



27 February 2024

1H24 Results Announcement

ASX Announcement

Summary for the six months to 31 December 2023

Key financial highlights:

- Strong growth in annuity-like revenue lines in E&P Wealth was more than offset by challenging market conditions for transactional revenue businesses as foreshadowed.
- Net revenue of \$67.5 million was down 28% on prior comparable period and Underlying EBITDA loss of \$4.7 million.
- Consistent revenue growth from E&P Wealth division, up 6% on pcp, and underlying EBITDA up 64% on pcp, reflecting continued shift in favour of annuity-like FUA-based revenue and historical pricing initiatives.
- Statutory loss after tax of \$26.3 million primarily due to non-cash goodwill impairment of \$19.3 million in E&P Capital.
- Underlying NPATA loss of \$5.9 million excludes impact of non-underlying items, goodwill impairment and amortisation of acquired intangibles.
- Conservative balance sheet retained with cash balance of \$38.8 million and no debt as at 31 December 2023.
- No interim dividend declared given the 1H24 financial performance.

Managing Director and CEO, Ben Keeble said “Significant progress was made during the period across key objectives relating to the legacy issues, leadership transition and simplification of E&P Funds. However, challenging market conditions impacted the level of activity in our transactional businesses as foreshadowed at the time of the AGM.

The Group reached a conditional settlement of the representative proceeding against EP1, DASS and former Directors, which if approved on 3 April 2024, will be an important milestone for EP1. Importantly, the actions taken in prior periods to simplify much of the Group’s operations have positioned the Group in a growth trajectory that is expected to deliver scale benefits.”

E&P Wealth delivered an improved result, with 6% growth in revenue on the prior comparable period and a continued improvement in margins. Client numbers returned to growth during the period and the division continued to increase the proportion of client assets on FUA-based fees.

E&P Capital delivered a softer performance in light of challenging market conditions specifically impacting Corporate Advisory transaction volumes. Notwithstanding the softer result, E&P Capital has continued to selectively invest in our platform by expanding research sector coverage and capital markets capability through further senior hires in the period. Strong results in the 2023 Peter Lee Associates’ Australian Equity Investors

survey highlight the consistent performance of E&P's Institutional Equities (which saw strong revenue growth in the half compared to a year earlier) and are a strong endorsement of the firm's continued commitment to high quality, independent equity research. Our Fixed Income business has also performed well, reflecting the relative attractiveness of the asset class in the current environment.

E&P Funds continued the rationalisation of Real Asset strategies during the period, resulting in softer performance as discussed in previous results. During the half, progress was made on several planned initiatives across the platform, including the wind-up of New Energy Solar, transition of the US Solar Fund to a replacement investment manager and responsible entity internalisation of the US Masters Residential Property Fund. The Claremont Global strategy continued to deliver strong outperformance and growth, expanding its distribution network and product offering following the launch of its suite of ETMFs in February 2024.

Outlook

Looking ahead, the three key areas of strategic focus for the Group are:

- 1) accelerating client and FUA growth in E&P Wealth;
- 2) delivering on the Group's investment in the E&P Capital platform; and
- 3) accelerating external FUM growth in the Claremont Global strategy.

The divisional strategic goals exist alongside group-wide goals of delivering sustainable returns to shareholders, continued disciplined focus on controllable costs and attracting, retaining and incentivising staff members.

From a financial perspective, whilst the full year underlying earnings are expected to be materially below FY23, we anticipate that an improvement in trading conditions should see an uplift in 2H24 relative to 1H24.

Whilst the Board has not declared an interim dividend, the Board remains committed to its full year dividend policy payout ratio of 75% to 85% of NPATA over time in a normal operating environment.

Further information regarding E&P Financial Group's results is set out in the Group's Half Year Report and Investor Presentation for the half year ended 31 December 2023, which are available at www.eandp.com.au.

Results webcast

Managing Director & CEO, Ben Keeble and Chief Financial Officer, Stephen Hill will host a result webcast for investors at 10:30am today. The webcast can be accessed via the following link:

<https://webcast.openbriefing.com/ep1-hyr-2024/>

This announcement has been authorised for release by the Board of E&P Financial Group Limited.

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About E&P Financial Group Limited

E&P Financial Group is an Australian Securities Exchange listed financial services group. In E&P Wealth we service over 7,500 clients, representing \$25.7 billion in funds under advice. In E&P Capital we are an advisor to many leading Australian institutions through the provision of research, institutional sales and trading, corporate advisory, equity capital market and debt capital market services. In E&P Funds, we manage \$3.5 billion of assets across a diverse range of asset classes.