572 | 313 | 657 | 3,108 |
| Amortisation of acquired intangibles | - | - | - | 686 | 686 |
| **Total Depreciation & Amortisation per Operating Segment note** | **-** | **-** | **-** | **(2,371)** | **(2,371)** |

*Notes:*

1. *Net of insurance.*
2. *Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.*

## Notes to the condensed consolidated financial statements *(cont.)*

| | | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| **Half-year ended 31 December 2020[1]** | | | | | | |
| **Revenue** | | | | | | |
| Provision of services | | 44,491 | 28,911 | 21,846 | - | 95,248 |
| Recognised as follows: | | | | | | |
| *Over time* | | *33,380* | *1,370* | *21,209* | - | *55,959* |
| *At a point in time* | | *11,111* | *27,541* | *637* | - | *39,289* |
| Share of profits of associates and jointly controlled entities | | 28 | - | 8,748 | - | 8,776 |
| Other income | | 135 | (23) | 323 | - | 435 |
| Fair value loss on held for sale assets | 4D | - | - | (1,098) | - | (1,098) |
| **Total revenue (excluding interest)** | **4D** | **44,654** | **28,888** | **29,819** | **-** | **103,361** |
| Total cost of sales | | (2,163) | (950) | (1,167) | - | (4,280) |
| **Net revenue** | | **42,491** | **27,938** | **28,652** | **-** | **99,081** |
| Direct expenses | | (28,657) | (14,784) | (16,647) | - | (60,088) |
| Overhead expenses | | (2,774) | (1,456) | (1,155) | - | (5,385) |
| Allocated staff expenses[2] | | (3,282) | (4,726) | (1,442) | - | (9,450) |
| Unallocated group staff expenses | | - | - | - | (4,105) | (4,105) |
| Unallocated group operating expenses | | - | - | - | (2,140) | (2,140) |
| **Segment EBITDA** | | **7,778** | **6,972** | **9,408** | **(6,245)** | **17,913** |
| Less: Segment adjustments before tax | 4E | (2,253) | - | 482 | (412) | (2,183) |
| **EBITDA** | | **5,525** | **6,972** | **9,890** | **(6,657)** | **15,730** |
| Depreciation and amortisation expense | 4F | - | - | - | (2,824) | (2,824) |
| Amortisation of acquired intangibles | | - | - | - | (1,288) | (1,288) |
| Right-of-use asset depreciation | | (2,093) | (574) | (733) | (1,067) | (4,467) |
| Impairment of property, plant and equipment | | - | - | - | (1,035) | (1,035) |
| **EBIT** | | **3,432** | **6,398** | **9,157** | **(12,871)** | **6,116** |
| Interest revenue | | - | - | 72 | 14 | 86 |
| Finance costs | | (300) | (83) | (146) | (227) | (756) |
| **Profit/(Loss) before tax** | | **3,132** | **6,315** | **9,083** | **(13,084)** | **5,446** |
| Income tax expense | | | | | | (931) |
| **Net profit after tax** | | | | | | **4,515** |
| Add: Segment adjustments after tax | 4E | | | | | 1,421 |
| **Segment NPATA** | | | | | | **5,936** |

*Notes:*

1. *The format of the comparative segment note for the half-year ended December 2020 has been updated to ensure consistency with that presented in FY21 Annual Report.*
2. *1H21 staff expenses allocated to E&P Wealth have been restated higher by $425,000 to correct for a misallocation of shared expenses, offset by an equivalent reduction in E&P Capital allocated staff expenses resulting in nil overall P&L impact.*

*Glossary:*

*EBIT is defined as earnings before interest and tax*

*EBITDA is defined as earnings before interest, tax, depreciation and amortisation*

*NPATA is defined as net profit after tax before amortisation of acquired intangibles*

## Notes to the condensed consolidated financial statements *(cont.)*

| NOTE 4D: REVENUE RECONCILIATION | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Half-year ended 31 December 2020** | | | | | |
| **Total revenue per Statement of Profit and Loss** | 44,654 | 28,888 | 31,907 | 14 | 105,463 |
| Interest income | - | - | (72) | (14) | (86) |
| Government stimulus grant (USA) | - | - | (918) | - | (918) |
| Fair value loss on held for sale assets | - | - | (1,098) | - | (1,098) |
| **Total revenue per Operating Segment note** | **44,654** | **28,888** | **29,819** | **-** | **103,361** |

| NOTE 4E: SEGMENT ADJUSTMENTS | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Half-year ended 31 December 2020** | | | | | |
| **Segment adjustments before tax** | | | | | |
| US PPP grant income | - | - | 918 | - | 918 |
| Fair value adjustments on non-core investments[1] | - | - | (436) | - | (436) |
| Regulatory proceedings and related costs | (2,253) | - | - | - | (2,253) |
| Takeover defence costs | - | - | - | (412) | (412) |
| **Total segment adjustments before tax** | **(2,253)** | **-** | **482** | **(412)** | **(2,183)** |
| **Segment adjustments after tax** | | | | | |
| US PPP grant income | - | - | 918 | - | 918 |
| Fair value adjustments on non-core investments[1] | - | - | (436) | - | (436) |
| Regulatory proceedings and related costs | (1,576) | - | - | - | (1,576) |
| Takeover defence costs | - | - | - | (288) | (288) |
| US CARES Act Tax Credit | - | - | - | 969 | 969 |
| Amortisation of acquired intangibles | - | - | - | (1,008) | (1,008) |
| **Total segment adjustments after tax** | **(1,576)** | **-** | **482** | **(327)** | **(1,421)** |

| NOTE 4F: DEPRECIATION AND AMORTISATION RECONCILIATION | E&P WEALTH $'000 | E&P CAPITAL $'000 | E&P FUNDS $'000 | CORPORATE UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Half-year ended 31 December 2020** | | | | | |
| **Total Depreciation and Amortisation per Statement of Profit and Loss** | (2,093) | (574) | (733) | (5,179) | (8,579) |
| Right of use asset depreciation | 2,093 | 574 | 733 | 1,067 | 4,467 |
| Amortisation of acquired intangibles | - | - | - | 1,288 | 1,288 |
| **Total Depreciation & Amortisation per Operating Segment note** | **-** | **-** | **-** | **(2,824)** | **(2,824)** |

*Note:*

1. *Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.*

## Notes to the condensed consolidated financial statements *(cont.)*

# 5. REVENUE

### PROVISION OF SERVICES REVENUE

| | HALF-YEAR ENDED 31 DECEMBER 2021 $'000 | HALF-YEAR ENDED 31 DECEMBER 2020 $'000 |
|---|---|---|
| ***At a point in time*** | | |
| Advisory, administration and brokerage | 12,374 | 11,111 |
| Corporate advisory and institutional brokerage | 34,252 | 27,541 |
| Funds management | 3,875 | 637 |
| **Total revenue earned at a point in time** | **50,501** | **39,289** |
| ***Over time*** | | |
| Advisory and administration | 35,922 | 33,380 |
| Corporate advisory revenue | 2,898 | 1,370 |
| Funds management | 18,890 | 18,645 |
| Project service fees | 815 | 2,564 |
| **Total revenue earned over time** | **58,525** | **55,959** |
| **Total provision of services revenue** | **109,026** | **95,248** |

### REVENUE RECOGNITION

Revenue from the rendering of services is recognised upon delivery of the services to the Group's customers. Prepaid amounts received in advance of the provision of services are recorded as a liability in the financial statements and are then recognised in profit or loss over the service period. The Group's major categories of revenue from the rendering of services includes:

- **Advisory, administration and brokerage** includes financial strategy advice and estate planning advice where revenue is charged and recognised on a time incurred basis when the service is provided, as well as brokerage commissions where revenue is recognised at the point in time when the transaction is settled. Also included within this category is asset and investment management advisory and SMSF accounting and tax services where revenue is recognised on a straight-line basis over the period the services are performed and the customer consumes the benefit associated with the services;
- **Corporate advisory revenue** includes services provided to corporations in respect of mergers, acquisitions, equity and debt capital market transactions, where revenue is recognised at the point the transaction is finalised, generally coinciding with the time the Group's non-extinguishable entitlement to its fee is established. Also included within the category is institutional brokerage commission revenue which is recognised at the point in time the trade transaction is settled;

- **Funds management** includes responsible entity and administration services, investment management and accounting services where revenue is recognised on a straight-line basis over the time the services are performed. Also included within this category is asset management services where revenue is recognised at the point in time the purchase or sale transaction is finalised, generally coinciding with the time the Group's entitlement to its fee is established. Additionally, performance fee variable consideration is recognised when it is reliably measurable (i.e. when there is no high probability of significant reversal), generally at the time a non-extinguishable entitlement to the fee is established; and
- **Project service fees** includes design, architectural and project management services where revenue is recognised at the point in time the service is provided, on a progressive basis for large-scale projects as the customer obtains the benefits of the services, or at the point in time the service is provided for short-term, ad-hoc advice services.

## 6. EXPENSES

| | HALF-YEAR ENDED 31 DECEMBER 2021 $'000 | HALF-YEAR ENDED 31 DECEMBER 2020 $'000 |
|---|---|---|
| ***Legal proceedings and related costs, net of insurance*** | | |
| Legal proceedings and related costs | (416) | - |
| Insurance recovery income[1] | 277 | - |
| | **(139)** | **-** |
| ***Regulatory proceedings and related costs, net of insurance*** | | |
| AFCA external dispute resolution and other claims | (4,437) | (1,822) |
| Other legal and related costs | (665) | (429) |
| Commonwealth penalty related costs | (639) | - |
| Insurance recovery income[1] | 2,570 | - |
| | **(3,171)** | **(2,251)** |

*Note:*

1. *Further legal and regulatory proceedings costs may be recovered but are not virtually certain at this time.*

## 7. DIVIDENDS

During the half-year, E&P Financial Group Limited made no dividend payments (Half-year ended 31 December 2020: Nil).

## 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | 31 DECEMBER 2021 $'000 | 30 JUNE 2021 $'000 |
|---|---|---|
| Investments in associates | 715 | 555 |
| Investments in jointly controlled entities (a) | 14,070 | 22,056 |
| | **14,785** | **22,611** |

*a) Reconciliation of movement in investments in jointly controlled entities.*

| | FORT STREET CAPITAL $'000 | DIXON ASSOCIATES PE III $'000 | CVC EMERGING COMPANIES FUND $'000 | OTHER $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | 6,386 | 5,048 | 7,409 | 3,725 | 22,568 |
| Acquisitions | - | 611 | 2,377 | - | 2,988 |
| Disposal | - | - | (4,674) | - | (4,674) |
| Share of profits of jointly controlled entities | 902 | 3,198 | 3,549 | 482 | 8,131 |
| Fair value loss | - | - | (1,098) | - | (1,098) |
| (Less): Dividends received | (650) | (1,388) | (2,657) | (1,000) | (5,695) |
| Effect of foreign currency exchange differences | - | - | - | (164) | (164) |
| **Balance as at 30 June 2021** | **6,638** | **7,469** | **4,906** | **3,043** | **22,056** |
| Balance at 1 July 2021 | 6,638 | 7,469 | 4,906 | 3,043 | 22,056 |
| Share of profits of jointly controlled entities | 558 | 1,979 | 713 | 966 | 4,216 |
| (Less): Dividends received | (950) | (2,253) | - | (1,051) | (4,254) |
| Effect of foreign currency exchange differences | - | - | - | 43 | 43 |
| Transfer of assets to held for sale[1] | (6,246) | - | - | (1,745) | (7,991) |
| **Balance as at 31 December 2021** | **-** | **7,195** | **5,619** | **1,256** | **14,070** |

*Note:*

1. *The Group's investments in Fort Street Capital Pty Limited (**FSC**) ($6.2 million), Fort Street Real Estate Capital Pty Limited ($1.2 million), and Fort Street Real Estate Services Pty Limited ($0.6 million), were reclassified as "held for sale" during the period under AASB 5. Please refer to 'Notes 14 and 18' for further details. A "fair value loss on held for sale assets" of $1.8 million relating to FSC was subsequently recognised in the condensed consolidated statement of profit or loss and other comprehensive income with the remaining carrying value of $4.5 million shown as a "held for sale" asset in the condensed consolidated statement of financial position as at 31 December 2021.*

Details of the Group's associates and jointly controlled entities at the end of the reporting period are:

| NAME | PRINCIPAL PLACE OF BUSINESS/COUNTRY OF INCORPORATION | OWNERSHIP INTEREST 31 DECEMBER 2021 % | 30 JUNE 2021 % |
|---|---|---|---|
| **Associates of E&P Financial Group Limited** | | | |
| Clear Law Pty Limited | Australia | 49% | 49% |
| US Select Private Opportunities Fund II, GP LLC | USA | 50% | 50% |
| US Select Private Opportunities Fund III, GP LLC | USA | 42.5% | 42.5% |
| US Select Private Opportunities Fund IV, GP LLC | USA | 42.5% | 42.5% |
| US Select Direct Private Equity, GP LLC | USA | 42.5% | 42.5% |
| **Jointly controlled entities of E&P Financial Group Limited** | | | |
| Fort Street Real Estate Capital Pty Limited[1] | Australia | 75% | 75% |
| Fort Street Real Estate Services Pty Limited[1] | Australia | 75% | 75% |
| Fort Street Capital Pty Limited[2] | Australia | 50% | 50% |
| Laver Place Sub Pty Limited | Australia | 33.3% | 33.3% |
| CVC Emerging Companies IM Pty Limited | Australia | 50% | 50% |
| CVC Emerging Companies Fund | Australia | 9.9% | 9.9% |
| Dixon Associates PE III Wholesale Fund[3] | USA | 83.6% | 83.6% |
| UA Dixon 168 Manager, LLC | USA | 50% | 50% |
| UA Dixon 30-58/64 34th Street, LLC | USA | 50% | 50% |
| UA Dixon 523 West 135th Street Manager, LLC | USA | 50% | 50% |

*Notes:*

1. *Despite the Group holding a majority interest in Fort Street Real Estate Capital Pty Limited and Fort Street Real Estate Services Pty Limited, control is shared between the Group and the minority holder by virtue of the Shareholder Agreement which is in place. These investments accounted for using the equity method were transferred to available for sale assets as at 31 December 2021. Please refer to 'Notes 14 and 18' for further details.*
2. *This investment accounted for using the equity method was transferred to available for sale assets as at 31 December 2021. Please refer to 'Notes 14 and 18' for further details.*
3. *Despite the Group holding a majority interest in Dixon Associates PE III Wholesale Fund, by virtue of the Fund's Constitution, control is vested in the Trustee. The Group does not control the Board of the Trustee (it has 50% representation), nor is it able to remove the Trustee, and accordingly it does not exercise control over the Fund.*

All of the above associates and jointly controlled entities are accounted for using the equity method in these condensed consolidated financial statements.

## 9. ISSUES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

Issued capital as at 31 December 2021 amounted to $329,523,874 (237,680,090 ordinary shares).

| | NUMBER OF SHARES | SHARE CAPITAL $ |
|---|---|---|
| Balance of issued share capital as at 1 July 2020 | 234,633,959 | 337,940,239 |
| Treasury shares re-issued under the share rights plan | - | (2,995,224) |
| **Balance of issued share capital as at 30 June 2021** | **234,633,959** | **334,945,015** |
| Issue of shares – 15 October 2021 | 3,046,131 | - |
| Treasury shares re-issued under the share rights plan during year | - | (5,421,141) |
| **Balance of issued share capital as at 31 December 2021** | **237,680,090** | **329,523,874** |
| (Less): Treasury shares held by Group entities | (10,082,540) | (8,632,039) |
| **Balance of share capital as at 31 December 2021** | **227,597,550** | **320,891,835** |

Movement in treasury shares balance during the period can be reconciled as follows:

| | NUMBER OF SHARES | SHARE CAPITAL $ |
|---|---|---|
| Opening balance of treasury shares held by Group entities 1 July 2021 | (8,301,006) | (12,854,686) |
| (Less): Treasury shares purchased during the period | (1,942,866) | (1,198,494) |
| (Less): Treasury shares issued during the period | (3,046,131) | - |
| Add: Treasury shares issued (options exercised) during the period | 3,207,463 | 5,421,141 |
| **Closing balance treasury shares held by Group entities 31 December 2021** | **(10,082,540)** | **(8,632,039)** |

## 10. INCOME TAX

| | HALF-YEAR ENDED 31 DECEMBER 2021 $'000 | HALF-YEAR ENDED 31 DECEMBER 2020 $'000 |
|---|---|---|
| **Income tax recognised in profit or loss** | | |
| The income tax expense for the period can be reconciled to the accounting profit as follows: | | |
| Profit before income tax expense | **6,908** | **5,446** |
| Income tax expense at 30% (2020: 30%) | 2,072 | 1,634 |
| Effect of income that is exempt from taxation | (445) | (171) |
| Effect of expenses that are not deductible in determining taxable profit | 540 | (19) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 28 | (38) |
| USA derived losses not recognised as deferred tax asset | 589 | 481 |
| Write-back of previous year's USA tax losses (US CARES Act) | - | (969) |
| | **2,784** | **918** |
| Adjustments recognised in the current period in relation to the current tax of prior periods | 22 | 13 |
| **Total income tax expense recognised in profit or loss** | **2,806** | **931** |

## 11. GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

| | 31 DECEMBER 2021 $'000 | 30 JUNE 2021 $'000 |
|---|---|---|
| **Carrying amounts of** | | |
| Goodwill | 65,729 | 65,729 |
| Brands | 29,333 | 29,333 |
| | **95,062** | **95,062** |

### ALLOCATION OF GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS TO CASH-GENERATING UNITS

Goodwill and other indefinite life intangible assets have been allocated for impairment testing purposes to the following groups of cash-generating units (**CGUs)**:

- E&P Wealth
- E&P Capital
- E&P Funds

The carrying amount (after impairment) of goodwill and other indefinite life intangible assets has been allocated as follows:

| | GOODWILL $'000 | BRANDS $'000 | TOTAL $'000 |
|---|---|---|---|
| **30 June 2021** | | | |
| CGU | | | |
| E&P Wealth | 585 | 18,757 | 19,342 |
| E&P Capital | 65,144 | 10,576 | 75,720 |
| E&P Funds | - | - | - |
| **Balance as at 30 June 2021** | **65,729** | **29,333** | **95,062** |
| **31 December 2021** | | | |
| CGU | | | |
| E&P Wealth | 585 | 18,757 | 19,342 |
| E&P Capital | 65,144 | 10,576 | 75,720 |
| E&P Funds | - | - | - |
| **Balance as at 31 December 2021** | **65,729** | **29,333** | **95,062** |

### IMPAIRMENT TESTING

At half-year, the Directors are required to assess whether there are any indicators of impairment in respect of the Group's CGUs which would affect the carrying value of intangibles on the balance sheet. Management has considered the minimum indicators set out in the *AASB 136 Impairment of Assets* that should be considered in making an assessment on impairment. The Directors conclude that the changing nature of the regulatory matters and litigation facing the Group, including but not limited to the Voluntary Administration (**VA**) of Dixon Advisory & Superannuation Services Pty Limited (**DASS**) and the representative proceedings commenced by Piper Alderman and Shine Lawyers, are indicators that warrant the undertaking of a full impairment test of the E&P Wealth CGU.

# Notes to the condensed consolidated financial statements *(cont.)*

### E&P WEALTH

The recoverable value of the E&P Wealth CGU has been determined by a value in use calculation which uses cash flow projections based on financial forecasts covering the second half of 2022 and 2023 financial years. Cash flows beyond FY23 have been extrapolated using a steady 2.25% per annum growth rate. A post-tax discount rate of 12.25% (30 June 2021: 10.0%) has been applied to the forecast cash flows. In preparing the E&P Wealth value in use model, the Directors have considered the regulatory risks facing the business at 31 December 2021 together with potential impact to earnings resulting from DASS client exits initiated by the VA. Based on these assumptions, there is no impairment to the intangible assets allocated to this CGU in the current period.

The Directors have conducted an analysis of the sensitivity of the impairment test to reasonable changes in the key assumptions used to determine the recoverable amount of the CGU. The sensitivities tested include a 10% reduction in the annual cash flow of the CGU, a 0.25% decrease in the terminal growth rate used to extrapolate cash flows beyond the forecast period and a 1% increase in the post-tax discount rate applied to the cash flow projections.

The chosen sensitivities to the key assumptions on which recoverable amount is based do not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU, therefore no impairment is recorded.

| SENSITIVITY | IMPACT ON IMPAIRMENT ASSESSMENT | AMOUNT OF IMPAIRMENT $'000 |
|---|---|---|
| A 10% reduction in cash flows | No impairment | - |
| A 0.25% decrease in terminal growth rate | No impairment | - |
| A 1% increase in discount rate | No impairment | - |

## 12. SHARE BASED PAYMENTS

### EMPLOYEE SHARE OPTIONS

On 18th December 2020, the Group announced the suspension of its Employee Share Plans. Aside from Key Management Personnel or in order to satisfy contractual obligations, the Group does not intend to grant further deferred equity to employees as part of the Group's discretionary bonus awards. This does not impact previously issued employee share rights as detailed below and in previous period financial statements.

### SHARE OPTIONS/RIGHTS PLAN (ORP)

Further details of previously issued ORP tranches of shares are disclosed in the annual financial report. During the half-year ended 31 December 2021, six further tranches of rights were issued under the ORP as follows:

| ORP | TRANCHE M | TRANCHE N | TRANCHE O | TRANCHE P | TRANCHE Q | TRANCHE R |
|---|---|---|---|---|---|---|
| Number of rights | 449,581 | 449,581 | 449,585 | 99,258 | 99,258 | 99,259 |
| Grant date | 15 Oct 2021 | 15 Oct 2021 | 15 Oct 2021 | 15 Oct 2021 | 15 Oct 2021 | 15 Oct 2021 |
| Vesting date | 15 Oct 2022 | 15 Oct 2023 | 15 Oct 2024 | 15 Apr 2022 | 15 Apr 2023 | 15 Apr 2024 |
| Market value of shares at grant date | $0.5709 | $0.5709 | $0.5709 | $0.5709 | $0.5709 | $0.5709 |

The rights issued under the ORP have been treated as 'in substance options' which have been valued using a Black-Scholes option pricing methodology with key inputs shown below. The resulting value is amortised over the vesting period on a probability adjusted basis. The total expense recorded for the period was $1.25 million.

| ORP | TRANCHE M | TRANCHE N | TRANCHE O | TRANCHE P | TRANCHE Q | TRANCHE R |
|---|---|---|---|---|---|---|
| Option life | 1 year | 2 years | 3 years | 6 months | 18 months | 30 months |
| Share price at grant date | $0.530 | $0.530 | $0.530 | $0.530 | $0.530 | $0.530 |
| Expected volatility | 50% | 50% | 50% | 50% | 50% | 50% |
| Historical dividend yield | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% | 3.8% |
| Risk-free rate | 0.07% | 0.21% | 0.51% | 0.06% | 0.11% | 0.35% |
| Fair value per right | $0.510 | $0.491 | $0.473 | $0.520 | $0.501 | $0.482 |
| Valuation methodology | Black-Scholes | Black-Scholes | Black-Scholes | Black-Scholes | Black-Scholes | Black-Scholes |

The following tranches vested during the half-year ended 31 December 2021:

| ORP | TRANCHE B | TRANCHE G | TRANCHE J |
|---|---|---|---|
| Number of rights vested | 1,859,691 | 3,092,027 | 105,301 |
| Number of rights exercised | 1,050,169 | 1,514,192 | 105,301 |
| Grant date | 15/10/2019 | 15/10/2020 | 15/04/2021 |
| Vesting date | 15/10/2021 | 15/10/2021 | 15/10/2021 |

Details of the share options outstanding during the period are as follows:

| | NUMBER OF SHARE RIGHTS |
|---|---|
| **Opening balance at 1 July 2021** | 13,995,206 |
| Rights issued during the period | 1,646,522 |
| Rights exercised during the period (Current) | (2,250,985) |
| Rights exercised during the period (Good Leavers) | (935,384) |
| Rights exercised during the period (Other Leavers) | (21,094) |
| Rights forfeited during the period (Other Leavers) | (553,457) |
| Rights forfeited during the period (Good Leavers) | (33,156) |
| **Closing balance at 31 December 2021** | **11,847,652** |

### LOAN FUNDED SHARE PLAN (LFSP)

During the half-year ended 31 December 2021, no further tranches of shares have been issued under the LFSP. Further details of previously issued LFSP tranches of shares are disclosed in the annual financial report. The number of shares forfeited during the half-year ended 31 December 2021 was 92,462.

## 13. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

## 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| FINANCIAL ASSETS | FAIR VALUE AS AT | | FAIR VALUE HIERARCHY | VALUATION TECHNIQUE(S) AND KEY INPUT(S) |
|---|---|---|---|---|
| | **31 December 2021 $'000** | **30 June 2021 $'000** | | |
| **Assets classified as held for sale** | | | | |
| Listed corporations | 6,608 | 6,750 | Level 1 | Quoted bid prices in an active market. |
| Unlisted corporations | 6,197 | - | Level 2 | Where relevant Level 2 market information exists, in this case an offer for sale of an asset, this information is used to determine the fair value of the assets classified as held for sale. |
| | **12,805** | **6,750** | | |
| **Investments in financial assets** | | | | |
| Listed corporations | 2,554 | 2,215 | Level 1 | Quoted bid prices in an active market. |
| Shares/bonds in unlisted corporations | 2,052 | 483 | Level 2/3 | Where relevant Level 2 market information, such as a recent capital raising or offer for sale of an asset, is available, this information is used to determine the fair value of the investment. For remaining investments, alternative Level 3 valuation techniques may be used adopting market or asset specific inputs and assumptions. In the absence of any other available information indicating material change in value, the Directors may deem that the fair value of assets materially approximates their historical cost. Movements in carrying values include movements in foreign exchange rates at balance date where the investments are held by foreign subsidiaries. |
| | **4,606** | **2,698** | | |

There were no transfers between Level 1 and Level 2/Level 3 in the period. The fair value of financial assets and financial liabilities which are not measured at fair value on a recurring basis materially approximates their carrying value at reporting date.

## 15. BORROWINGS

| | 31 DECEMBER 2021 $'000 | 30 JUNE 2021 $'000 |
|---|---|---|
| **Current** | | |
| Borrowings – insurance premium funding | **1,814** | **-** |

During the period, the Group entered into an insurance premium financing facility totalling $6.0 million to fund its annual insurance premiums. The facility is repayable in ten fixed instalments with the final instalment due on 30 March 2022.

The Group also has a bank guarantee facility with National Australia Bank (**NAB**) with a $3.9 million limit, which has been cash backed by a short-term bank deposit maturing on 31 March 2022. As at 31 December 2021, NAB had issued $3.9 million in guarantees which were used to secure the Group's Australian commercial office leases.

## 16. PROVISIONS

| | 31 DECEMBER 2021 $'000 | 30 JUNE 2021 $'000 |
|---|---|---|
| **Current:** | | |
| Employee benefits | 34,968 | 38,508 |
| Commonwealth penalty & related costs[1] | 8,200 | 8,200 |
| AFCA external dispute resolution claims[2] | 11,839 | 7,837 |
| Other claims settlement | - | 30 |
| Provision for make-good | 432 | - |
| | **55,439** | **54,575** |
| **Non-current:** | | |
| Employee benefits | 1,288 | 1,321 |
| Provision for make-good | 1,984 | 2,439 |
| | **3,272** | **3,760** |

*Notes:*

1. *Future settlement relating to the conditional Heads of Agreement signed on 9 July 2021 by Dixon Advisory and Superannuation Services Pty Limited (DASS), a subsidiary of the Group, and ASIC (subject to approval of the Court).*
2. *Future settlement of open cases against DASS as at 31 December 2021 with external dispute resolution body - the Australian Financial Compliant Authority (AFCA). The provision has been estimated by projecting the potential resolution outcomes based on historical case outcomes and probability weighting each applicable resolution scenario outcome for each open case at the external dispute resolution stage as well as a proportion of open cases at the internal dispute resolution stage as at 31 December 2021. The increase in the provision during the period is primarily as a result of further AFCA preliminary recommendations received during the period which has impacted the weighted average probabilities of historic outcomes, in turn increasing the value of the cases that remained unresolved as at 31 December 2021.*

*It should also be noted that an increased level of estimation uncertainty as to the final methodology of resolution of these cases exists as a result of the post balance date appointment of Voluntary Administrators to DASS on 19 January 2022. Please refer to "Subsequent Events" for more detail on this appointment.*

## Notes to the condensed consolidated financial statements *(cont.)*

*Reconciliation of movement in the current period:*

| | COMMONWEALTH PENALTY & RELATED COSTS $'000 | AFCA EXTERNAL DISPUTE RESOLUTION CLAIMS $'000 | OTHER CLAIMS SETTLEMENT $'000 | PROVISION FOR MAKE-GOOD $'000 |
|---|---|---|---|---|
| **Balance as at 1 July 2021** | 8,200 | 7,837 | 30 | 2,439 |
| Additional provision in the period | - | 4,437 | - | - |
| Utilisation of provision | - | (435) | (30) | (23) |
| **Balance as at 31 December 2021** | **8,200** | **11,839** | **-** | **2,416** |

# 17. CONTINGENT LIABILITIES

## MAURICE BLACKBURN PROCEEDING

On 14 October 2021, Dixon Advisory & Superannuation Services Pty Limited (**DASS**), a subsidiary of the Group was notified that a civil proceeding had been commenced against it in the NSW Registry of the Federal Court of Australia by Maurice Blackburn on behalf of named applicants alleging certain breaches by DASS in connection with personal advice provided by DASS representatives to the applicants in respect of the US Masters Residential Property Fund and other related party products.

As at the date of this half-year financial report the proceeding remains at an early stage and the Directors of the Company are unable to estimate the potential future liability, if any, that may arise from these proceedings, which would be incurred by DASS.

## PIPER ALDERMAN AND SHINE LAWYERS REPRESENTATIVE PROCEEDINGS

On 4 November 2021, the Company announced that a representative proceeding had been commenced in the Victorian Registry of the Federal Court of Australia against DASS, the Company and Mr Alan Dixon (former Executive Director of the Group) by Piper Alderman on behalf of named applicants and group members who were retail clients of DASS. The proceeding makes certain allegations in connection with personal advice provided by DASS representatives to the applicants and group members in respect of the US Masters Residential Property Fund.

On 24 December 2021, the Company announced that a second representative proceeding had been commenced by Shine Lawyers in the Federal Court of Australia against DASS, the Company, Mr Alan Dixon and Mr Christopher Brown (former Executive Directors of the Group). In the Statement of Claim, the Applicant makes similar allegations to those made in the representative proceedings commenced by Piper Alderman.

As at the date of this half-year financial report the proceedings remain at an early stage and the Directors of the Company are unable to estimate the potential future liability, if any, that may arise from these proceedings, which would be incurred by the Company and DASS, respectively.

## 18. SUBSEQUENT EVENTS

### DASS VOLUNTARY ADMINISTRATION

On 19 January 2022, Dixon Advisory and Superannuation Services Pty Limited (**DASS**), a subsidiary of the Group, appointed PwC Partners, Stephen Longley and Craig Crosbie, as Voluntary Administrators. The appointment was made as the Directors of DASS determined that mounting actual and potential liabilities meant DASS was likely to become insolvent at some future time. As a result, the Group ceased to control DASS as of 19 January 2022 and as such DASS' assets and liabilities will be deconsolidated from the Group on this date. Upon loss of control on 19 January 2022, intercompany balances between the Group and DASS will be deconsolidated. The operating intercompany account between the Group and DASS ("DASS IC Account") will be measured at fair value through profit and loss due to variability and contingent recourse conditions contained in the terms and conditions of those borrowings. As at 31 December 2021, the DASS IC Account closing balance was specific to funding amounts payable under the Heads of Agreement with ASIC disclosed in Note 16(a) and AFCA claims disclosed in Note 16(b), which are reliant on the satisfaction of a number of conditions.

In addition to the above intercompany balance, the Group maintains a tax funding and sharing agreement of which DASS is a participant. Any intercompany tax account balances will also be deconsolidated upon control being lost, and will be recognised as a related party payable/receivable in the Group's consolidated statement of financial position at fair value.

The first meeting of DASS creditors was held on 1 February 2022. On 16 February 2022, the Voluntary Administrators received Court approval for an extension of the period for convening the second meeting of DASS creditors by up to six months until 17 August 2022.

A prompt transfer of DASS clients to a replacement service provider of the client's choice with minimal disruption to client service is being facilitated and conducted under the supervision and guidance of the Voluntary Administrators at their direction. As at 22 February 2022, 70% of DASS clients have asked to transfer to Evans & Partners Pty Ltd, a subsidiary of the Group, with the Group facilitating a transfer to an external service provider for 16% of DASS clients who have expressed a desire to exit, leaving 14% of DASS clients who are yet to advise of their preference.

The Group has made a number of commitments to the Voluntary Administrators of DASS in relation to the ongoing provision of services during this transition period, until clients have sought a replacement service provider. These commitments include directing respective employees of Group entities to do all things necessary and exercise their duties to enable DASS to continue its current operations, including the provision of financial services to its clients and to make available the technology, systems and other necessary infrastructure to facilitate the ongoing operations of DASS. These commitments have been made up until 30 June 2022, or such later date as agreed with the Voluntary Administrators of DASS.

The Group intends to propose a Deed of Company Arrangement (**DOCA**) to the Voluntary Administrators as part of a wider arrangement that will include, among other matters, a comprehensive settlement of the Piper Alderman and Shine Lawyers representative proceedings and all other claims. The Group intends to contribute a sum equivalent to the $8.2 million in penalties and costs agreed in the ASIC Proceeding (refer below) for the benefit of creditors as part of a comprehensive settlement of all DASS and related claims. As at the date of this half-year financial report, the Group was yet to propose a DOCA.

# Notes to the condensed consolidated financial statements *(cont.)*

## ASIC PROCEEDING

On 9 July 2021, the Group announced that DASS had entered into a conditional Heads of Agreement with ASIC to resolve the legal proceedings commenced by ASIC against DASS in the Federal Court of Australia on 4 September 2020. Under the heads of agreement, DASS agreed to pay to the Commonwealth a pecuniary penalty of $7.2 million and ASIC's legal costs of its investigation and the legal proceedings agreed at $1.0 million (subject to approval of the Court). DASS finalised all legal documentation with ASIC on 15 October 2021 and a hearing date of 25 November 2021 was set for the Federal Court to consider the settlement.

On 17 November 2021, an application was made by the lead applicants in the Piper Alderman representative proceeding to intervene in the ASIC penalty hearing pursuant to section 1317QF of the Corporations Act 2001 (Cth), seeking to have the penalty amount paid into Court pending the resolution of the Piper Alderman representative proceeding. DASS did not oppose the application and leave to intervene was granted by the Court. At ASIC's request, the penalty hearing was rescheduled for 28 January 2022.

On 19 January 2022, Voluntary Administrators were appointed to DASS. At the request of ASIC, the lead applicant in the Piper Alderman representative proceeding and the Voluntary Administrators of DASS, the hearing date of 28 January 2022 was subsequently vacated. As at the date of this half-year financial report, a rescheduled hearing date is yet to be set.

As at the date of this half-year financial report, while there is a heightened degree of uncertainty the Directors of the Company believe that consistent with the methodology adopted at 30 June 2021, the provision recognised in the Group accounts as at 31 December 2021 in relation to the ASIC proceedings remains the most reliable basis for calculating potential liabilities, which would be incurred by DASS.

## AFCA CASES

As at 31 December 2021, DASS was the subject of open cases with the external dispute resolution body – the Australian Financial Complaints Authority (**AFCA**) – alleging certain breaches by DASS in connection with personal advice provided by DASS representatives in respect of the US Masters Residential Property Fund and in some instances other related party products.

Following the commencement of the Piper Alderman representative proceeding, in mid-November 2021 AFCA put a pause on its handling of cases against DASS pending resolution of jurisdictional questions. Following the appointment of Voluntary Administrators to DASS on 19 January 2022, AFCA has communicated that its handling of cases against DASS remains on pause.

As at the date of this half-year financial report, while there is a heightened degree of uncertainty the Directors of the Company believe that consistent with the methodology adopted in prior reporting periods, the provision recognised in the Group accounts as at 31 December 2021 remains the most reliable basis for calculating potential liabilities in respect of the AFCA cases, which would be incurred by DASS.

## MAURICE BLACKBURN PROCEEDING

As at the date of this half-year financial report, the proceeding remains on foot. As there is no reliable basis upon which any potential future liability can be measured this matter has been treated as a contingent liability.

# Notes to the condensed consolidated financial statements *(cont.)*

## PIPER ALDERMAN AND SHINE LAWYERS REPRESENTATIVE PROCEEDINGS

As at the date of this half-year financial report, the issue of carriage of the representative proceedings remains unresolved. As there is no reliable basis upon which any potential future liability can be measured this matter has been treated as a contingent liability.

## SALE OF GROUP'S INTERESTS IN FSREC PROPERTY FUND INVESTMENT MANAGER

On 18 February 2022, as contemplated in the Group's ASX announcement on 17 December 2021, the Group disposed of its 75% economic interest in the Fort Street Real Estate Capital investment management platform. As part of the transaction, the Group has sold its 50% interest in Fort Street Capital Pty Limited (**FSC**) (held by E&P Operations Pty Limited, a subsidiary of the Group) and its 50% interests in Fort Street Real Estate Capital Pty Limited (**FSREC**) and Fort Street Real Estate Services Pty Limited (**FSRES**), (each held by Walker Street Partners Pty Limited, a subsidiary of the Group).

The total consideration paid to the Group for its 75% economic interest was $12.4 million. As a result of the transaction, the Group expects to recognise a total net pre-tax profit (after transaction costs) of approximately $4.1 million for the financial year. This comprises a $1.8 million fair value loss on the Group's investment in FSC during the half-year period ended 31 December 2021 and a gain of approximately $5.9 million on the remaining economic interest (represented by Walker Street's interests in FSREC and FSRES) in the second half of financial year 2022.

Other than the matters referred above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

# Directors' declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(b) 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 Group.

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

On behalf of the Directors,

David Evans
Director

Peter Anderson
Director

Dated: 24th February 2022

# Independent auditor’s review report

**Deloitte.**

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## Independent Auditor’s Review Report to the members of E & P Financial Group Limited

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the half-year financial report of E&P Financial Group Limited (the “Company”) and its subsidiaries (the “Group”), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated income statement, 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.

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:

- 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
- 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.

*Emphasis of matter*

We draw attention to Note 18 of the financial report which describes the appointment of voluntary administrators to Dixon Advisory & Superannuation Services Pty Limited, a subsidiary of the Group, on 19 January 2022. As further described in Notes 16 and 17, as a consequence of this appointment there is uncertainty as to the manner in which provisions for legal and regulatory disputes incurred by Dixon Advisory & Superannuation Services Pty Limited will be settled and therefore the measurement of these provisions may materially change in the future. Our conclusion is not modified in respect to this matter.

Deloitte.

*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 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

**Tara Hill**

Partner
Chartered Accountants

Sydney, 24 February 2022

E&P