E&P

E&P FINANCIAL GROUP

Annual Report 2023

30 June 2023

EANDP.COM.AU

Contents

“We believe the best ideas are formed when talented minds work together to guide our clients.

David Evans – Non-Executive Chairman

FY23 Highlights

Financial measures

$174.2m
Total revenue[1]

$19.8m
Underlying EBITDA

$6.0m
Underlying NPATA

$17.0m
Statutory loss after tax

2.6 cents
Underlying EPS

$23.4b
Funds under Advice

$4.3b
Funds under Management

Clients and community

7,400+
clients and families provided with access to quality financial services

100%
of FUM outperforming respective benchmark for our core equities strategies

$217 million +
in committed client FUA across our sustainable investment product suite

117%
increase in funds raised[2]
$350,000+ raised for community organisations through E&P and staff

58%
decrease in GHG footprint[3]
Operational greenhouse gas (scope 1 and 2) emissions reduction vs. FY22

Progress against strategic objectives

Implement
single premium wealth model under Evans & Partners brand
Completed

Exit
from Real Asset funds business and focus on core equities funds
Largely completed

Re-size
infrastructure to match simplified business model
Largely completed

Resolve
remaining legacy issues
DOCA executed
Class Action ongoing

Leverage
simplified and improved platform to drive growth in core service offerings
Well progressed

Transition
Leadership
CEO transition announced

1. FY23 revenue excludes interest income of $1.2 million, fair value adjustments of non-core investments of $0.2 million, foreign exchange gains of $0.1 million and gains on leases of $1.0 million.
2. Compared to community donations and contributions in FY22. Excludes industry sponsorships.
3. Scope 1 and 2 emissions only, using market-based carbon accounting methodology.


OMEGA

Chairman's Letter

David Evans
Non-Executive Chairman

On behalf of the Board of Directors and Management team, I am pleased to share with you E&P Financial Group's Annual Report for the financial year ended 30 June 2023.

Challenging financial market conditions meant that the Group recorded a statutory loss after tax of $17.0 million in FY23. The result was heavily impacted by a $19.3 million non-cash impairment of goodwill in E&P Capital. Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA) of $19.8 million and underlying net profit after tax before amortisation of acquired intangibles (Underlying NPATA) of $6.0 million were 32% and 42% lower than the prior period respectively.

The economic environment across financial year 2023 was characterised by rapidly rising interest rates and capital markets volatility which presented industry-wide challenges for transactional businesses including EP1's Corporate Advisory and Institutional broking divisions. Notwithstanding the softer underlying result, we continued to invest in our E&P Capital platform by increasing the breadth and depth of our research offering and senior origination capability. The business is very well positioned to leverage improved capital market conditions once they eventuate.

The transformation of our Funds Management business and progressive wind-up of the Real Asset funds weighed on the result as foreshadowed. Our Wealth business achieved solid growth over the year after a period of stabilisation in FY22 following the Voluntary Administration (VA) of Dixon Advisory & Superannuation Services Pty Limited (DASS). Although the improved performance from E&P Wealth wasn't enough to offset the softer Group result, it is pleasing to see an improvement from our Wealth division due to the efforts of so many of our staff over the last few years.

The extensive work done to carefully navigate the ongoing legacy issues under the leadership of Peter Anderson has assisted in positioning the business for our next chapter of growth. Peter Anderson provides further detail on the Group's operating performance in FY23 and outlook for the business in his letter to shareholders on page 9.

Board and Management Succession

Reflective of our long-term succession plan, it was announced on 29 June 2023 that Peter Anderson, Managing Director and CEO, will step down from the role on 31 December 2023 and be replaced by Ben Keeble, who is presently Head of E&P Capital.

Peter joined E&P in July 2019 with a specific mandate to address the various legacy issues within the Dixon Advisory and related funds management businesses. With the closure of the Dixon Advisory business completed and the exit from Real Asset funds expected to be finalised by the end of calendar year 2023, it is now the appropriate time to transition leadership of the Group.

We are extremely grateful to Peter for the admirable job he has done over the past four years leading through a period of significant change in the Group. A lot has been achieved over this time and we believe that E&P is now very well positioned for future growth and we are excited at the prospect of Ben assuming leadership of the Group from January 2024.

Ben has more than 25 years' experience in the financial services industry. He is currently Head of our corporate and institutional business, E&P Capital. Ben is an exceptional executive with a deep understanding of E&P's business, culture and operations, and financial markets generally. He is uniquely positioned to lead E&P through its next phase of growth.

Sustainability

As a leading diversified financial services group, our Board and Management team have long recognised the importance of integrating prudential management of ESG risks and opportunities across all businesses – not just in our investment services, but through our strategy, governance, and operations. To this end, we are proud to have made significant progress in several areas this year, across both our corporate sustainability initiatives and sustainable solutions for our clients.

During the FY23 period, we took significant steps towards operational decarbonisation. By June 2023, all of our Australian offices had entered into renewable energy (Greenpower) procurement arrangements with utility providers and landlords. Not only has this decreased our scope 1 and 2 emissions footprint by 58% compared to our FY22 benchmark but positions our domestic footprint to be majority scope 1 and 2 carbon neutral for the FY24 period.

We also reshaped our firm-wide community engagement program during the period. This included launching a more structured corporate philanthropy program, continuing partnerships with key organisations such as Red Dust, introducing new partners like the Australian Business and Community Network (ABCN) mentoring programs, and encouraging opportunities for greater staff engagement.

As a part of these initiatives, we have made available one additional day per annum of paid volunteer leave for all staff, and implemented a cultural flexibility policy, allowing staff to observe days of cultural significance within their community.

We are also pleased to have formalised several bespoke service offerings within our Wealth business which leverage the sustainable investment expertise we have been developing over prior years. For more information on the sustainable investment solutions we are offering our clients, please refer to our FY23 Sustainability Overview.

Governance and Legal Matters

Our Board and Management continue to take the necessary steps towards resolving the outstanding legacy matters, including the VA of DASS and representative proceedings against EP1.

We note that the DOCA proposed by EP1 was approved by the creditors of DASS on 16 December 2022. The DOCA is partially complete, with a final contribution of $4 million due upon settlement of the representative proceedings should that occur by 30 November 2023, or a later date agreed by the parties.

In respect to the representative proceedings against DASS commenced by Shine Lawyers, a mediation in relation to the proceeding was ordered by the Court in February 2023. The mediation process is confidential and ongoing.

Dividends

The Directors have not declared a final dividend given the financial performance of the business in FY23. We understand that dividends are important to our shareholders and as a Board we remain committed to our full year dividend target payout policy of 75% to 85% of NPATA over time in normal trading conditions.

On behalf of the Board, I would like to take this opportunity to acknowledge the commitment and hard work of our team which continues to provide an exceptional level of service and care to our clients. Our firm is a proud one and we are privileged to look after a wonderful group of clients across all divisions. I would also like to thank our shareholders for your ongoing support and contribution and I look forward to updating you on our results when we meet at our Annual General Meeting in November.

Yours sincerely

David Evans

Non-Executive Chairman
E&P Financial Group Limited

E&P

Managing Director and CEO's Letter

Peter Anderson
Managing Director and CEO

Group Performance

Financial year 2023 was a challenging but productive year for the Group, with our efforts shifting from platform consolidation initiatives to growth. Market conditions were not conducive to M&A and capital markets transaction activity and this dynamic has led to a lower financial result than the year prior. We remain focused on building out our platform for the long term and so have continued to invest in our people and core capability during the year.

The Group generated total revenue of $174.2 million in FY23, a decrease of 13% on the prior period[1]. Underlying EBITDA of $19.8 million was 32% lower than financial year 2022. The softer underlying performance in FY23 reflects the challenging economic environment with Institutional trading and equity capital markets transaction volumes lower across the market, as well as the strategic decisions we have made to reduce the size of our funds management business.

Investment management fee revenue generated by E&P Funds fell year on year as a direct consequence of our progressive wind-down of the Group's Real Asset funds. These impacts were offset in part by the recovery of advice and services revenue in E&P Wealth, led by continued growth in our Retail Wealth Management service offering and the successful implementation of our firm-wide review of existing fee models.

Underlying NPATA, which represents the Group's preferred measure for underlying profitability, was $6.0 million for the financial year, 42% lower than financial year 2022, reflecting a modest underlying profit notwithstanding the subdued capital markets activity.

1 FY23 revenue excludes interest income of $1.2 million, fair value adjustments of non-core investments of $0.2 million, foreign exchange gains of $0.1 million and gains on leases of $1.0 million.

Segment Performance

E&P Wealth had a strong year following the stabilisation of the business in FY22. Funds under advice (FUA) remained resilient, up 11% from twelve months prior. Underlying EBITDA increased 21%, due to optimised fee arrangements and reduced costs, as we refined E&P Wealth's operating model.

Notwithstanding challenging market conditions, E&P Capital further expanded its premium boutique offering to our corporate and institutional clients in contemplation of improved economic conditions in the future. In addition to targeted recruitment in key sectors, we focused on enhancing E&P Capital's equity research coverage and origination capability, particularly within equity capital markets.

In E&P Funds, our funds under management (FUM) reduced 30% to $4.3 billion at 30 June 2023 as a result of the wind-down of the Real Asset funds, deliberate asset sales and Responsible Entity transition. We are pleased to report that despite volatile market conditions our core equities FUM increased 19% to $1.7 billion over the year supported by prior period investment in distribution and strong performance.

Delivering on Strategic Objectives

During financial year 2023, we made significant progress on our key strategic objectives which included (i) driving growth from our single premium wealth model, Evans & Partners, (ii) our exit from the Real Asset funds business and focus on core equities funds and (iii) re-sizing our infrastructure to align with our simplified business model.

The consolidation to a single premium wealth model under the Evans & Partners brand is now complete. This has allowed the business to transition to a more contemporary operating model built for the long term and with significantly improved economics, with divisional earnings now supported by a far greater proportion of FUA-based annuity revenue.

In E&P Funds, the deliberate structural changes implemented over the last four years are now largely complete. The orderly exit of related party and non-core activity continued in financial year 2023 as demonstrated through the externalisation of management services and well-progressed transition away from providing Responsible Entity services.

We have intentionally shrunk parts of our business to match the simplified platform. Firm-wide headcount at 30 June 2023 was down 16% from twelve months prior. The office footprint rationalisation in Sydney has reduced costs and improved utilisation efficiency with further benefits expected in 2024 following similar initiatives underway for our offices in Melbourne and Canberra.

Looking Ahead

Now that the business transformation and simplification processes are largely complete the Board and Management are firmly focussed on leveraging the improved operating platform to deliver growth.

The full benefits of the operating model enhancements in E&P Wealth are yet to be realised, with further uplift expected from the annualisation of fee-review changes and cost savings implemented in FY23 in combination with added contribution from new business development initiatives.

Investments made in our E&P Capital platform over recent years, including expansion of our research offering and senior origination capability, means that the business is well positioned to leverage improved market dynamics when they eventuate.

We expect to have completed the exit of Real Asset investment management services by 2023 calendar year end. While the contribution from our Real Asset funds will reduce compared to prior periods, we expect this to be offset by growth in earnings over time from our core equities funds, aided by our distribution efforts.

Finally, as announced in late June, I will be stepping down as Managing Director and CEO on 31 December 2023 and will be replaced by Ben Keeble, who is presently our Head of E&P Capital. I look forward to continuing to work with Ben over the coming months to facilitate a smooth leadership transition and to provide him with a running start in the role. I have thoroughly enjoyed my time at E&P, over what has been a challenging but transformative time for the business, and will watch with affection from the sidelines as the business goes from strength to strength under Ben's guidance.

Yours sincerely

Peter Anderson

Managing Director and CEO
E&P Financial Group Limited

About E&P Financial Group

About E&P

Our Business

E&P Financial Group (E&P) is an ASX-listed business delivering financial services across wealth management, corporate advisory, institutional sales and trading and research. We provide high-quality, trusted financial advice for individuals, families, for-purpose organisations, corporates and institutions.

An unwavering focus on our clients drives everything we do. We help our clients realise their goals. They value our collective expertise that delivers knowledge and insights to help unlock opportunities and drive growth in a constantly changing financial and economic landscape.

Above all, our integrity underpins our thinking. And with our focus on building solid relationships, we are more than an adviser—we are a financial partner.

E&P's operations are grouped into three segments:

- E&P Wealth;

EVANS & PARTNERS

- E&P Capital; and

E&P

- E&P Funds.

Claremont Global

GLOBAL DISRUPTION FUND

CD PRIVATE EQUITY FUND SERIES

E&P Wealth services over 7,400 clients, representing $23.4 billion in funds under advice as at 30 June 2023.

In E&P Capital we are an advisor to many leading Australian corporations and institutions through the provision of equity research, institutional sales and trading, corporate advisory, equity capital market and debt capital market services.

In E&P Funds, we manage $4.3 billion of assets across a diverse range of asset classes and strategies.

E&P has offices across Melbourne, Sydney, Canberra, Brisbane, Hong Kong and New York.

About E&P

Continued

Serving Diverse Clients

We deliver a broad range of financial services to a diverse client base, including corporations, organisations and individuals.

In each part of our business, we strive to demonstrate the power of collaborative thinking, transformative strategies and an unwavering focus on addressing our client's needs.

Our Purpose

We empower our clients to prosper.

At the heart of our business is a philosophy that the best ideas are only formed when talented minds work together.

Our culture is one where clients benefit from our combined strengths.

We cultivate enduring relationships which are centred on trust and guide our clients towards confident and well-informed decisions built on leading research and strategic insights.

Our People

At E&P, we are committed to creating a diverse and inclusive workplace that brings together a range of perspectives to meet the unique needs of our clients and shareholders.

By cultivating talent and investing in our people, we will help them realise their potential and expand the professional opportunities that will see them contribute positively to their colleagues, clients, and the broader community.

About E&P

Continued

Our Values

E&P Financial Group is a firm that is built on core values. We strive to embody them in everything we do.

We act with integrity

We always have our client's interests in mind

We are accountable

Respect, inclusion and teamwork are the core of our business

We strive for excellence in all that we do

We operate as a meritocracy

Year in Review

Year in Review

E&P's operations are grouped into three segments:

E&P Wealth	E&P Capital	E&P Funds
Provides a full-service solution for private clients through a complementary suite of wealth management services including strategic financial advice, investment advice, stockbroking, portfolio administration and reporting, self-managed superannuation fund administration and legal services. Revenues are primarily derived from asset-based advice fees, fee for service investment and financial advice and administration, and securities brokerage. The segment also receives fees for participation in equity and debt capital raisings.	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, debt financing and corporate restructurings. The segment generates revenue through institutional brokerage and securities execution commissions, corporate advisory services fees and debt and equity capital markets fees.	A specialist global fund manager with products spanning global equities, residential property, private equity and sustainable and social investments. The segment generates its revenue primarily from investment management fees, revenue for responsible entity and administration services, performance fees and revenue from execution of transactions such as asset acquisitions, disposals and debt arranging.

Year in Review

Continued

Segment Operating Performance

E&P Wealth

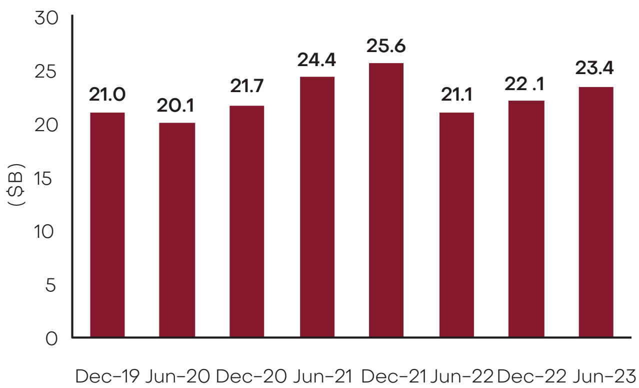
For the period ($M)	FY22	FY23	VAR TO FY22	VAR TO FY22
Net revenue	83.9	83.2	(0.7)	(1%)
Direct expenses	(60.6)	(56.8)	3.8	(6%)
Allocated expenses	(12.4)	(13.3)	(0.9)	7%
Underlying EBITDA	**10.9**	**13.1**	**2.2**	**21%**
Underlying EBITDA margin	13%	16%	3% pts	
Closing FUA	21,096	23,393	2,297	11%
Average FUA	23,631	22,538	(1,093)	(5%)

E&P Wealth generated net revenue of $83.2 million in the full year ended June 2023. This was broadly in-line with the net revenue of $83.9 million in the prior period, noting 2H23 net revenue was up 11% on the prior comparable period reflecting the initial recovery of the division following a period of significant disruption and restructure in response to the DASS VA. Growth in advice and services revenue was led by the successful implementation of the fee review over the year. All fixed fee clients were adjusted to an industry-standard fee arrangement or transitioned to a FUA-based model. As at 30 June 2023, 62% of funds under advice is on a FUA-based advice arrangement, up from 46% at June 2021. Offsetting growth in advice revenue was lower capital markets revenue given the softer ECM activity during the period in addition to lower brokerage revenue resulting from the deliberate structural shift in advice model in favour of a full-service offering.

E&P Wealth underlying EBITDA of $13.1 million was up 21% on the prior period reflecting stable revenue and cost control initiatives implemented during the financial year. Direct expenses were below the prior period by 6% following the optimisation of non-revenue generating roles. The cost efficiencies were achieved despite continued investment in adviser training and a marketing push in tandem with new business development initiatives across targeted client segments.

Total E&P Wealth funds under advice was $23.4 billion at 30 June 2023, representing an increase of 11% on the prior period due to growth in existing client portfolios following a recovery in the equity market, growth in Family Investment Office client balances by 45% and net client growth achieved in the Retail Wealth Management (RWM) service offering. Overall, client numbers were broadly stable at over 7,400 with full-service client growth led by RWM offsetting the cancellation of inactive, low-FUA transaction broking accounts with minimal revenue contribution.

E&P Wealth funds under advice



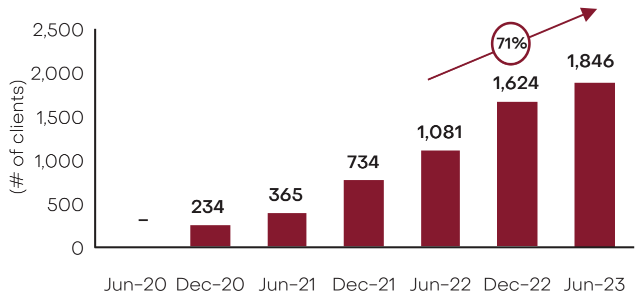
The Retail Wealth Management service offering benefitted from net client growth and a level of client transitions from our fixed fee model that were ahead of our expectations. At the end of the period, the RWM service had over 1,800

Year in Review

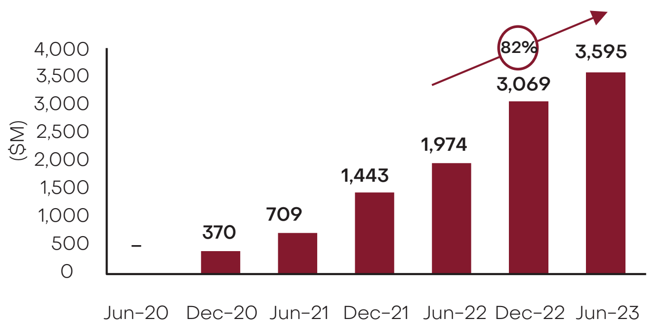
Continued

clients representing $3.6 billion in funds under advice, a 71% and 82% increase respectively on the prior period. These transitions, primarily from former fixed fee DASS clients, are expected to result in further revenue uplift in combination with the annualisation of fee model changes made in financial year 2023.

Retail Wealth Management client numbers



Retail Wealth Management funds under advice



E&P Capital

For the period ($M)	FY22	FY23	VAR TO FY22	VAR TO FY22
Net revenue	62.2	44.6	(17.6)	(28%)
Direct expenses	(35.2)	(27.7)	7.5	(21%)
Allocated expenses	(12.4)	(11.8)	0.6	(4%)
Underlying EBITDA	**14.6**	**5.1**	**(9.5)**	**(65%)**
Underlying EBITDA margin	24%	12%	(12% pts)	

E&P Capital net revenue of $44.6 million was 28% below a record prior period in light of the challenging economic conditions and lower transaction and trading volumes across the market.

Underlying EBITDA of $5.1 million was 65% lower than the prior period while margins were impacted by continued investment in the business, particularly within in the corporate advisory platform.

The business continued to supplement its capability in target market verticals with senior recruitment in key sectors. E&P's equity research offering was also enhanced with a number of strategic initiatives and a significant expansion of coverage universe.

While the timing of an improvement of market conditions is uncertain, the business is well positioned to leverage its broader platform and capitalise on improved market dynamics when they eventuate.

E&P Funds

For the period ($M)	FY22	FY23	VAR TO FY22	VAR TO FY22
FUM-based revenue	*35.7*	*24.3*	*(11.4)*	*(32%)*
Non-FUM-based revenue	*11.5*	*13.8*	*2.3*	*20%*
Performance fee	*0.1*	*1.2*	*1.1*	*1,375%*
Net revenue	47.3	39.3	(8.0)	(17%)
Direct expenses	(28.1)	(24.1)	4.0	(15%)
Allocated expenses	(5.2)	(4.2)	1.0	(19%)
Underlying EBITDA	**14.0**	**11.0**	**(3.0)**	**(21%)**
Underlying EBITDA margin	30%	28%	(2% pts)	
Closing FUM	6,178	4,308	(1,870)	(30%)
Average FUM	6,460	4,959	(1,501)	(23%)

Year in Review

Continued

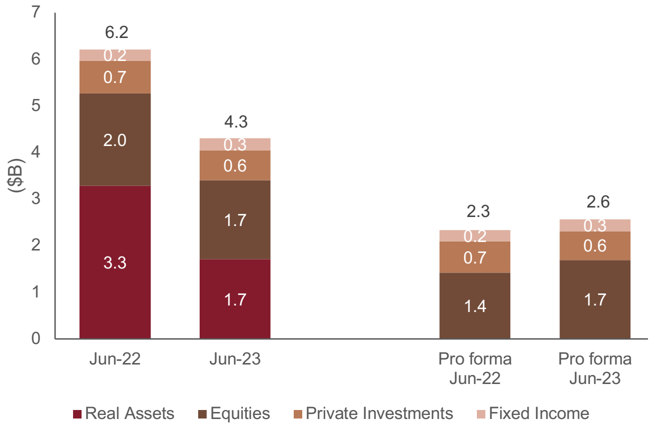
E&P Funds recorded net revenue of $39.3 million, down 17% on the prior period as FUM-based revenue was impacted as a consequence of the business' decision to exit Real Assets. Since FY22 the business has completed asset sales in New Energy Solar, the US Masters Residential Property Fund and the Fort Street Real Estate Capital Fund.

Non-FUM based revenue however benefitted from a one-off disposal fee of $10.6 million following the asset sales in New Energy Solar. The Group also recognised $1.2 million in performance fees from the CD Private Equity Fund series during the period.

E&P Funds produced underlying EBITDA of $11.0 million, which was down 21% on the prior period. Direct expenses were 15% lower due to lower staff costs and operating expense efficiencies following the rationalisation of investment strategies.

Funds under management was down 30% to $4.3 billion over the twelve months to 30 June 2023 off the back of deliberate asset sales and wind-up of the Real Asset funds. Core equity FUM of $1.7 billion was up 19% on the prior period driven by the recovery in equity markets[1].

E&P Funds FUM[2]



Our core equities strategies experienced a strong 12 months with both the Claremont Global and Global Disruption equities strategies outperforming their respective benchmarks. The external distribution of the Claremont strategy remains a key focus for the next 12 months with the launch of two ETF products targeted before the end of calendar year 2023, offering enhanced access for investors through a listed structure.

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 Group's 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 Company. The adjustments have been consistently applied in all reporting periods, regardless of their impact on the underlying result.

1. Change in pro forma core equities FUM from Jun-22 to Jun-23 (Claremont Global and Orca Global Disruption strategies).

2. Gross funds under management. Jun-23 pro forma excludes FUM from Australian Equities, VCOF, URF, NEW and USF Plc. Jun-22 pro forma excludes FUM from Orca Global, Asia, and Healthcare, Australian Equities, VCOF, FSREC, URF, NEW and USF Plc.

Year in Review

Continued

The table below sets out the adjustments to EBITDA and NPAT that were made for FY22 and FY23.

For the period ($'000s)	FY23	FY22
Net profit before tax	**(15,442)**	**10,148**
Interest revenue and finance costs	761	1,176
Depreciation, amortisation and impairment of PPE	10,624	13,318
Impairment of goodwill, intangible assets and investments	19,250	585
EBITDA	**15,193**	**25,227**
Non-underlying adjustments		
Employee termination payments	1,930	–
Legal/regulatory proceedings and related costs (net of insurance)[1]	1,512	5,157
Additional net DOCA contribution	1,045	–
Net change in value of non-core investments[2]	547	1,366
Onerous contract expense / (benefit)	(464)	464
Net gain from sale of interests in FSREC	–	(5,195)
Loss on deconsolidation of DASS	–	1,859
Underlying EBITDA[3,4]	**19,763**	**28,878**
Statutory NPAT	**(17,026)**	**6,316**
After tax amount of non-underlying adjustments	3,258	1,672
Goodwill impairment	19,250	585
Amortisation of acquired intangibles	471	1,695
Underlying NPATA[5,6]	**5,953**	**10,268**

1. Regulatory proceedings and related costs are net of insurance recovery and include administrative costs incurred in relation to the DASS VA.
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.
3. The FY23 Underlying EBITDA adjustments include employee termination payments of $1.9 million ($1.4 million after tax), $1.5 million in expenses relating to legal/regulatory proceedings and related costs ($1.1 million after tax), net DOCA contribution of $1.0 million ($0.7 million after tax), net fair value adjustments on non-core investments of $0.5 million ($0.4 million after tax) and net onerous contracts benefit of $0.5 million ($0.3 million after tax).
4. The FY22 Underlying EBITDA adjustments include $5.2 million in expenses relating to legal/regulatory proceedings and related costs ($3.6 million after tax), net fair value adjustments on non-core investments of $1.4 million ($1.1 million after tax), net onerous contracts expenses of $0.5 million ($0.3 million after tax) $5.2 million net gains from the sale of FSREC ($5.2 million after tax) and loss on the deconsolidation of DASS of $1.9 million ($1.9 million after tax).
5. The FY22 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 $0.5 million after tax and a $19.3 million impairment in E&P Capital due to soft capital markets activity and the impact of an elevated interest rate environment.
6. The F22 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 $1.7 million after tax and a $0.6 million impairment of goodwill in E&P Wealth due to regulatory matters.

Balance Sheet and Capital Management

The Group continues to focus on the prudent management of its balance sheet in order to maintain a strong financial position through economic cycles, maintain the financial resources to take advantage of attractive investment or business opportunities that may arise, and to maximise shareholder risk adjusted returns through the optimisation of the Group's debt and equity balances.

As at 30 June 2023 the Group held cash of $53.3 million and no debt. Cash and cash equivalents reduced by $20.9 million over the year primarily due to the Group's $15.5 million Tranche A payment into the DASS DOCA. The Group's net cash position is supported by $22.7 million of investments in financial assets and equity accounted investments which continue to be monetised where appropriate.

No dividend was declared in financial year 2023 noting the financial performance of the business in FY23 and uncertain economic outlook. However, the Board remains committed to its full year dividend payout target of 75% to 85% of NPATA over time in normal trading conditions.

Managing Our Key Risks

Managing Our Key Risks

Risk Management Framework

E&P's Risk Management Framework defines the minimum standards and processes for enterprise risk management across E&P Financial Group. It is the collective policies, procedures, systems, processes and people utilised to consistently and proactively identify, assess, monitor and manage risks to help the group achieve its strategic objectives.

The diagram below shows the various components of E&P's Risk Management Framework.

Managing Our Key Risks

Continued

Risk Appetite	The type and amount of risk E&P is willing to accept in pursuit of its strategic objectives. The Risk Appetite sets risks limits and boundaries approved by the Board within every business must operate, and sets risks limits and boundaries
Risk Governance & Reporting	The Risk Governance Model enables the Group to govern and manage the risks associated with its business operations, AFSL obligations, regulatory expectations and other financial services obligations.
Risk Policies	Risk policies direct how the business will manage its material risks and operationalise the Risk Appetite Statement.
Technology & Data	A robust Technology and Data Management environment helps manage technology and information security related risks and also supports an effective risks management framework.
Control Environment	A robust control environment will manage the Group's material risks within risk appetite
Risk Identification, Measurement & Management	Captures and assesses all material risks which may impact the Group's ability to meet its strategic objectives.
Incident & Breach Management	Enables the Group to ensure timely and appropriate escalation, identification, assessment and management of incidents and breaches and meet compliance with the relevant financial services laws. A robust Incident and Breach Management Process also enables the business to identify risks, weakness in the control environment and implement management actions to prevent re-occurrence or similar incidents.

Managing Our Key Risks

Continued

At the heart of E&P's Risk Management Framework is a sound risk culture which is underpinned by E&P's core values imbedded in the way we act and our company policies. E&P identifies the following as our values:

1. We act with integrity;
2. We are accountable;
3. We strive for excellence in all that we do;
4. We always have our client's best interests in mind;
5. Respect, inclusion and teamwork are at the core of our business;
6. We operate as a meritocracy.

E&P promotes a sound risk culture which:

- supports transparency and openness of risks, events and issues;
- facilitates effective internal controls and risk reporting;
- encourages awareness of risks and responsibility for managing those risks;
- ensures that appropriate actions are taken in a timely manner for issues and risks identified that are outside of set thresholds and tolerances/limits;
- ensures consequences are applied to employees for poor risk management behaviours.

E&P monitors and promotes its risk culture through the following mechanisms (not exhaustive):

1. Governance risk and compliance frameworks, policies and procedures
2. Risk and compliance committee oversight
3. Risk Control Self Assessments
4. Incidents and breaches and other KRI monitoring and reporting
5. Employee culture survey
6. Employee Competency Framework
7. Ongoing training and risk awareness
8. Consequence Management Framework

Managing Our Key Risks

Continued

Three Lines of Defence

E&P continues to invest in and operate its Three Lines of Defence risk governance model to govern and manage the risks associated with its business operations, AFSL obligations, regulatory and community expectations and other financial services obligations. E&P's Three Lines of Defence model provides structured and multi-layered risk management with clear accountability and responsibility aligned to and supportive of E&P's strategic goals. This drives value preservation and creation across the group as individuals make more informed decisions in an efficient and effective manner.

The E&P Board, Audit, Risk and Compliance Committee, and other relevant committees will receive regular risk and compliance reporting to monitor performance of the Risk Management Framework.

Reporting includes key risk indicators which enables the monitoring of material risks:

- Line 1 are risk owners - Executive and local management, Responsible Managers, and other business roles are responsible for the identification, assessment and management of risks
- Line 2 – Risk and Compliance provide risk oversight and is responsible for developing and implementing policies, processes and procedures, as well as monitoring Line 1 compliance
- Line 3 – Internal Audit – external consultants responsible for conducting an independent and objective review on the adequacy, effectiveness of and compliance with the Risk Management Framework

Board

- Defines and owns the risk appetite.
- Ensures a sound risk management culture is established.
- Establishes the risk management framework.
- Ensures independence of Line 2 function.

1st Line of Defence
Risk Owners

- Involved in day-to-day management of risk.
- Implement and action controls and risk management processes.
- Supervise processes.

2nd Line of Defence
Review and Challenge

- Oversee and challenge risk management.
- Provide assurance over Line 1 monitoring.
- Provide guidance and direction.

3rd Line of Defence
Independent Assurance

- Review Line 1 & 2 processes on a regular basis.
- Provide an Independent perspective and challenge process.

Managing Our Key Risks

Continued

Key Risks

Representative Proceedings Risk

The ongoing unresolved representative proceedings pose financial and reputational risks to the Company. Should the Company be unable to reach a resolution to the proceedings there is the risk that the ensuing litigation could require allocation of significant company resources and attract negative publicity that could result in materially adverse effects to the Company's financial performance and returns to Shareholders. Please refer to notes 42 and 44 of the Annual Report for further details.

Regulatory Risk, Compliance and Legislative Change

The Company operates within highly regulated markets that are subject to a range of legislative and regulatory compliance requirements. The Company through its operating subsidiaries holds a number of AFSLs and its operating subsidiary Evans & Partners is also an ASX Trading Participant and a Cboe Australia Trading Participant. These licences and authorisations are integral to the provision of the Group's core services and require continuing compliance, where failure to comply with the applicable laws and guidelines can have a material impact on the Group's performance. If the Company were to lose any AFSL or market participant status, the services it provides its clients would be significantly disrupted and have severe ramifications on the Group's performance. Similarly, the legislative regime governing the Company's business is subject to changes. Changes in legislation and/or interpretation of the existing legislation may positively or negatively affect the Group. Changes to the laws governing the provision of financial product advice and investment management services could have a materially adverse impact on the Group. The Company cannot predict what legislative changes may be made in the future, or the impact of those changes. Changes to the interpretation of such legislation may have a similar effect and impact the Group's ability to continue to provide financial products and services in their existing capacity. This may have a materially adverse effect on the financial performance and prospects of the Group.

Changing Market Conditions

As a financial services group, the Company is affected by conditions in the global financial markets and economic conditions throughout the world. Future market and economic climate may deteriorate because of many factors beyond the Company's control, including rising interest rates or inflation or political uncertainty. Changing market conditions can adversely affect the Company by reducing the volume of transactions executed across the E&P Capital segment and by reducing the value of assets under management or advice in the E&P Funds and E&P Wealth segments, both of which would adversely affect the Company's revenue. Profitability may also be adversely affected if the Company is unable to sufficiently scale back costs to match any decreases in revenue.

Reputation and Brand Risk

The success of the Company largely depends on its reputation and branding. The E&P brand image and those of its operating subsidiaries is central to the Group's ongoing performance. The Group's image is influential in retaining existing clients and sourcing new clients across the Company's entire service offering. There is a risk that certain issues or events may adversely affect the reputation of the Company and

Managing Our Key Risks

Continued

its subsidiaries. In the event of such occurrences, the strength of the Company and its subsidiaries may be undermined resulting in loss of clients, failure to attract new clients and reduced demand for the Company's services. If risks to brand image and reputation were to eventuate this may result in materially adverse effects to the Company's financial performance and returns to Shareholders.

E&P's faces a number of key enterprise wide risks which include:

Strategic Risks

Risk	Description	Key Controls and Risk Mitigants
Changing investor / client requirements	The risk that our product or service range is not suitably diversified, viable or consistent with investor/client objectives and needs	■ Comprehensive group and divisional strategic planning and monitoring ■ Product and service selection, governance and oversight ■ Continued investment in systems, processes and people, and other improvement initiatives
Business model disruption	Risk that we suffer business model disruption due to technological innovations, competition or issues with our partners and counterparties.	■ Ongoing technological and competitor analysis ■ Third Party Risk Framework
People risk	Risk that our people and employment practices negatively impact our ability to attract, retain and manage key employees.	■ Employee Competency Framework and Career Map ■ Learning & Development ■ Succession planning ■ Employee wellness offering ■ Diversity and inclusion initiatives

Managing Our Key Risks

Continued

Business Risks

Risk	Description	Key Controls and Risk Mitigants
Reputational risk	Risk that we suffer reputational damage impacting our relationships with clients, regulators, partners and shareholders.	■ Code of Conduct ■ Employee awareness and training ■ Control framework incl. supervision and monitoring program ■ Incident and Breach Management ■ Complaints Handling process
Investment performance risk	Risk that we fail to deliver value for clients because our investments consistently underperform or fail to meet client expectations.	■ Product selection, oversight and monitoring ■ Pre and post trade monitoring
Climate change risk	Risk that the physical risks of climate change and/or the transition to a low carbon economy negatively impact our business or the demand for our services.	■ Carbon emissions monitoring ■ Emissions neutrality initiatives
Business concentration risk	Portfolios do not meet their investment objectives or that there is a failure to deliver consistent and above-average performance.	■ Committee and Board oversight and monitoring ■ Revenue stream diversification
Financial risk	The risk that the group and/or its divisions have sufficient financial resources to operate.	■ Finance division continuous monitoring and management ■ Board and executive oversight ■ Cost control disciplines ■ Insurance management ■ Counterparty settlement risk framework

Managing Our Key Risks

Continued

Operational Risks

Risk	Description	Key Controls and Risk Mitigants
Conduct risk	The risks of client detriment arising from inappropriate conduct, management practice or behaviour, failure to manage conflicts, or failing to meet client needs, interests or expected outcomes due to our conduct or the conduct of third parties we engage	■ Policies and Processes ■ Employee awareness and training ■ Supervision and Monitoring Program ■ Board and Committee Governance and Oversight ■ Consequence Management framework ■ Incident and Breach Management ■ Whistleblowing program ■ Third Party Management framework
Regulatory risk	The risk arising from our failure to meet existing regulations or failure to respond appropriately to new regulations	■ Compliance frameworks, policies and procedures ■ Supervision and Monitoring program ■ Continued investment in RegTech ■ Dedicated Risk and Compliance function supported by internal and external legal ■ Incident and Breach Management ■ Committee governance and monitoring ■ Employee awareness and training
Legal risk	The risk of legal claims and loss	■ Policies and Procedures ■ Incident and Breach Management ■ Complaints Handling process
Process risk	The risk that a significant business process failure results in a material adverse impact	■ Incident and Breach Management ■ Policies and processes ■ Employee training ■ Continued investment in system development

Managing Our Key Risks

Continued

Operational Risks

Risk	Description	Key Controls and Risk Mitigants
Fraud risk	The risk of internal or external parties defrauding the firm or our clients by circumventing processes or controls including those operated by our third-party providers	■ Supervision and Monitoring program ■ Compliance framework, policies and procedures incl. AML/CTF framework ■ Third Party Management framework ■ User access management, dual authorisation and segregation of duties ■ Employee awareness and training
Business Services resilience risk	Risk that we do not have sufficient processes and procedures in place to ensure that we can effectively recover our critical business services in the event of a severe disruption at a third party, to a system or to the availability of data	■ Business Continuity and Disaster Recovery Plan ■ Ongoing business continuity testing ■ Failover mechanisms ■ Multi-layered data back ups ■ Third Party Management framework ■ 24/7 hardware assurance
Technology risk	Risk of failure to deliver scalability of systems and functionality which align with business and client expectations, that leads to a negative impact on the business and client experience	■ Project Management Framework ■ Third Party Management Framework ■ Continued investment in internal and external systems ■ Incident and Breach management
Cyber risk	The risk that the business is impacted by confidentiality, privacy, security and data integrity due to the activities of a malicious insider or external party	■ Information Security Framework ■ Business Continuity and Disaster Recovery Plan ■ Data Breach Response Plan ■ 24/7 Security Operations Centre ■ Employee awareness, training and testing ■ Independent penetration testing ■ Incident and Breach Management
Conflicts risk	The risk that the business does not appropriately manage conflicts of interest resulting in regulatory or financial consequences	■ Conflicts Management Framework Employee awareness and training ■ Supervision and Monitoring program ■ Board and committee governance and oversight ■ Physical and electronic information barriers

Corporate Governance Statement

Corporate Governance Statement

Introduction

The board of E&P Financial Group Limited (the "Company") recognises the importance of good corporate governance and its impact on investor confidence. The board of the Company (the "Board") is responsible for the corporate governance of the Company and its related bodies corporate (the "Group").

This corporate governance statement documents the Company's key corporate governance practices that were put in place by the Company, in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) ("ASX Principles and Recommendations").

The various corporate governance policies and charters adopted by the Company and referred to in this document are available at www.eandp.com.au/investor-centre/.

Role and Responsibilities of the Board

The Board is responsible for the overall corporate governance of the Group. The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic goals of the Group and considering and approving its annual business plan and the associated budget.

The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return and sustaining the growth and success of the Group. In conducting the Group's business consistent with these objectives, the Board seeks to ensure that the Group is properly managed to protect and enhance shareholder interests and that the Group, its Directors, officers and personnel operate in an appropriate corporate governance environment.

The Board has adopted a written charter to clarify the roles and responsibilities of the Board members. The charter sets out:

- the Board composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.
- A copy of the Board Charter is available www.eandp.com.au/investor-centre/.

Although the Board is ultimately responsible for the overall direction and performance of the Company and the Group, the Managing Director & Chief Executive Officer, under the direction of the Board, is responsible for the day-to-day management and operation of the Company.

Corporate Governance Statement

Continued

The below diagram summarises the Company's governance model.

Board

Audit, Risk & Compliance Committee

People, Nomination & Remuneration Committee

Managing Director & Chief Executive Officer

Chief Financial Officer

Chief Risk Officer

Executive Management

Role of the Company Secretary

The Company Secretary is responsible for providing support to the Board and its Committees by:

- monitoring whether the Company's corporate governance policies and charters are followed;
- advising the Board and the Committees on governance related matters;
- coordinating distribution of Board and Committee packs;
- preparing meeting minutes for the Board and Committees; and
- coordinating induction and professional development for directors.

Company Secretaries will be appointed by the Board and will be directly accountable to the Board through the Chair.

Statement of Values

The Group identifies the following as our values to help in achieving our purpose:

- we act with integrity;
- we are accountable;
- we strive for excellence in all that we do;
- we always have our client's best interests in mind;
- respect, inclusion and teamwork are at the core of our business; and
- we operate as a meritocracy.

Corporate Governance Statement

Continued

Code of Conduct

The Company is committed to maintaining the highest ethical standards in the conduct of its business activities. The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct to be followed by Directors, management, senior executives and other employees.

The key aspects of this code are to:

- articulate the high standards of honesty, integrity, ethical, law-abiding, and values aligned behaviour of directors and senior executives;
- encourage the observance of those standards to protect and promote the interest of shareholders and other stakeholders (including employees, clients, service providers and creditors);
- guide directors and senior executives as to the practices thought necessary to maintain confidence in the Company's integrity; and
- set out the responsibility and accountability of directors and senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour or that does not align to our values.

The Code of Conduct requires that the Board of the Company is informed of any material breaches of the code.

A copy of the Code of Conduct is available at www.eandp.com.au/investor-centre/.

Appointment of Directors or Senior Executives

The Company has a formal process in place to ensure that appropriate backgrounds checks are undertaken before appointing a person as director or senior executive or putting forward to shareholders a candidate for election as a director. Background checks include verification of candidate's experience, criminal record and bankruptcy history.

Upon proposing a candidate for election or re-election as a director, the Company will provide shareholders with the relevant material information in its possession to allow shareholders to make an informed decision. This generally includes:

- biographical details of the candidate, including their qualifications, experience and skills which may be beneficial to the Board of the Company; and
- details of any current or past directorships held by the candidate.

Each director or senior executive is appointed by a formal letter or contract of appointment setting out the key terms and conditions of their appointment to ensure that each director or senior executive clearly understands the Company's expectations of him or her.

Corporate Governance Statement

Continued

Board skills matrix

The Company seeks to maintain a Board of Directors with a broad range of skills and diversity. The Board has developed the following matrix which lists the skills and industry experience across the five members of the Board as at 30 June 2023. This skills matrix is reflective of the Board as at 30 June 2023.

Skills	Number of directors
Leadership & Strategic Direction	5
Corporate Governance	5
Financial & Accounting	5
Risk Based Auditing & Risk Management	5
Legal & Regulatory Compliance	5

Industry Experience	Number of directors
Financial Markets	5
Wealth Management	5
Funds Management	5
Corporate Advisory	5
Sustainability	4

Composition of the Board for FY2023

The Company's Board as at 30 June 2023 comprised of majority independent members:

Director	Position
David Evans	Non-Executive Chair[1]
Peter Anderson	Managing Director & Chief Executive Officer
Tony Johnson	Executive Director
Sally McCutchan	Independent Non-Executive Director
Josephine Linden	Independent Non-Executive Director

[1]Mr Evans transitioned from Executive Chair to Non-Executive Chair with effect on and from 1 July 2022. There were no Board appointments or resignations during the reporting period.

Corporate Governance Statement

Continued

Detailed biographies of each of the Directors at the date of this report are given in the Directors' Report (see pages 50-53 of the Annual Report), including the number of years in office, skills, experience and current and former directorships.

The ASX Principles and Recommendations state at Recommendation 2.4 that a majority of the board of a listed entity should be independent directors. While there is a majority of non-executive directors, only two are currently independent. Mr Evans was an executive employee of the Group for a number of years until 30 June 2022, accordingly, although he is a non-executive, Mr Evans will be considered non-independent until such time as it can be determined that he complies with the criteria for independence. Notwithstanding that the Board is not majority independent, the Company believes the current Board composition is well positioned and appropriate as it continues through its strategic transition towards its next stage of growth.

The ASX Principles and Recommendations state at Recommendation 2.5 that the chair of a listed entity should be an independent director and should not be the same person as the CEO of the entity. The Directors have reserved absolute discretion to determine the appropriate composition of the Board and have determined not to follow Recommendation 2.5 to the extent that it recommends the Chair position be held by an independent Director. Throughout the reporting period the Chair was Mr David Evans, who is not the CEO of the Company. Mr Evans will be considered a Non-Independent Non-Executive Chair until such time it can be determined that Mr Evans complies with the criteria for independence. The Company believes it remains appropriate for Mr Evans to be the Chair given he is the founder of Evans & Partners, he has deep experience and knowledge in the industry sectors in which the Group operates, and he has a proven track record of facilitating effective contributions from all directors and promoting constructive relations between directors and between the Board and Group management. Further, the transition to a Non-Executive function from 1 July 2022 has strengthened the separation between Group management and the Board's oversight of such management.

The Company's Board Charter provides that the Board has the ability to appoint a lead independent director where the Chair of the Company is not independent. The lead independent director's responsibilities include:

- perform the role and function of the Chair in the absence of the Chair for any reason;
- be available to facilitate (as appropriate and required) Chair succession planning, approvals and actions required to be performed by the Chair where the Chair may be conflicted;
- support in the performance evaluation of the role and function of the Chair; and
- act as a separate channel of communication for security holders in particular where those communications may concern the Chair.

The Board has not considered it necessary to formally appoint a Lead Independent Director at this time.

Diversity & Inclusion

The Board recognises the importance of diversity and inclusion and believes that it creates value for shareholders by fostering innovation, productivity and responsiveness.

Corporate Governance Statement

Continued

Diversity is a key strategic asset of the Group and therefore improving diversity is a key strategic focus.

The Group's commitment to diversity and inclusion forms part of its merit-based organisational culture dedicated to the recruitment and retention of the best available talent at all levels, up to and including the Board. The Group believes that embracing diversity and inclusion in its workforce contributes to the achievement of its corporate objectives and enhances its reputation.

The Company has adopted a Diversity & Inclusion Policy which outlines the Company's commitment to achieving diversity across the Group. Under the policy, the Board is expected to establish measurable objectives for achieving gender diversity and to annually review and assess both the measurable objectives for achieving gender diversity and the Group's progress in achieving them.

Measurable objectives

As required by the Group's Diversity Policy, the Board is required to set measurable objectives to allow it to achieve diversity. In FY22, the People, Nomination and Remuneration Committee (**PNRC**) and Board scheduled working sessions to consider industry diversity issues and agree an appropriate set of objectives encompassing senior executives and our workforce generally. As a result, the Board agreed to introduce an expanded range of targets related to diversity for the year to 30 June 2022. For FY23, the PNRC recommended that the Board maintain the same set of measurable objectives for the year to 30 June 2023. Those objectives are set out in the table below:

Objective	FY23 Performance	Achieved
1. To not have less than 30% of each gender on the Board at all times	At least 40% of each gender on the Board at all times	Yes
2. To make offers of employment to women under the Graduate and Intern Programs which on a rolling three-year basis average circa 50% of the total number of offers made	Rolling three-year average of 50% of offers made to women, compared to 24% of applications received	Yes
3. In the medium term, to target overall gender ratios consistent with or better than industry metrics (Source: WGEA 2022 data, peer group of 15 comparably sized entities in the industry)	Overall ratio is 37:63 females:males; industry overall ratio is 36:64 females:males.	Yes

Corporate Governance Statement

Continued

Gender diversity data

The proportion of men and women employed/contracted by the Company as at 30 June 2023 is set out in the table below.

Level	Men	Women	Total Staff
Board	60%	40%	5
Key Management Personnel (excluding Directors)	100%	0%	2
Other executives/managers	76%	24%	70
All other employees	60%	40%	281
Total	**63%**	**37%**	**358**

Induction and Ongoing Professional Development for Directors

The Company has adopted an induction program which is used for the induction of new directors of the Company. The purpose of the program is to provide new directors with an overview of the organisation, its activities and to position them to discharge their responsibilities effectively and to add value.

Under the program, an induction meeting will be held with each new director. The new director will be given the opportunity to meet with the Chair, other directors, key executives (CEO, CFO and CRO) and management to gain an understanding of the Company's structure, business operations, history, culture and key risks. If the new director is not familiar with the legal framework that governs the entity, the director will also be provided with training on their legal duties and responsibilities as a director under the key legislation governing the Company and the listing rules. If the new director does not have accounting skills or knowledge, they will receive training on key accounting matters and on the responsibility of directors in relation to the financial statements.

On appointment, the directors of the Company are individually briefed by the Board, CEO, CFO and senior management.

The Company Secretary is responsible for facilitating the induction and ongoing development of all directors, and where necessary, from time to time, may recommend relevant courses and industry seminars which may benefit the directors and assist members in discharging their duties.

The Board regularly participates in educational sessions in areas of relevance to develop and maintain the skills and knowledge needed to perform their role as director.

Corporate Governance Statement
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Board Performance Evaluation Process

The Board has delegated the responsibility to the People, Nomination and Remuneration Committee for establishing processes to evaluate the performance of the Board, and the committees, both collectively and individually.

The Company has adopted the following evaluation process:

- on an annual basis, each director must complete an evaluation questionnaire concerning the Board, Committees and each individual director;
- the Chair of the People, Nomination and Remuneration Committee is responsible for collating the responses from each director and presenting the aggregated information to the Board for discussion and feedback; and
- results from the current questionnaire may be benchmarked against data gathered through the performance evaluation process conducted in prior years.

A performance evaluation for the Board was undertaken for the relevant period in accordance with the processes described above.

Senior Executive Performance Evaluation Process

The Company has entered into an employment contract with each of its senior executives setting out the terms and conditions of their employment.

The Board is responsible for regularly reviewing the performance of key senior executives against measurable and qualitative indicators as decided by the Board. The People, Nomination and Remuneration Committee is responsible for annually reviewing the performance of the Group CEO against the achievement of strategic and financial objectives of the Group in addition to a review of the Group CEO's personal performance in respect of his leadership of the Group.

The Group CEO is responsible for annually reviewing the performance of the Executive Key Management Personnel. Performance review criteria vary according to the individual's role but include (as appropriate) financial performance, risk management, business and people leadership and culture.

A performance evaluation for the senior executives, including the CEO in relation to FY2023 was undertaken in accordance with the processes described above.

E&P

Corporate Governance Statement

Continued

Policies

Fraud and Corruption Policy

Any fraud or corruption committed against the Company is a major concern to the Company. The Company requires all officers, Associates and employees at all times to act honestly and with integrity and to safeguard the Company resources for which they are responsible. The Company is also committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits. Accordingly, the Board has adopted a fraud and corruption policy.

The Fraud and Corruption Policy applies to all officers and employees (including directors, executives and managers) of the Company and the Group. Where an incident is considered a material breach of the policy, the Board will be notified in accordance with the reporting procedures. A copy of the Fraud and Corruption Policy is available at www.eandp.com.au/investor-centre/.

Whistleblowing Policy

In line with the Company's expected standards of conduct and culture, the Company has adopted a Whistleblowing Policy which aims to promote a culture of compliance, honesty and ethical integrity by providing an avenue, without fear of persecution or intimidation, for the reporting of improper conduct or behaviour (i.e. wrongdoing). Improper conduct or behaviour may relate to the Company's business activities, licensing conditions, internal policies and other standards of behaviour expected of the Company's employees.

The Board of the Company encourages all individuals associated with the Company to report suspected instances of wrongdoing that could potentially harm the Company's employees, its assets, and the Company's long-term sustainability and reputation. The Company has zero tolerance for any breach of the policy. Any material breach of the policy is required to be reported to Board.

A copy of the Whistleblowing Policy is available at www.eandp.com.au/investor-centre/.

Securities Trading Policy

The Company has adopted a Securities Trading Policy which applies to the Company, its directors and officers, and to Group employees, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly (i.e. key management personnel) and associates of the Company directors, officers and employees (Associates).

The policy is intended to explain the types of conduct in relation to dealings in shares of the Company that are prohibited under the Corporations Act and establish procedures in relation to Directors, officers, employees, key management personnel or Associates dealing in shares of the Company.

The Securities Trading Policy defines certain 'trading windows' during which trading in shares of the Company by directors, officers and certain key management personnel is permitted. In all instances, buying or selling of shares of the Company is not permitted at any time by any person who possesses price-sensitive information.

Corporate Governance Statement

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A copy of the Securities Trading Policy is available at www.eandp.com.au/investor-centre/.

Market Disclosure Policy

The Company is required to comply with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act. The Company is committed to observing its continuous disclosure obligations and has adopted a Market Disclosure Policy which establishes procedures that are aimed at ensuring that directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information. The CEO, in consultation with the Board, will review the policy as often as it considers necessary.

The Board is responsible for monitoring compliance with the policy. The CEO, CFO, Company Secretary and any other persons nominated by the Board from time to time have the responsibility for managing the Company's compliance with its continuous disclosure obligations. The disclosure officer will be responsible for the disclosure of material information to the ASX. Any items of materiality that require disclosure require the approval of the chair of the Board prior to release.

The Board receives copies of all announcements promptly after they have been made.

All presentations containing price-sensitive information which may be presented to potential or substantive investors/analysts, are published on the ASX ahead of presenting. A copy of the Market Disclosure Policy is available at www.eandp.com.au/investor-centre/.

Shareholder Communications Policy

The Board's aim is to provide shareholders with sufficient information to assess the performance of the Company and to inform them of major developments affecting the affairs of the Company relevant to shareholders in accordance with all applicable laws. The Company has adopted a Shareholders Communications Policy which aims to promote effective communication with its shareholders and encourage effective participation at general meetings of the Company.

Information will be communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website. In particular, the Company's website will contain information, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on the Company's website as soon as they have been released to the ASX.

Each shareholder is provided online access to the Registry to allow them to receive communications from, and send communication to, the Company and the Registry. The Board encourages full participation of shareholders at the annual general meeting. Shareholders who are unable to attend the annual general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting. All substantive resolutions at a meeting of shareholders are decided by a poll.

Corporate Governance Statement

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The Company will ensure that its external auditor attends the Company's annual general meeting and is available to answer questions from the shareholders relevant to the audit.

A copy of the Shareholder Communications Policy is available at www.eandp.com.au/investor-centre/.

Board Committees

People, Nomination and Remuneration Committee

The Board has established a People, Nomination and Remuneration Committee to help the Board fulfil its statutory, fiduciary and regulatory responsibilities, instil the Group's values and achieve its objectives to seek to ensure that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who can reasonably be expected to create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

The People, Nomination and Remuneration Committee is also responsible for:

- identifying and recommending to the Board nominees for membership of the Board;
- annually evaluating the performance of the Board, both collectively and individually;
- reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices;
- reviewing the remuneration of Non-Executive Directors for serving on the Board and any committee (both individually and in total); and
- reviewing any insurance premiums or indemnities for the benefit of directors and officers.

Corporate Governance Statement

Continued

The committee is governed by the People, Nomination and Remuneration Committee charter. The charter provides that the committee must comprise of at least three directors, majority of whom are independent directors. The chair of this committee must be an independent Non-Executive Director.

Members of the People, Nomination and Remuneration Committee during FY23 were:

- Josephine Linden (Chair, Independent Non-Executive Director)
- Sally McCutchan (Independent Non-Executive Director)
- David Evans (Non-Independent Non-Executive Director)

A copy of the People, Nomination and Remuneration Committee Charter is available at www.eandp.com.au/investor-centre/.

Audit, Risk & Compliance Committee

The role of the Audit, Risk and Compliance committee is to assist the Board to carry out its role in overseeing the audit, risk management and compliance practices of the Company. The Committee is accountable to the Board for its performance.

The Audit, Risk & Compliance Committee has adopted a formal charter which includes the role and responsibilities of the committee. The charter provides that the committee must comprise of at least three directors, a majority of who are independent. All members of this committee must be able to read and understand financial statements and at least one member be a qualified accountant or other financial professional with experience of financial and accounting matters.

The CEO, CFO and CRO are standing invitees of each meeting of the committee. The chair of the committee (or a person nominated by the chair of the committee) must report to the Board following each meeting of the committee on all matters relevant to the committee's duties and responsibilities.

Members of the Audit, Risk & Compliance Committee during FY23 were:

- David Evans (Chair, Non-Independent Non-Executive Director)
- Sally McCutchan (Independent Non-Executive Director)
- Josephine Linden (Independent Non-Executive Director)

E&P

Corporate Governance Statement

Continued

The ASX Principles and Recommendations recommend that a Board's audit committee have at least three members, all of whom are non-executive and a majority of whom are independent. There is no recommendation for the members of a Company's risk committee to be non-executive. Throughout the reporting period to 30 June 2023, the committee has met the recommended audit committee composition of three non-executive members, the majority of whom are independent.

The ASX Principles and Recommendations also recommend that the audit and risk committee chair be an independent director. Having regard to the current composition of the Board, it is considered that the committee is of sufficient size and independence and that the background of Mr Evans makes him an appropriate chair notwithstanding his non-independence.

More information on the number of committee meetings held during the reporting period and the individual committee member attendance can be found in the Directors Report on page 55.

A copy of the Audit, Risk & Compliance Committee Charter is available at www.eandp.com.au/investor-centre/.

Audit and Risk Management

Risk Management Framework

The Audit, Risk and Compliance Committee assists the Board with its oversight of the Company's risk management systems. The Committee assist the Board in ensuring that the Company is operating with due regard to the risk appetite set by the Board. Each of the Company's key underlying divisions manage their businesses to the Company's Risk Management Framework which is overseen by the Board. A formal review of the Company's risk management systems and respective division's risk management framework is undertaken at least annually.

An annual review of the Company's risk management systems has taken place during the reporting period.

Internal Audit Function

The Company does not currently have an internal audit function in place. For its current size and scale, the Company relies on senior executives and internal operational, risk and compliance teams to perform supervising and monitoring over the Company's risk management systems, internal controls and governance. The Company compliments this with the use of external consultants who will work with the executive, operational, risk and compliance teams. The Company regularly reviews the size and scale of its operations with respect to the suitability of establishing an internal audit function.

Corporate Governance Statement

Continued

External Audit Function

The Audit, Risk & Compliance Committee is responsible for overseeing the external auditor who demonstrates independence. The performance of the external auditor is reviewed annually. The external auditor attends each Annual General Meeting where they are available to answer any shareholder questions about the conduct of the audit and the preparation of the auditor's report.

Environmental, Social and Governance (ESG) risks

The Board and management recognise the importance of effective Environmental, Social and Governance (ESG) practices as part of their responsibility to stakeholders. In FY22, the Company formalised an ESG framework and reporting approach structured around ESG focus areas considered to be material. These focus areas reflect the risks and opportunities identified by the Company and the issues of interest to our stakeholders.

The approach to ESG risk is built around three key areas of focus: governance and conduct (our approach to ethical conduct and client-first outcomes), social capital (how we develop, retain and protect our staff and engage with communities), and natural capital (how we utilise ESG factors in our investment related activities and monitor and mitigate the environmental footprint of our operations). Material risks across these topic areas are overseen by the Board and supported by mechanisms that track, monitor and manage risk that may result in shareholder detriment.

Information on our identification process and management of material ESG risks are provided within our 'Sustainability Overview 2023' report available at www.eandp.com.au/investor-centre/.

Financial Statements Declarations

As required under section 295A of the *Corporations Act 2001* (Cth), the CEO and CFO are required to provide written declarations for a financial period confirming that in their opinion, the financial records of the Company have been properly maintained and the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Company, based on their review of the internal control systems, management of risk, the financial statements and the letter from the Company's external auditor.

The CEO and CFO have provided a written statement in compliance with section 295A of the *Corporations Act 2001* (Cth) in respect of the 2023 full year statutory accounts of the Company.

Prior to releasing any periodic corporate reports to the market which are not audited or reviewed by an external auditor, the Company ensures the corporate reports are reviewed in accordance with an internal verification procedure to ensure the integrity and accuracy of the information included in these reports are materially accurate. This verification process involves systemic checking by the internal finance, risk and compliance teams and Company officer or Board approval.

Corporate Governance Statement

Continued

Remuneration Policies and Practices

The Company's policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives are disclosed in the Company's Remuneration Report on pages 58-71 of the Annual Report.

Equity Based Remuneration Schemes

The Company has adopted a Loan Funded Share Plan (**LFSP**) and a share options/rights plan (**ORP**) for Australian-based employees. During the period the company has issued interests in the ORP for Australian-based employees to:

- provide an incentive for them to remain in their employment;
- recognise their ongoing ability and expected efforts;
- acknowledge their contribution to the performance and future success of the Group; and
- provide a means through which they may acquire shares in the Company and benefit from the potential growth in the Company's share price.

On 18th December 2020, the Group announced the suspension of its Employee Share Plans. Aside from Key Management Personnel or to satisfy contractual obligations, the Group does not presently 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 options.

Further details of the LFSP and ORP are provided in the notes to the financial statements (see pages 125 to 127 of the Annual Report).

The Company's Securities Trading Policy prohibits directors, officers and employees of the Company from using derivatives in relation to any unvested Company shares in any way.

Directors' Report

Directors' Report

Introduction

The Directors of E&P Financial Group Limited (**E&P** or the **Company**) submit herewith the annual report of the consolidated entity comprising the Company and its controlled entities (herein referred to as the **Group**) for the financial year ended 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names and particulars of the directors of the company during or since the end of the financial year are:

- David Evans, Non-Executive Chairman
- Peter Anderson, Managing Director & Chief Executive Officer
- Josephine Linden, Non-Executive Director
- Sally McCutchan, Non-Executive Director
- Tony Johnson, Executive Director

Company secretaries

The following persons were company secretaries of E&P Financial Group Limited during the financial year and up to the date of this report:

- Stephen Hill (appointed 24 November 2022)
- Mike Adams
- Paul Ryan (resigned 23 November 2022)

Directors' Report

Continued

Information on current directors

Chairman of:
Audit, Risk and Compliance Committee

Member of:
People, Nomination and Remuneration Committee

David Evans

David Evans has been a director of E&P Financial Group Limited since February 2017.

David is the Non-Executive Chairman of E&P Financial Group Limited, having initially established Evans and Partners Pty Ltd in June 2007.

Since 1990, he has worked in a variety of roles within JB Were & Son and then the merged entity Goldman Sachs JBWere Pty Ltd. Prior to establishing Evans and Partners, David ran Goldman Sachs JBWere's (GSJBW) Private Wealth business and the Institutional Equities business. His most recent role at GSJBW was as Managing Director and Chief of Staff.

He is a director of Seven West Media and a member of the People, Nomination & Remuneration Committee. He is a member of the Victorian Police Corporate Advisory Group and Chairman of Cricket Australia's Investment Committee. David holds a Bachelor of Economics from Monash University.

Peter Anderson

Peter has been Chief Executive Officer of E&P Financial Group since July 2019 and Managing Director since November 2021.

Peter led a number of Australia's largest and most complex restructuring engagements including across the Global Financial Crisis. He had operational responsibility for the restructuring of many prominent listed Australian entities and structured finance projects across a broad range of industries, including Babcock & Brown, Slater and Gordon, Hastings Funds Management, Arrium, Wiggins Island Coal Export Terminal, Centro and McAleese. Peter regularly advised syndicates of banks, bond holders and hedge funds, as well as private equity investors.

Peter has a Bachelor of Commerce and Diploma of Finance from the University of Melbourne. He is a member of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors and was an Official Liquidator.

Directors' Report

Continued

Chairman of: People, Nomination and Remuneration Committee

Member of: Audit, Risk and Compliance Committee

Josephine Linden

Josephine Linden has been an Independent Non-Executive Director of E&P Financial Group Limited since March 2018.

Josephine is Founder and Chief Executive Officer of Linden Global Strategies, a wealth management advisory firm and multifamily office. She retired from Goldman Sachs as a partner and managing director in 2009, after being with the firm for over twenty-five years and was previously an Adviser to Goldman Sachs JBWere, Australia.

Josephine serves on public, non-profit and family boards. She is the Chairman of Lands' End, and is a member of the Board of Directors of Advance, a non-profit organisation for global Australians supported by the Australian Government.

She serves as Trustee of the Asia Society and is a member of the Trilateral Commission. She acted as Treasurer and Trustee for the Collegiate School and remains on the Investment Committee. She was Adjunct Professor at the Business School of Columbia University, where she taught a class in wealth management, and currently teaches and moderates ad hoc sessions. She is a member of the Council on Foreign Relations.

Having spent her childhood and young adult life in Sydney, Josephine continues to maintain strong ties to Australia despite being based in New York City. Josephine is an active contributor to the Australian Consulate in New York and has had the honour of presenting at the Australia Day address on two occasions. She has established the Linden Kambala Fellowship at her former school in Sydney providing financial literacy training to young women who are alumni of the school looking to pursue a career in finance.

Josephine received an MBA from University of Chicago and a BA from the University of Sydney. In 2022, Josephine was appointed an Honorary Member in the General Division of the Order of Australia (AM) for her significant service to the Australia-United States bilateral relationship, the international finance sector, and the professional development of Australians.

Directors' Report
Continued

Member of:
People, Nomination and Remuneration Committee

Audit, Risk and Compliance Committee

Sally McCutchan

Sally McCutchan has been an Independent Non-Executive Director of E&P Financial Group Limited since November 2021.

Sally is the Executive Director of Portfolio Management at Breakthrough Victoria. She was a founding partner and the inaugural CEO of Bridges Australia an affiliate of a global leader in impact investing, Bridges Fund Management.   She has extensive experience in finance, funds management and strategy, and has spent many years working in and understanding Asia Pacific markets. She has held senior roles with Accenture, JP Morgan Investment Management and SBC Warburg (now UBS).

Sally is also a non-executive director of: Impact Investing Australia, a member of the Global Steering Group for Impact Investment (GSG) and Oxfam Australia where she also Chairs the Finance, Risk and Audit Committee. She is a member of the QBE Committee of Social and Environmental Impact, the wisdom circle of First Australians Capital and the Technical Advisory Group for DFAT's Emerging Markets Impact Investing Fund. She was a member of the expert panel of the Australian Social Impact Investing Taskforce in the Department of the Prime Minister and Cabinet and the Australian Sustainable Finance Initiative Working Group for mobilising capital.

Sally is a Certified Practising Accountant and a Graduate of the Australian Institute of Company Directors and was recognised in 2020 with an Order of Australia award for her work in ethical investment. She holds a Graduate Diploma in Accounting and Finance and a Bachelor of Economics from Monash University.

Directors' Report

Continued

Tony Johnson

Tony Johnson has been an Executive Director of E&P Financial Group since June 2022, with a focus on identifying and developing growth opportunities across the Group.

Tony is a company director and adviser, and previously a Partner and CEO of EY in Oceania, Managing Partner of EY's Financial Services business across Asia Pacific and member of EY Asia Pacific and global leadership teams. Over 34 years he combined firm leadership roles with client work at large Australian and global organisations predominately in the financial services sector.

Tony is currently a Director of Bupa ANZ, Advisory Board member of Fujitsu ANZ (Chair) and Kieser Australia, member of the Melbourne Cricket Club Committee, Melbourne Theatre Company Management Board, Collier Charitable Fund Trustees, The Royal Melbourne Hospital Foundation Committee and the Executive Committee of UNSW Business Advisory Council.

Tony was formerly a member of Champions of Change Coalition, Leadership Council on Cultural Diversity, Business Council of Australia Committees, Business Advisory Board of Monash Business School and Board of ABCN.

Tony has a Bachelor of Economics, Master of Business Administration (Executive), Graduate Diploma in Applied Finance & Investment, Graduate and Member of the Australian Institute of Company Directors and recipient of a Distinguished Alumni Award from Monash University. He is a Fellow of the Chartered Accountants in Australia and New Zealand and a Fellow of FINSIA.

Directors’ Report

Continued

Information on current company secretaries

Stephen Hill

Stephen has been Chief Financial Officer and joint Company Secretary of E&P Financial Group since November 2022. He has a deep understanding of the Group built during his previous roles as Deputy CFO and Group Financial Controller of E&P since commencing in 2015.

Stephen has over 20 years’ experience working in finance roles, having worked previously in management capacities for Liberty Mutual Insurance Europe in London and KPMG in Sydney.

Stephen holds a Bachelor of Commerce majoring in Accounting and Finance from Macquarie University, is a member of the Institute of Chartered Accountants in Australia and New Zealand (CA) and a Graduate of the Australian Institute of Company Directors (GAICD).

Mike Adams

Mike Adams has been joint Company Secretary and General Counsel of the E&P Financial Group since December 2021.

Mike has extensive experience as a corporate and commercial lawyer across a broad range of sectors. His practice areas have involved the provision of advice and transactional expertise in retail and wholesale financial products, related regulatory frameworks, debt and equity financing, general corporate, and intellectual property among others.

Prior to his appointment as joint Company Secretary and General Counsel, Mike worked within the Group for a number of years as a consultant, providing legal services and carrying out board and committee functions. Before joining the Group, he performed private practice and in-house roles in Australia, New Zealand, and the United Kingdom across multiple industries, acting for financial institutions, high-net worth individuals, and listed and unlisted corporate entities.

Mike is admitted as a solicitor of the Supreme Court of NSW and holds a Bachelor of Laws from the University of Otago.

E&P

Directors' Report

Continued

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member):

	Board meeting		People, Nomination and Remuneration Committee		Audit, Risk and Compliance Committee	
	A	H	A	H	A	H
David Evans	16*	16*	6	6	7	7
Peter Anderson	16*	16*	#	#	#	#
Josephine Linden	15	15	6	6	7	7
Sally McCutchan	15	15	6	6	7	7
Tony Johnson	15	15	#	#	#	#

A – Number of meetings attended
H – Number of meetings held during the time the Director held office during the year.
Not a member of committee
*includes sub-committee meetings.

Principal activities and significant changes to nature of activities

The principal activities of the Group during the financial year were the provision of financial advice, investment advice, stockbroking services, self-managed superannuation fund administration, the management of investment companies and managed investment schemes, Responsible Entity services to managed investment schemes and advisory services to corporations on equity and debt capital market transactions.

There has been no significant change in the nature of these activities during the year.

Significant changes in state of affairs

There have been no other significant changes in state of affairs during the year.

Review and results of operations

The consolidated loss of the Group after providing for income tax amounted to $17.0 million (2022: profit of $6.3 million). Please refer to the section 'Year in review' on page 16 for further detail on the review and results of operations for the year ended 30 June 2023.

Dividends

Nil dividends were declared to shareholders during the year (2022: $6.4 million).

Directors' Report

Continued

Subsequent Events

Shine Lawyers Representative Proceedings

Subsequent to 30 June 2023, on 14 August 2023, the Court dismissed an application by the Applicant to obtain certain information from the Company. The mediation process is continuing between the parties.

As at the date of this annual financial report, the representative proceedings remain unresolved. As there is no reliable basis upon which any potential future liability can be measured beyond the Provision recognised in Note 27, this matter has been treated as a contingent liability (see Note 42).

Commencement of Proceedings by ASIC Against Officer

On 4 August 2023, the Group announced that ASIC informed an officer of the Group, Paul Ryan, of the commencement of legal proceedings against him in the Federal Court of Australia. The Group is not a party to the proceedings. The allegations relate to the conduct of Mr Ryan in his capacity as a director of Dixon Advisory & Superannuation Services Pty Limited (Administrators Appointed) (**DASS**) in the weeks leading up to the appointment of voluntary administrators to DASS in January 2022. Mr Ryan was first appointed as a director of DASS in March 2021.

As at the date of this financial report the ASIC proceedings against Mr Ryan remain at an early stage. Amounts may be advanced in respect of Mr Ryan's future legal costs incurred while defending the ASIC proceedings. Circumstances may arise that could result in the Company incurring future liabilities arising from these proceedings as they relate to Mr Ryan. At this time, the Directors of the Company are unable to quantify such costs.

Other than the matters referred above, there has not arisen in the interval between the end of the 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.

Indemnification of officers and auditors

During the financial year, the Group has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them, to the extent permitted by the *Corporations Act 2001*, in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company or a controlled entity, other than conduct involving a wilful breach of duty in relation to the Company or a controlled entity.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental regulation

The Directors are satisfied that adequate systems are in place for management of the Group's environmental responsibility and compliance with various requirements and regulations in Australia and the United States of America. The Directors are not aware of any material breaches to these requirements, and to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

E&P

Directors' Report

Continued

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 8 to the financial statements. The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act*.

The Directors are of the opinion that the services as disclosed in Note 8 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included immediately after this report on page 72.

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 financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

Director: ....
David Evans

Director: ....
Peter Anderson

Dated: 24th August 2023

Directors' Report: Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of E&P Financial Group Limited's key management personnel for the year ended 30 June 2023. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- Details of Key Management Personnel (**KMP**)
- Remuneration policies and practices
- Relationship between the remuneration policy and group performance
- Remuneration of Non-Executive Chairman and Non-Executive Directors
- Remuneration of Executive KMP
- Remuneration of Executive KMP – Executive Director
- Remuneration of Executive KMP – Managing Director & Chief Executive Officer
- Remuneration of Executive KMP – Chief Risk Officer
- Remuneration of Executive KMP – Chief Financial Officer & Joint Company Secretary
- Details of KMP remuneration
- Key terms of employment contracts – Executive KMP
- KMP equity holdings
- Other transactions with KMP

Details of Key Management Personnel (KMP)

The following persons are considered Key Management Personnel of the Group during the financial year:

Name	Role	Period
Current KMP		
David Evans	Non-Executive Chairman	1 July 2022 – 30 June 2023
Josephine Linden	Independent Non-Executive Director	1 July 2022 – 30 June 2023
Sally McCutchan	Independent Non-Executive Director	1 July 2022 – 30 June 2023
Tony Johnson	Executive Director	1 July 2022 – 30 June 2023
Peter Anderson	Managing Director & Chief Executive Officer	1 July 2022 – 30 June 2023
Francis Araullo	Chief Risk Officer	1 July 2022 – 30 June 2023
Stephen Hill *	Chief Financial Officer & Joint Company Secretary	24 November 2022 – 30 June 2023*
Former KMP		
Paul Ryan *	Chief Financial Officer & Joint Company Secretary	1 July 2022 – 23 November 2022*

Note:
* Represents KMP for the portion of the year stated only

Directors' Report: Remuneration Report

Continued

Remuneration policies and practices

Executive remuneration and incentive policies and practices are performance based and aligned with the Group's vision, values and overall business objectives.

The Board established a People, Nomination and Remuneration Committee (**PNRC**) which operates in accordance with its charter approved by the Board, and which is responsible for reviewing compensation arrangements for the directors and executive management team and recommending these for approval by the Board. The PNRC monitors people, remuneration practices and performance to ensure good governance, risk management, equal employment opportunity and diversity. In doing so it takes into account the best interests of the Group as well as those of shareholders, clients and employees.

Executive remuneration and incentive policies and practices are designed to:

- motivate directors and senior management to pursue the Group's growth and success;
- demonstrate a clear connection between the Group's overall performance and the contribution and behaviours of executives; and
- motivate compliance with all relevant legal and regulatory provisions as well as the Code of Conduct of the Group and other relevant policies.

Relationship between the remuneration policy and group performance

The review of the performance of the Executive KMP includes both qualitative and quantitative factors, including delivery on strategic objectives, the financial performance of the Group and role-specific Key Performance Indicators (**KPIs**). The Board and PNRC take into account competitive remuneration including the market for talented executives in the financial services sector. The Managing Director & Chief Executive Officer's remuneration level, including annual bonus outcome, is recommended by the Non-Executive Chairman, considered by the PNRC and submitted to the Board for approval. The other Executive KMP and Senior Executives remuneration levels, including annual bonus outcomes, are recommended by the Managing Director & Chief Executive Officer, considered by the PNRC and submitted to the Board for approval. Non-Executive Directors receive a fixed fee.

The Group's annual financial performance for the current and past financial year is detailed in the Annual Report. Group performance metrics for the last five financial years are also listed below. Commencing during FY20, the Group has implemented a significant restructure under the leadership of CEO, Peter Anderson, to address a number of significant issues. This has included an overhaul of the Group's governance structure and management team, the exit from both real asset funds management and the Dixon Advisory business, and a substantial reduction in the Group's operating infrastructure and cost base.

Other challenges which have impacted the Group's financial performance in FY23 specifically include regulatory investigations and proceedings related to legacy issues, the ongoing impact of the appointment of voluntary administrators to DASS in January 2022 and subsequent creditor approved Deed of Company Arrangement (DOCA), and a challenging wider economic environment impacting the E&P Capital segment in particular.

Directors' Report: Remuneration Report

Continued

The Group's annual financial performance and indicators of shareholders' wealth for the current and past financial years are summarised below:

Group performance

	FY23	FY22	FY21	FY20	FY19
Net revenue ($ million)	167.1	193.3	187.9	191.8	212.1
EBITDA ($ million) [1]	15.2	25.2	10.5	34.4	35.1
Statutory NPAT ($ million)	(17.0)	6.3	(18.8)	(30.5)	16.8
Statutory EPS (cents per share)	(7.4)	2.8	(8.3)	(13.6)	7.5
Segment EBITDA ($ million) [2]	19.8	28.9	28.0	37.2	37.1
Segment NPATA ($ million) [2]	6.0	10.3	7.2	13.3	21.8
Share price at end of year	$0.420	$0.485	$0.735	$0.535	$0.800
Dividends declared (cents per share) [3]	0.0	2.7	2.0	2.5	8.0
Key management personnel remuneration ($ million)	4.5	5.4	5.1	4.8	2.7

1 EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Segment EBITDA result. Please see note 4 (on page 97) within the Annual Financial Report for further details.

2 Please see note 4 within the Annual Financial Report for further details

3 Franked at 100% at 30% corporate income tax rate

Remuneration of Non-Executive Chairman and Non-Executive Directors

Under the Constitution, the total amount of fees paid to all Directors for their services (excluding the salary of an Executive Director) must not exceed in aggregate $1,200,000 per annum in any financial year. Any change to this aggregate annual sum needs to be approved by Shareholders in a general meeting. The ASX Listing Rules require that the remuneration of Executive Directors must not include a commission on, or a percentage of, operating revenue.

Annual Directors' fees currently agreed to be paid by the Company to the Non-Executive Chairman is $275,000 per annum and to a Non-Executive Director are $175,000 per annum plus $25,000 per annum in aggregate if the Director is appointed a member of any Board committees for the Company.

Shares, options, rights and other share-based payments may be provided to Non-Executive Directors as part of their remuneration according to the rules of any share plan that has or may be introduced and adopted by the Company, subject to the Listing Rules and requirements of the Corporations Act. The value of any such shares, options, rights and other share-based payments will not be included in the aggregate maximum amount.

Remuneration of Executive Key Management Personnel

In this Remuneration Report, the term 'Executive KMP' is used to refer to Peter Anderson, Tony Johnson and Francis Araullo for the 1 July 2022 to 30 June 2023 year. In addition, Paul Ryan was considered Executive KMP for the period 1 July 2022 to 23 November 2022 and Stephen Hill was considered Executive KMP for the period 24 November 2022 to 30 June 2023.

E&P

Directors' Report: Remuneration Report

Continued

The Executive KMPs receive a variable level of remuneration. To achieve the aims of attracting, motivating and retaining capable individuals, remuneration for all employees includes a mix of fixed and variable remuneration components. The fixed component is delivered through a base salary inclusive of superannuation. The variable component is delivered through the annual discretionary bonus scheme. The process for determining remuneration as it applies to Executive KMP is described in this Remuneration Report.

Each Executive KMP is eligible to participate in the annual bonus scheme. Participation is determined through Executive KMP performance evaluation against group performance and individual performance, which includes an assessment of financial and non-financial measures including strategic initiatives and behavioural expectations for Executives. The Executive KMP must be employed at the time bonuses are paid in order to receive a bonus. Payment of bonuses are made in cash, with the Managing Director & Chief Executive Officer, Chief Financial Officer and Chief Risk Officer also offered the opportunity to participate in the previously established options/rights plan (**ORP**), at the Board's discretion. For the year ended 30 June 2023, the Board used its discretion and offered the opportunity to participate in the ORP to the Managing Director & Chief Executive Officer only.

During the year the Managing Director & Chief Executive Officer, former Chief Financial Officer and Chief Risk Officer were offered the opportunity to participate in the October 2022 issue of the ORP. Participation in the ORP is subject to vesting conditions. Participants will forfeit their rights if the vesting conditions are not met. Participants who forfeit their rights will not be entitled to any gains. No performance hurdles are attached to the existing tranches under the ORP.

The review of salaries and the payment of bonuses to Executive KMPs is determined annually by the Board on recommendation from the People, Nomination and Remuneration Committee. Fixed remuneration reflects the role scope and the Executive's skills and experience. In determining salary increases (if any) and the bonus amounts (if any) for Executive KMPs, the Board takes into account a range of factors including the performance of the Group, market remuneration levels, key metrics such as total compensation of all employees as a percentage of Group net revenue (noting the impact on this metric of the Board's decision in December 2020 to suspend the ORP for employees other than Executive KMP), as well as the performance of each Executive KMP appropriately weighted to ensure shared accountability against financial and non-financial measures.

Remuneration of Executive Key Management Personnel – Executive Director

Tony Johnson commenced as Executive Director on 1 June 2022.

The key focus of Tony's day to day executive role is to provide potential client introductions and to support business development activities generally. The Board has the discretion to pay Tony a bonus should it deem that his business development performance in any given year was exceptional.

Tony has made a strong and valuable contribution to the Group in FY23 including in terms of business development, however a discretionary bonus is not considered appropriate by the Board for the year ended 30 June 2023.

Directors' Report: Remuneration Report

Continued

Remuneration of Executive Key Management Personnel – Managing Director & Chief Executive Officer

Peter Anderson was recruited in July 2019 to become Chief Executive Officer from his previous role as Executive Chairman of McGrath Nicol. His executive experience, restructuring skills and leadership were consistent with the Board's mandate for a restructure to address significant issues facing the Group at that time.

As announced to the ASX on 29 June 2023, noting that the abovementioned restructuring program is expected to be completed by the end of 2023, and consistent with the Group's long-term succession plan, Peter Anderson will step down from his role as Managing Director and Chief Executive Officer on 31 December 2023 and will be replaced by Ben Keeble, who is presently Head of E&P Capital.

Peter's KPIs for the year ending 30 June 2023 were:

i. financial performance against FY23 Board approved budget;

ii. implementation and delivery of outcomes against the full Board approved strategic plan;

iii. adherence to, and promotion of, the company's values; and

iv. specific KPIs covering areas including;

- regulatory matters,
- maximisation of shareholder value,
- liquidity of real asset funds,
- exit from real assets business,
- business development and fee transition initiatives within E&P Wealth,
- strategic People and Culture and Marketing plans,
- groupwide ESG plan, and
- staff retention.

The Board's view is that a bonus is due to Peter to reflect progress on the Group's restructuring plan, albeit reduced from prior years to reflect the financial performance of EP1 and E&P Capital in particular. Key initiatives implemented across FY23 include the consolidation of a single, integrated wealth business under the Evans & Partners brand, senior management and associated succession changes, the significant reduction of the Group's cost base and continuation of the exit from the real asset funds business. Peter has also managed legacy issues including the entering into a deed of company arrangement with creditors of DASS and the ongoing representative proceedings. Therefore, the Board recommends a bonus is due against the key performance indicators as follows:

- short-term incentive (**STI**) in the form of a $432,000 cash bonus, equating to 45% of the maximum STI payable (with the maximum STI target equating to $960,000 or 80% of his total fixed remuneration); and
- long-term incentive (**LTI**) in the form of an opportunity to participate in the ORP to the value of $378,000, equating to 45% of the maximum LTI payable (with the maximum LTI target equating to $840,000 or 70% of his total fixed remuneration).

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Directors' Report: Remuneration Report

Continued

Remuneration of Executive Key Management Personnel – Chief Risk Officer

Francis Araullo commenced as Chief Risk Officer on 9 June 2021. Francis's KPIs for the year ending 30 June 2023 were:

i. financial performance against FY23 Board approved budget;

ii. implementation and delivery of outcomes against risk and compliance aspects of the Board approved strategic plan;

iii. adherence to, and promotion of, the company's values; and

iv. specific KPIs covering areas including:

- management of legal proceedings and interactions with regulators (including external advice review),
- realisation of efficiency gains and enhanced reporting following rollout of an enterprise risk model and governance, risk and compliance system,
- rollout of an enhanced learning & development program including a professionalism/conduct module within the group's employee performance system,
- cyber defence programs, and
- staff development.

The Board determined that Francis performed strongly against his KPIs, however the overlay of the Group's financial result in FY23 led to Francis being awarded a reduced total discretionary bonus of $162,500 for FY23, equating to 65% of his maximum bonus target. The Board exercised the discretion available to it under Francis's employment contract to award the bonus 100% in cash.

Remuneration of Executive Key Management Personnel – Chief Financial Officer & Joint Company Secretary

Stephen Hill commenced as Chief Financial Officer & Joint Company Secretary on 24 November 2022, replacing Paul Ryan. Stephen's KPIs for the year ending 30 June 2023 were a continuation of those set at the beginning of the financial year for Paul Ryan:

i. financial performance against FY23 Board approved budget;

ii. implementation and delivery of outcomes against financial and operational aspects of the Board approved strategic plan;

iii. adherence to, and promotion of, the company's values; and

iv. specific KPIs covering areas including:

- internal and external financial reporting quality and timeliness,
- insurance coverage,
- banking facilities,
- monetisation of financial investments,
- IT projects, and
- staff retention.

Directors' Report: Remuneration Report

Continued

The Board determined that Stephen performed strongly against his KPIs for the period he was a KMP, however the overlay of the Group's financial result in FY23 led to Stephen being awarded a reduced total discretionary bonus (pro-rated for the period he was a KMP) of $97,500 for FY23, equating to 65% of his maximum bonus target. The Board exercised the discretion available to it under Stephen's employment contract to award the bonus 100% in cash.

In relation to Paul Ryan, the Board determined that Paul performed strongly against his KPIs for the period he was a KMP, however the overlay of the Group's financial result in FY23 led to Paul being awarded a reduced total discretionary bonus (pro-rated for the period he was a KMP) of $135,000, equating to 75% of his maximum bonus target. The Board exercised the discretion available to it under Paul's employment contract to award the bonus 100% in cash.

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Directors’ Report: Remuneration Report

Continued

Details of key management personnel remuneration

			Short term employee benefits			Post employment benefits	Long term employee benefits	Share based Payments	
Executive KMP	Period Start	Period End	Salaries & Fees	Bonuses	Other[1]	Superannuation	Long Service Leave	Options and rights	Total
Tony Johnson *	1/7/2022	30/6/2023	$393,675	–	($9,052)	$6,323	$1,185	–	**$392,131**
	1/6/2022	*30/6/2022*	*$31,369*	*–*	*$9,227*	*$3,137*	*$6*	*–*	*$43,739*
Peter Anderson ^	1/7/2022	30/6/2023	$1,174,726	$432,000	($25,794)	$25,292	$23,913	$559,808	**$2,189,945**
	1/7/2021	*30/6/2022*	*$1,176,446*	*$840,000*	*$57,198*	*$23,568*	*$17,553*	*$471,130*	*$2,585,895*
Francis Araullo	1/7/2022	30/6/2023	$349,711	$162,500	($352)	$25,292	$9,444	$43,739	**$590,334**
	1/7/2021	*30/6/2022*	*$351,436*	*$175,000*	*($1,309)*	*$23,568*	*$8,174*	*$32,733*	*$589,602*
Stephen Hill **	24/11/2022	30/6/2023	$210,779	$97,500	($8,354)	$15,032	$3,750	$7,693	**$326,400**
	N/A	*N/A*	–	–	–	–	–	–	–
Paul Ryan **	1/7/2022	23/11/2022	$168,705	$135,000	($6,923)	$12,038	$3,000	$37,999	**$349,819**
	1/7/2021	*30/6/2022*	*$426,438*	*$280,000*	*($2,551)*	*$23,568*	*$7,670*	*$66,582*	*$801,707*
Non-Executive KMP									
David Evans ***	1/7/2022	30/6/2023	$249,708	–	–	$25,292	–	–	**$275,000**
	1/7/2021	*30/6/2022*	*$536,435*	*$250,000*	*$34,086*	*$23,568*	*$1,769*	–	*$845,858*
Josephine Linden	1/7/2022	30/6/2023	$200,000	–	–	–	–	–	**$200,000**
	1/7/2021	*30/6/2022*	*$200,000*	–	–	–	–	–	*$200,000*
Sally McCutchan *	1/7/2022	30/6/2023	$180,996	–	–	$19,004	–	–	**$200,000**
	10/11/2021	*30/6/2022*	*$115,341*	–	–	*$11,534*	–	–	*$126,875*
Sally Herman ****	N/A	N/A	–	–	–	–	–	–	–
	1/7/2021	*10/11/2021*	*$65,711*	–	–	*$6,571*	–	–	*$72,282*
Anthony Pascoe ****	N/A	N/A	–	–	–	–	–	–	–
	1/7/2021	*29/11/2021*	*$75,252*	–	–	*$7,525*	–	–	*$82,777*
Kevin McCann ****	N/A	N/A	–	–	–	–	–	–	–
	1/7/2021	*16/11/2021*	*$68,687*	–	–	*$6,869*	–	–	*$75,556*
Total 2022-23			**$2,928,300**	**$827,000**	**($50,475)**	**$128,273**	**$41,292**	**$649,239**	**$4,523,629**
Total 2021-22			***$3,047,115***	***$1,545,000***	***$96,651***	***$129,908***	***$35,171***	***$570,445***	***$5,424,291***

Notes

1 Other relates to annual leave, adjustments for movement in leave entitlements during the year and fitness allowances

* KMP for the full year ended 30 June 2023, but for only the period listed during the year ended 30 June 2022

^ As part of Peter Anderson’s LTI, Peter has the opportunity to participate in the next issue of Share rights (expected to be in October 2023), to the equivalent value of $378,000)

** KMP for only the period listed during the year ended 30 June 2023

*** Changed from Executive KMP to Non-Executive KMP on 1 July 2022

**** KMP for only the period listed during the previous year ended 30 June 2022

Directors' Report: Remuneration Report

Continued

The table below provides the relative proportion of FY23 Executive KMP remuneration (for the period the individual was considered an Executive KMP), including bonuses:

Executive KMP	Fixed	Variable
Tony Johnson	100%	0%
Peter Anderson	55%	45%
Francis Araullo	65%	35%
Stephen Hill	68%	32%
Paul Ryan	51%	49%

Share based payments

As part of their LTI's in relation to the previous year ended 30 June 2022, Peter Anderson, Paul Ryan and Francis Araullo were awarded share options as part of the Group's Share options/rights plan (**ORP**) during the year ended 30 June 2023. Refer to note 34 for details of the Group's ORP.

No other Executive or Non-Executive KMPs were awarded share options as part of the Group's ORP during the year ended 30 June 2023.

The number of share options granted during this financial year was endorsed by the PNRC and approved by the Board, taking into account Peter, Paul and Francis's performance against KPIs with reference to the predetermined LTI target ranges for their respective roles in the previous financial year.

Details of the share options granted during the year to key management personnel are detailed below:

	Peter Anderson			Paul Ryan			Francis Araullo		
ORP	Tranche S	Tranche T	Tranche U	Tranche S	Tranche T	Tranche U	Tranche S	Tranche T	Tranche U
Number of rights	405,515	405,515	405,515	74,864	74,864	74,864	46,790	46,790	46,790
Grant Date	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22
Vesting Date	15-Oct-23	15-Oct-24	15-Oct-25	15-Oct-23	15-Oct-24	15-Oct-25	15-Oct-23	15-Oct-24	15-Oct-25
Exercise Expiry Date	15-Oct-29	15-Oct-29	15-Oct-29	15-Oct-29	15-Oct-29	15-Oct-29	15-Oct-29	15-Oct-29	15-Oct-29
Market value of shares at grant date	$0.5343	$0.5343	$0.5343	$0.5343	$0.5343	$0.5343	$0.5343	$0.5343	$0.5343

The value of share option rights issued on 15 October 2022 in relation to Peter Anderson was $650,000, in relation to Paul Ryan was $120,000 and in relation to Francis Araullo was $75,000. This was determined by the Board as disclosed in the 30 June 2022 remuneration report after assessing Peter, Paul and Francis's service conditions and performance criteria for the year ended 30 June 2022.

During the financial year (since the grant date of 15 October 2022), there has been no alteration of the terms and conditions of the above share-based payment arrangements. Share option rights will vest in future periods as per the dates included in the above table as per the conditions of the ORP.

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Directors' Report: Remuneration Report

Continued

During the financial year (since the grant date of 15 October 2022), none of the above share option rights granted to Peter Anderson, Paul Ryan and Francis Araullo (Tranches S, T & U) either vested, were exercised or were forfeited/lapsed.

During the financial year some share option rights granted to Peter Anderson and Paul Ryan in prior financial years (15 October 2020 – Tranche H and 15 October 2021 – Tranche M) vested, as per the below summary.

	Peter Anderson		Paul Ryan	
ORP	**Tranche H**	**Tranche M**	**Tranche H**	**Tranche M**
Number of rights	395,108	379,517	37,629	70,064
Grant date	15-Oct-20	15-Oct-21	15-Oct-20	15-Oct-21
Vesting date	15-Oct-22	15-Oct-22	15-Oct-22	15-Oct-22
Exercise Expiry Date	15-Oct-27	15-Oct-28	15-Oct-27	15-Oct-28
Market value of shares at grant date	$0.5315	$0.5709	$0.5315	$0.5709

Key terms of employment contracts – Executive KMP

The major terms and conditions of the employment contracts of those Executive KMP in place as at 30 June 2023 are as follows:

Executive Director

A controlled entity of the Company, E&P Operations Pty Limited (**E&P Ops**), has entered into a contract of employment with Tony Johnson to govern his employment with the Group as Executive Director. Key provisions of the contract of employment are as follows:

- salary compensation of $400,000 per annum (including superannuation entitlements);
- the ability to participate in E&P Ops's bonus schemes applicable to the Executive Director which, subject to achievement of key performance indicators (which maybe based on individual performance, company performance or other financial or non-financial objectives), as determined by the E&P Financial Group Board in its absolute discretion;
- at any time, a right for either E&P Ops or the Executive Director to terminate the Executive Director's employment by giving three months' written notice;
- a right for E&P Ops to terminate the Executive Director's employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for three and six months respectively from termination of his contract; and
- fourteen weeks annual leave per year as well as other customary leave entitlements.

Directors' Report: Remuneration Report

Continued

Managing Director and Chief Executive Officer

A controlled entity of the Company, E&P Ops, has entered into a contract of employment with Peter Anderson to govern his employment with the Group as Managing Director & Chief Executive Officer (**CEO**). Key provisions of the contract of employment are as follows:

- total salary compensation of $1,200,000 per annum (including superannuation entitlements);
- the ability to participate in any of the Group's short-term incentive (STI) arrangements with a target of up to 80% of total fixed remuneration;
- the ability to participate in any of the Group's long-term incentive (LTI) arrangements with a target of up to 70% of total fixed remuneration;
- at any time, a right for either E&P Ops or the CEO to terminate the CEO's employment by giving 12 months' written notice;
- a right for E&P Ops to terminate the CEO's employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for six months from termination of his contract; and
- six weeks annual leave per year as well as other customary leave entitlements.

As announced to the ASX on 29 June 2023, in line with the Group's long-term succession plan, Peter Anderson will step down from his role as Managing Director and Chief Executive Officer on 31 December 2023 and will be replaced by Ben Keeble, who is presently Head of E&P Capital.

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Directors' Report: Remuneration Report

Continued

Chief Financial Officer & Joint Company Secretary

A controlled entity of the Company, E&P Ops, has entered into a contract of employment with Stephen Hill to govern his employment with the Group as Chief Financial Officer & Joint Company Secretary (**CFO**). Key provisions of the contract of employment are as follows:

- total salary compensation of $375,000 per annum (including superannuation entitlements);
- the ability to participate in E&P Ops's bonus schemes applicable to the CFO which, subject to achieving agreed performance metrics, represents up to $250,000 gross payment (on a pro-rated basis where relevant);
- the Company may, at its election in part satisfaction of its obligation to pay the aforementioned bonus amount, apply up to 30% of this amount in an opportunity for subscription of shares in the Company's share rights plan;
- at any time, a right for either E&P Ops or the CFO to terminate the CFO's employment by giving three months' written notice;
- a right for E&P Ops to terminate the CFO's employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for three and twelve months respectively from termination of his contract; and
- four weeks annual leave per annum as well as other customary leave entitlements.

Directors' Report: Remuneration Report

Continued

Chief Risk Officer

A controlled entity of the Company, E&P Ops, has entered into a contract of employment with Francis Araullo to govern his employment with the Group as Chief Risk Officer (**CRO**). Key provisions of the contract of employment are as follows:

- total salary compensation of $375,000 per annum (including superannuation entitlements);
- the ability to participate in E&P Ops's bonus schemes applicable to the CRO which, subject to achieving agreed performance metrics, represents up to $250,000 gross payment (on a pro-rated basis where relevant);
- the Company may, at its election in part satisfaction of its obligation to pay the aforementioned bonus amount, apply up to 30% of this amount in an opportunity for subscription of shares in the Company's share rights plan;
- at any time, a right for either E&P Ops or the CRO to terminate the CRO's employment by giving three months' written notice;
- a right for E&P Ops to terminate the CRO's employment immediately without notice if it considers that he has engaged in serious misconduct;
- non-compete and non-solicitation restraints which operate for three and twelve months respectively from termination of his contract; and
- four weeks annual leave per annum as well as other customary leave entitlements.

Directors' Report: Remuneration Report

Continued

KMP equity holdings

The following table sets out each continuing KMP's interest or that of related parties in equity instruments in the Company as at 30 June 2023:

Equity Instrument	Balance as at 1 July 2022	Purchased or granted during the year	Exercised during the year	Sold or lapsed during the year	Balance as at 30 June 2023
Tony Johnson					
Ordinary shares	–	200,000	–	–	200,000
Share rights	–	–	–	–	–
Loan funded shares	–	–	–	–	–
Peter Anderson					
Ordinary shares	796,909	–	–	–	796,909
Share rights	2,323,877	1,216,545	–	–	3,540,422
Loan funded shares	–	–	–	–	–
Francis Araullo					
Ordinary shares	6,679	–	–	–	6,679
Share rights	96,680	140,370	–	–	237,050
Loan funded shares	126,365	–	–	–	126,365
Stephen Hill *					
Ordinary shares	30,000	33,840	–	–	63,840
Share rights	57,359	–	(33,840)	–	23,519
Loan funded shares	104,110	–	–	–	104,110
David Evans					
Ordinary shares	16,131,156	–	–	–	16,131,156
Share rights	–	–	–	–	–
Loan funded shares	–	–	–	–	–
Josephine Linden					
Ordinary shares	–	–	–	–	–
Share rights	–	–	–	–	–
Loan funded shares	–	–	–	–	–
Sally McCutchan					
Ordinary shares	–	100,000	–	–	100,000
Share rights	–	–	–	–	–
Loan funded shares	–	–	–	–	–

*Note: Stephen Hill holds loan funded shares and share rights which were granted to him before he became a KMP.

Other transactions with KMP

All transactions with KMPs and KMP-related entities are conducted on arm's-length commercial or employment terms.

During the financial year, KMP were charged for various services by the Group including international equities managed discretionary account services, funds under advice and brokerage totalling $263,374.

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
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Quay Quarter Tower
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Australia

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The Board of Directors
E&P Financial Group Limited
Level 32
1 O'Connell Street
Sydney NSW 2000

24 August 2023

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 audit of the financial report of E&P Financial Group Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants

E&P

Financial Reports

Contents

FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 $'000	2022 $'000
REVENUE			
Provision of services	5	170,764	191,547
Interest		1,232	339
Share of profits of associates and jointly controlled entities		1,970	4,805
Gain on investments and leases	5	1,021	4,263
Other income	5	1,347	5,422
Total revenue		**176,334**	**206,376**
EXPENSES			
Employee benefits	6	(113,153)	(128,270)
Administrative expense		(14,854)	(16,992)
Occupancy		(1,319)	(1,124)
Depreciation and amortisation	6	(10,443)	(12,879)
Impairment of plant, equipment and right of use assets		(1,192)	(216)
Impairment of goodwill, intangible assets and investments	6	(19,250)	(834)
Information technology		(10,555)	(10,646)
Rebates and commissions		(6,768)	(5,596)
Finance costs	7	(1,994)	(1,515)
Legal proceedings and related costs, net of insurance	6	(488)	(22)
Regulatory proceedings and related costs, net of insurance	6	(626)	(3,824)
Deed of Company Arrangement	6	(1,045)	–
Loss on deconsolidation of subsidiary		–	(1,859)
Acquisition loss of investments		–	(1,395)
Other expenses		(10,089)	(11,056)
Total expenses		**(191,776)**	**(196,228)**
(Loss)/profit before income tax expense		**(15,442)**	**10,148**
Income tax expense	9	(1,584)	(3,832)
(Loss)/profit for the year		**(17,026)**	**6,316**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		164	547
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on financial assets measured at FVTOCI		(1,385)	(314)
Total		**(1,221)**	**233**
Total comprehensive (loss)/profit for the year		**(18,247)**	**6,549**
(LOSS)/PROFIT PER SHARE			
Basic (cents per share)	10	(7.4)	2.8
Diluted (cents per share)	10	(7.4)	2.7

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

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FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Financial Position

	Notes	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	53,284	74,181
Trade and other receivables	14	23,075	27,116
Investments in financial assets	18	5,929	7,592
Finance lease receivable	23	965	869
Prepayments		1,596	1,619
Deposits	13	5,578	5,241
Total current assets		**90,427**	**116,618**
Non-current assets			
Investments accounted for using the equity method	15	13,739	13,916
Investments in financial assets	18	3,062	4,069
Property, plant and equipment	19	7,831	10,927
Goodwill and other indefinite life intangible assets	20	75,227	94,477
Finite life intangible assets	21	7,651	8,438
Right of use assets	22	20,747	28,556
Deposits		3,465	3,649
Prepayments		168	282
Finance lease receivable	23	1,757	2,620
Deferred tax assets	9	2,662	4,208
Total non-current assets		**136,309**	**171,142**
Total assets		**226,736**	**287,760**
LIABILITIES			
Current liabilities			
Trade and other payables	24	10,113	10,764
Contract liabilities	25	5,545	5,110
Provisions	27	38,189	44,837
Lease liabilities	28	6,199	6,540
Other liabilities	26	–	19,594
Current tax liabilities	9	112	599
Total current liabilities		**60,158**	**87,444**
Non-current liabilities			
Provisions	27	1,999	3,339
Lease liabilities	28	24,374	33,527
Total non-current liabilities		**26,373**	**36,866**
Total liabilities		**86,531**	**124,310**
Net assets		**140,205**	**163,450**
EQUITY			
Share capital	29	317,889	317,992
Reorganisation reserve	30	(135,099)	(135,099)
Investment revaluation reserve	31	(1,945)	(560)
Foreign currency translation reserve	32	4,392	4,228
Share based payment reserve	33	12,858	11,388
Accumulated losses	35	(57,890)	(34,499)
Total equity		**140,205**	**163,450**

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

FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Changes in Equity

	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 2021	322,090	(135,099)	3,681	8,306	(246)	(40,942)	157,790
Profit after income tax expense for the year	–	–	–	–	–	6,316	6,316
Other comprehensive income/ (loss) for the year, net of tax	–	–	547	–	(314)	–	233
Total comprehensive income/ (loss) for the year	**–**	**–**	**547**	**–**	**(314)**	**6,316**	**6,549**
Transactions with owners in their capacity as owners:							
Treasury shares acquired	(4,098)	–	–	–	–	–	(4,098)
Equity-settled share-based payments	–	–	–	3,082	–	–	3,082
Dividends paid	–	–	–	–	–	–	–
Dividends paid in prior years reclassified to profit and loss	–	–	–	–	–	127	127
Balance at 30 June 2022	**317,992**	**(135,099)**	**4,228**	**11,388**	**(560)**	**(34,499)**	**163,450**
Balance at 1 July 2022	317,992	(135,099)	4,228	11,388	(560)	(34,499)	163,450
Loss after income tax expense for the year	–	–	–	–	–	(17,026)	(17,026)
Other comprehensive income/ (loss) for the year, net of tax	–	–	164	–	(1,385)	–	(1,221)
Total comprehensive (loss)/ income for the year	**–**	**–**	**164**	**–**	**(1,385)**	**(17,026)**	**(18,247)**
Transactions with owners in their capacity as owners:							
Treasury shares acquired	(103)	–	–	–	–	–	(103)
Equity-settled share-based payments	–	–	–	1,470	–	–	1,470
Dividends paid	–	–	–	–	–	(6,417)	(6,417)
Dividends paid in prior years reclassified to profit and loss	–	–	–	–	–	52	52
Balance at 30 June 2023	**317,889**	**(135,099)**	**4,392**	**12,858**	**(1,945)**	**(57,890)**	**140,205**

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

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FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Cash Flows

	Notes	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		188,963	201,535
Payments to suppliers and employees		(185,327)	(183,409)
Payment of Deed of Company Arrangement (Tranche A, inclusive of GST)	26	(15,536)	-
Receipts from insurance		1,232	4,414
Interest received		1,028	97
Interest paid		(2)	(85)
Income and other taxes paid		(3,083)	(3,160)
Income and other tax refund received		2,318	1,435
Net cash (used in) / generated by operating activities	40	**(10,407)**	**20,827**
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from jointly controlled entities and investments		2,896	8,069
Purchase of financial assets		(97)	(2,724)
Purchase / development costs of intangible assets (software)		(1,870)	(1,859)
Purchase of property, plant and equipment		(600)	(3,192)
Cash disposed on de-recognition of subsidiary		-	(963)
Payments for other related party liability		-	(640)
Proceeds on disposal of investments		-	12,375
Proceeds on sale of financial assets		2,420	430
Net cash generated by investing activities		**2,749**	**11,496**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	5,967
Repayment of borrowings		-	(5,967)
Proceeds from release of short-term deposits		655	308
Proceeds from finance lease		1,093	1,067
Net payments of lease liabilities		(8,580)	(8,587)
Purchase of treasury shares		(103)	(4,098)
Proceeds of lease incentive		-	2,107
Dividends paid		(6,417)	-
Net cash used in financing activities		**(13,352)**	**(9,203)**
Net (decrease) / increase in cash and cash equivalents		(21,010)	23,120
Cash and cash equivalents at beginning of year		74,181	50,752
Effect of exchange rate fluctuations on cash held		113	309
Cash and cash equivalents at end of year	12	**53,284**	**74,181**

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

Notes to the Consolidated Financial Statements

1. General information

E&P Financial Group Limited (the **Company**) is a limited company incorporated in Australia. The address of its registered office and principal place of business are disclosed in the Corporate Directory at the end of this annual report. The principal activities of the Company and its subsidiaries (the **Group**) are described in the Directors' Report.

2. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (**AASB**), and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group, comprising the Company and its controlled entities. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements were authorised by the directors for issue on 24th August 2023.

Compliance with International Financial Reporting Standards

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (**IFRS**).

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

Notes to the Consolidated Financial Statements

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The principal accounting policies of the Group are set out below.

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.

Basis of consolidation

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

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

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group. Subsidiaries are deconsolidated when control ceases.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with *AASB 112 'Income Taxes'* and *AASB 119 'Employee Benefits'* respectively;

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- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with *AASB 2 'Share-based Payments'* at the acquisition date;
- Assets (or disposal groups) that are classified as held for sale in accordance with *AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see "Business combinations" above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that

Notes to the Consolidated Financial Statements

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the unit may be impaired. If the recoverable amount of the cash-generating unit (or group of cash generating units) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign currency

i. Translation of foreign currency transactions

The functional and presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are translated at the rate of exchange ruling at the Statement of Financial Position date.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise. Differences arising on a monetary item forming part of the net investment in a foreign operation are taken to the foreign currency translation reserve on consolidation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ii. Translation of financial reports of foreign operations

The functional currency of some of the Company's subsidiaries is US dollars, and one subsidiary is HK dollars. As at the reporting date, the assets and liabilities of those entities are translated into Australian dollars at the rate of exchange ruling at the Statement of Financial Position date, and the Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Consolidated Financial Statements

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The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with *AASB 5*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of *AASB 136* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with *AASB 136 'Impairment of Assets'* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with *AASB 136* to the extent that the recoverable amount of the investment subsequently increases.

When the Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. The assets' residual values and useful lives are reviewed and adjusted if required at each balance date with the effect of any changes in estimate accounted for on a prospective basis.

i. Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

Notes to the Consolidated Financial Statements

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ii. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on either a straightline basis or diminishing value over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are generally:

Furniture & equipment	2% - 40%
Computer equipment	25% - 50%
Leasehold improvements	10% - 35%

The assets' residual values and useful lives are reviewed and adjusted if required at each balance date, with the effect of any changes in estimate accounted for on a prospective basis.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Intangible assets

i. Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Notes to the Consolidated Financial Statements

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ii. Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation rate used for internally-generated computer software is 25%.

iii. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

iv. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of assets

The directors of the Group assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through profit or loss.

Goodwill and other assets that have an indefinite useful life (e.g. Brand) are not amortised but are tested annually for impairment in accordance with *AASB 136 'Impairment of Assets'*. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may be impaired.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Notes to the Consolidated Financial Statements

Continued

Financial instruments

i. Non-derivative financial assets

All financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables, cash and cash equivalents, unlisted equity investments at fair value through profit or loss (**FVTPL**) and listed equity investments at fair value through other comprehensive income (**FVTOCI**).

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Unlisted equity investments held by the Group are classified as FVTPL. The carrying cost is considered to materially represent fair value when no evidence is available to support a material change in the value of an unlisted investment.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments at FVTOCI.

Investments in listed equity instruments at FVTOCI are initially measured at fair value. Gains and losses relating to these financial assets are recognised in other comprehensive income and accumulated in the investment revaluation reserve. Cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

ii. Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (**ECL**)on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Notes to the Consolidated Financial Statements

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The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

iii. Non derivative financial liabilities

Financial liabilities (including liabilities designated at FVTPL) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

Financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables, borrowings and lease liabilities.

Trade and other payables are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

Borrowings and loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities are recognised in accordance with Note 2: leases.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Leases

The Group as Lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date in the consolidated statement of financial position, except for short-term leases and leases of low value assets.

Notes to the Consolidated Financial Statements

Continued

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Depreciation of right of use assets is recognised in the consolidated statement of profit or loss, the average depreciation period for the right of use assets is 3.1 years.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate. Interest on lease liabilities is recognised in the statement of profit or loss.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease payments are recognised as amortisation expense of the right of use asset over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

Under *AASB 16*, right of use assets are tested for impairment in accordance with *AASB 136*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

The right of use assets recognised under *AASB 16* is an intangible asset, and hence excluded from the Group's net tangible assets, despite the related lease liability being included as a reduction in the net tangible assets calculation.

The Group as lessor

The Group has entered into lease agreements as a lessor with respect to its previously used office premises at 140 Broadway, New York, USA. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group reviews the estimated unguaranteed residual value and applies the impairment requirements of *AASB 9*, recognising an allowance for expected credit losses on the lease receivables. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, bonuses, annual leave and long service leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Earnings per share

Basic earnings per share is calculated by dividing the Group's profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

The dilutive potential ordinary shares by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

Taxation

The Australian entities within the Group form a tax-consolidated group under Australian taxation law, of which E&P Financial Group Limited is the head entity.

The tax sharing agreement entered into between Australian members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the Company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii. Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the

Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

iii. Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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;

Notes to the Consolidated Financial Statements

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- **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 (ie when there is no high probability of significant reversal), generally at the time a non-extinguishable entitlement to the fee is established; and

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Share-based payments

Equity settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of fair value of equity settled share-based transactions are set out in Note 34.

The fair value determined at grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

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Recognition of insurance proceeds

During the year ended 30 June 2023, the Group has recorded insurance proceeds that are virtually certain to be received in the future in relation to legal costs incurred relating to defending representative proceedings and settlements of external dispute resolutions.

Insurance income received (or receivable) associated with these matters has been netted against the accompanying expenses incurred in the consolidated statement of profit or loss and other comprehensive income. Also refer to Note 6 for further detail on this matter.

Application of new and revised Australian Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current year:

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 its operations and effective for an accounting period that begins on or after 1 July 2022.

Accounting Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, interpretations and amendments that have been issued but are not yet effective and are relevant to its operations. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 July 2023 are not expected to be material to the Group. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 July 2024 are yet to be determined.

Standard / interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date	1 January 2023	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024

3. Critical accounting judgements and key sources of estimation uncertainty

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.

Accounting policies which are subject to significant accounting estimates and judgements include:

- allocation of the goodwill and other intangible assets to cash generating units (CGUs);
- recognition and impairment assessments of goodwill and other indefinite life intangible assets (refer (i) below);
- fair value and recoverable value assessments in respect of equity investments, equity settled transactions and interests in associates and jointly controlled entities (refer (iii) below);
- determining the lease term for lease contracts in which it is a lease that includes renewal options, including assessing whether the Group is reasonably certain to exercise such options;
- meeting recognition criteria of revenue, including performance service fees and corporate transaction fees (refer (ii) below); and
- estimates inherent in calculating share-based payments expense associated with the expected probability of staff remaining employed until the vesting date of the relevant tranche issued.

i. Goodwill and other intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate that goodwill or other indefinite life intangible assets (with a total carrying value of $75.2 million at balance date, 2022: $94.5 million), have suffered any impairment in accordance with the accounting policy stated in Note 2. Impairment assessments include significant judgements and estimates applied in determining inputs in the impairment models, including future cash flows, discount rates and growth rates (see Note 20).

Software, customer relationships, contracts in progress and restraint payment assets (total carrying value $7.7 million at balance date, 2022: $8.4 million), are finite intangible assets that are amortised over their expected lives. Assets subject to amortisation are reviewed for impairment whenever events or circumstances arise that indicate the carrying amount of the asset may be impaired. Judgements and estimates are inherent in impairment assessments including determining the useful lives of these assets (see Note 21).

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ii. Revenue recognition

Performance fee arrangements involve the Group assessing the performance of relevant managed assets against specified performance hurdles. The fee calculations involve complex formulae and judgement is applied in determining when the fee recognition criteria are met, including the probability that a significant reversal in the amounts of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Corporate advisory transaction fee arrangements involve individually significant transactions where judgement is applied in determining the Group's entitlement to the fees and the correct timing of recognition based on satisfaction of relevant recognition criteria.

iii. Fair value and recoverable value assessments

Fair value assessments are required to be made annually in respect of certain financial instruments, including equity investments, and recoverable value assessments are required to be made in respect of investments in associates and jointly controlled entities where there is an indication of impairment in the investments. An active market may not exist for equity investments and underlying equity interests held by jointly controlled entities, and as a result, significant judgement is applied in the valuation assumptions and estimates used in determining the fair value of the investments.

iv. Insurance receivable asset

Judgement has been applied in determining whether the insurance recoveries meet the virtually certain criteria required for recognition of insurance receivable asset in relation to those specific claims and costs that will be fully or partially covered by the insurance.

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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 and Responsible Entity services to managed investment schemes.

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.

Notes to the Consolidated Financial Statements

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4. Segment information (continued)

The following is an analysis of the Group's revenue and results by reportable operating segment for the year:

Operating Segment Note	**Notes**	**E&P Wealth**	**E&P Capital**	**E&P Funds**	**Corporate unallocated**	**Total**
Year ended 30 June 2023		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
Provision of services		88,084	45,821	36,859	–	170,764
Recognised as follows:						
Over time		*72,422*	*3,968*	*26,279*	–	*102,669*
At a point in time		*15,662*	*41,853*	*10,580*	–	*68,095*
Share of profits of associates and jointly controlled entities		87	–	2,082	–	2,169
Other income		496	–	731	–	1,227
Fair value loss on held for sale assets		–	–	–	–	–
Total revenue	4A	**88,667**	**45,821**	**39,672**	**–**	**174,160**
Total cost of sales		(5,434)	(1,223)	(390)	–	(7,047)
Net revenue		**83,233**	**44,598**	**39,282**	**–**	**167,113**
Direct expenses		(56,837)	(27,650)	(24,032)	–	(108,519)
Overhead expenses		(5,988)	(3,640)	(1,820)	–	(11,448)
Allocated staff expenses		(7,299)	(8,170)	(2,386)	–	(17,855)
Unallocated group staff expenses		–	–	–	(5,546)	(5,546)
Unallocated group operating expenses		–	–	–	(3,982)	(3,982)
Segment EBITDA		**13,109**	**5,138**	**11,044**	**(9,528)**	**19,763**
Add/(Less): Segment adjustments before tax	4B	(588)	(174)	(1,126)	(2,682)	(4,570)
EBITDA		**12,521**	**4,964**	**9,918**	**(12,210)**	**15,193**
Depreciation and amortisation expenses	4C	–	–	–	(2,999)	(2,999)
Amortisation of acquired intangibles		–	–	–	(673)	(673)
Right-of-use asset depreciation		(2,685)	(1,010)	(694)	(1,371)	(5,760)
Impairment of property, plant and equipment		–	–	–	(1,192)	(1,192)
Impairment of goodwill, intangible assets and investments		–	(19,250)	–	–	(19,250)
EBIT		**9,836**	**(15,296)**	**9,224**	**(18,445)**	**(14,681)**
Interest revenue		–	–	–	1,028	1,028
Finance costs		(890)	(335)	(107)	(457)	(1,789)
Loss before tax		**8,946**	**(15,631)**	**9,117**	**(17,874)**	**(15,442)**
Income tax expense						(1,584)
Net loss after tax						**(17,026)**
Add: Segment adjustments after tax	4B					22,979
Segment NPATA						**5,953**

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 Consolidated Financial Statements

Continued

4. Segment information (continued)

Note 4A: Revenue reconciliation **Year ended 30 June 2023**	**E&P Wealth** **$'000**	**E&P Capital** **$'000**	**E&P Funds** **$'000**	**Corporate unallocated** **$'000**	**Total** **$'000**
Total revenue per Statement of Profit or Loss	88,667	45,821	39,473	2,373	176,334
Interest income	–	–	–	(1,232)	(1,232)
Net change in value of non-core investments[2]	–	–	199	–	199
Foreign exchange gains	–	–	–	(120)	(120)
Gain on leases	–	–	–	(1,011)	(1,011)
Gain on investments	–	–	–	(10)	(10)
Total revenue per Operating Segment note	**88,667**	**45,821**	**39,672**	**–**	**174,160**

Note 4B: Segment adjustments **Year ended 30 June 2023**	**E&P Wealth** **$'000**	**E&P Capital** **$'000**	**E&P Funds** **$'000**	**Corporate unallocated** **$'000**	**Total** **$'000**
Segment adjustments before tax					
Legal/regulatory proceedings and related costs (net of insurance)[1]	(366)	–	–	(1,146)	(1,512)
Net change in value of non-core investments[2]	–	(174)	(309)	(64)	(547)
Onerous contract benefit	464	–	–	–	464
DOCA contribution	–	–	–	(1,045)	(1,045)
Employee termination payments	(686)	–	(817)	(427)	(1,930)
Total segment adjustments before tax	**(588)**	**(174)**	**(1,126)**	**(2,682)**	**(4,570)**
Segment adjustments after tax					
Legal/regulatory proceedings and related costs (net of insurance)[1]	(256)	–	–	(802)	(1,058)
Net change in value of non-core investments[2]	–	(122)	(276)	(44)	(442)
Onerous contract benefit	325	–	–	–	325
DOCA contribution	–	–	–	(732)	(732)
Employee termination payments	(481)	–	(572)	(298)	(1,351)
E&P Capital goodwill impairment	–	(19,250)	–	–	(19,250)
Amortisation of acquired intangibles	–	–	–	(471)	(471)
Total segment adjustments after tax	**(412)**	**(19,372)**	**(848)**	**(2,347)**	**(22,979)**

Note 4C: Depreciation and amortisation reconciliation **Year ended 30 June 2023**	**E&P Wealth** **$'000**	**E&P Capital** **$'000**	**E&P Funds** **$'000**	**Corporate unallocated** **$'000**	**Total** **$'000**
Total Depreciation and Amortisation per Statement of Profit or Loss	(2,685)	(1,010)	(694)	(6,054)	(10,443)
Right of use asset depreciation	2,685	1,010	694	1,371	5,760
Amortisation of acquired intangibles	–	–	–	673	673
Gain on leases	–	–	–	1,011	1,011
Total Depreciation & Amortisation per Operating Segment note	**–**	**–**	**–**	**(2,999)**	**(2,999)**

Notes:

1. Regulatory proceedings and related costs are net of insurance recovery and include administrative costs incurred in relation to the DASS VA.

2. Includes net fair value adjustment of non-core investments. 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 Consolidated Financial Statements

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4. Segment information (continued)

Operating Segment Note	**Notes**	**E&P Wealth**	**E&P Capital**	**E&P Funds**	**Corporate unallocated**	**Total**
Year ended 30 June 2022		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
Provision of services		86,688	63,617	41,242	–	191,547
Recognised as follows:						–
Over time		*66,737*	*6,255*	*37,367*	–	*110,359*
At a point in time		*19,951*	*57,362*	*3,875*	–	*81,188*
Share of profits of associates and jointly controlled entities		17	–	4,788	–	4,805
Other income		1,871	–	1,456	–	3,327
Total revenue	4A	**88,576**	**63,617**	**47,486**	**–**	**199,679**
Total cost of sales		(4,724)	(1,451)	(197)	–	(6,372)
Net revenue		**83,852**	**62,166**	**47,289**	**–**	**193,307**
Direct expenses		(60,639)	(35,218)	(28,119)	–	(123,976)
Overhead expenses		(5,573)	(2,976)	(2,336)	–	(10,885)
Allocated staff expenses		(6,789)	(9,329)	(2,872)	–	(18,990)
Unallocated group staff expenses		–	–	–	(6,965)	(6,965)
Unallocated group operating expenses		–	–	–	(3,613)	(3,613)
Segment EBITDA		**10,851**	**14,643**	**13,962**	**(10,578)**	**28,878**
Add/(Less): Segment adjustments before tax	4B	(6,006)	–	4,806	(2,451)	(3,651)
EBITDA		**4,845**	**14,643**	**18,768**	**(13,029)**	**25,227**
Depreciation and amortisation expenses	4C	–	–	–	(4,598)	(4,598)
Amortisation of acquired intangibles		–	–	–	(1,921)	(1,921)
Right-of-use asset depreciation		(3,153)	(1,152)	(706)	(1,323)	(6,334)
Impairment of property, plant and equipment		–	–	–	(216)	(216)
Impairment of goodwill, intangible assets and investments		(585)	–	–	(249)	(834)
EBIT		**1,107**	**13,491**	**18,062**	**(21,336)**	**11,324**
Interest revenue		–	–	–	97	97
Finance costs		(636)	(232)	(53)	(352)	(1,273)
Profit before tax		**471**	**13,259**	**18,009**	**(21,591)**	**10,148**
Income tax expense						(3,832)
Net profit after tax						**6,316**
Add: Segment adjustments after tax	4B					3,952
Segment NPATA						**10,268**

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

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4. Segment information (continued)

Note 4A: Revenue reconciliation Year ended 30 June 2022	E&P Wealth $'000	E&P Capital $'000	E&P Funds $'000	Corporate unallocated $'000	Total $'000
Total revenue per Statement of Profit or Loss	**88,576**	**63,617**	**53,043**	**1,140**	**206,376**
Interest income	–	–	–	(339)	(339)
Gain on leases	–	–	–	(26)	(26)
Gain on sale of FSREC and other investments	–	–	(4,230)	(7)	(4,237)
Closing distributions on sale of FSREC	–	–	(1,327)	–	(1,327)
Foreign exchange gains	–	–	–	(357)	(357)
Unrealised trading gain	–	–	–	(411)	(411)
Total revenue per Operating Segment note	**88,576**	**63,617**	**47,486**	**–**	**199,679**

Note 4B: Segment adjustments Year ended 30 June 2022	E&P Wealth $'000	E&P Capital $'000	E&P Funds $'000	Corporate unallocated $'000	Total $'000
Segment adjustments before tax					
Net gain from sale of FSREC	–	–	5,195	–	5,195
Legal/regulatory proceedings and related costs (net of insurance)[1]	(3,683)	–	–	(1,474)	(5,157)
Fair value adjustments on non-core investments[2]	–	–	(389)	(977)	(1,366)
Onerous contract expense	(464)	–	–	–	(464)
Loss on deconsolidation of DASS	(1,859)	–	–	–	(1,859)
Total segment adjustments before tax	**(6,006)**	**–**	**4,806**	**(2,451)**	**(3,651)**
Segment adjustments after tax					
Net gain from sale of FSREC	–	–	5,195	–	5,195
Legal/regulatory proceedings and related costs (net of insurance)[1]	(2,578)	–	–	(1,032)	(3,610)
Fair value adjustments on non-core investments[2]	–	–	(389)	(684)	(1,073)
Onerous contract expense	(325)	–	–	–	(325)
Loss on deconsolidation of DASS	(1,859)	–	–	–	(1,859)
Amortisation of acquired intangibles	–	–	–	(1,695)	(1,695)
E&P Wealth goodwill impairment	(585)	–	–	–	(585)
Total segment adjustments after tax	**(5,347)**	**–**	**4,806**	**(3,411)**	**(3,952)**

Note 4C: Depreciation and amortisation reconciliation Year ended 30 June 2022	E&P Wealth $'000	E&P Capital $'000	E&P Funds $'000	Corporate unallocated $'000	Total $'000
Total Depreciation and Amortisation per Statement of Profit or Loss	**(3,153)**	**(1,152)**	**(706)**	**(7,868)**	**(12,879)**
Right of use asset depreciation	3,153	1,152	706	1,323	6,334
Amortisation of acquired intangibles	–	–	–	1,921	1,921
Gain on leases	–	–	–	26	26
Total Depreciation & Amortisation per Operating Segment note	**–**	**–**	**–**	**(4,598)**	**(4,598)**

Notes:

1. Regulatory proceedings and related costs are net of insurance recovery and include administrative costs incurred in relation to the DASS VA.
2. Includes net fair value adjustment of and acquisition loss on non-core investments. Non-core investments reflect the Group's legacy investment in an asset or enterprise that is unrelated to the core activities of the Group.

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4. Segment information (continued)

The Group operates in three principal geographic areas – Australia (country of domicile), United States of America and Hong Kong. The Group's revenue from external customers and non-current assets by location of operations is detailed below.

	2023 $'000	2022 $'000
Revenue from external customers (provision of services revenue)		
Australia	163,498	181,768
United States of America	6,754	9,559
Hong Kong	512	220
Total revenue from external customers	**170,764**	**191,547**
Non-current assets		
Australia	130,234	164,861
United States of America	6,053	6,269
Hong Kong	22	12
Total non-current assets	**136,309**	**171,142**

5. Revenue

	2023 $'000	2022 $'000
Provision of services revenue:		
At a point in time		
Advisory, administration and brokerage	15,662	19,951
Corporate advisory and institutional brokerage	41,853	57,362
Funds management	10,580	3,875
Total revenue earned at a point in time	**68,095**	**81,188**
Over time		
Advisory, administration and brokerage	72,422	66,737
Corporate advisory revenue	3,968	6,255
Funds management	26,279	37,367
Total revenue earned over time	**102,669**	**110,359**
Total provision of services revenue	**170,764**	**191,547**

	2023 $'000	2022 $'000
Gain on investments and leases		
Gain on assets classified as held for sale	–	4,230
Gain on investments in financial assets	10	7
Gain on leases	1,011	26
Total gain on investments and leases	**1,021**	**4,263**

	2023 $'000	2022 $'000
Other income		
Dividends	607	2,567
Management fees	411	1,800
Other income	329	1,055
Total other income	**1,347**	**5,422**

Notes to the Consolidated Financial Statements

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6. Expenses

	2023 $'000	2022 $'000
(Loss)/Profit before income tax includes the following specific expenses		
Employee benefits		
Salaries and other employee benefits	(98,896)	(113,609)
Employer related taxes	(5,821)	(6,204)
Post employment benefits	(5,036)	(5,210)
Share based payment expense	(1,470)	(3,082)
Termination benefits	(1,930)	(165)
Total employee benefits	**(113,153)**	**(128,270)**
Depreciation and amortisation		
Depreciation and amortisation – property, plant and equipment	(2,025)	(2,310)
Amortisation – computer software	(1,985)	(2,314)
Amortisation – restraint covenants	–	(1,168)
Amortisation – customer relationships	(673)	(673)
Amortisation – in progress contracts	–	(80)
Amortisation – right of use assets	(5,760)	(6,334)
Total depreciation and amortisation	**(10,443)**	**(12,879)**
Impairment of goodwill, intangible assets and investments		
Goodwill (Note 20)	(19,250)	(585)
Computer software (Note 21)	–	(249)
Total impairment of goodwill, intangible assets and investments	**(19,250)**	**(834)**
Legal proceedings and related costs, net of insurance		
Other legal and related costs	(1,720)	(1,804)
Insurance recovery income*	1,232	1,782
Total net of insurance	**(488)**	**(22)**
Regulatory proceedings and related costs, net of insurance		
AFCA external dispute resolution and other claims	–	(4,506)
Other legal and related costs	(626)	(953)
Insurance recovery income*	–	1,635
Total net of insurance	**(626)**	**(3,824)**
Deed of Company Arrangement **	**(1,045)**	**-**

* **Note:** further related costs maybe recovered but are not virtually certain at this time.

** Refer to note 26 for further details

Other expenses included in the consolidated statement of profit or loss and other comprehensive income totalling $10.1m (2022: $11.1m) primarily comprise direct fund costs, insurance costs, travel costs, advertising costs and other office-related expenses.

Notes to the Consolidated Financial Statements

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7. Finance expense

	2023 $'000	2022 $'000
Recognised directly in profit or loss:		
Interest expense on financial liabilities measured at amortised cost	–	(85)
Interest expense on leases	(1,992)	(1,430)
Other finance costs	(2)	–
Finance expense recognised directly in profit or loss	**(1,994)**	**(1,515)**

8. Remuneration of auditor

The auditor of E&P Financial Group Limited is Deloitte Touche Tohmatsu. The following fees were paid or are payable for services provided by Deloitte Touche Tohmatsu and network firms of the parent entity auditor:

		2023 $'000	2022 $'000
Deloitte Touche Tohmatsu – auditor of parent entity			
Audit services:	Audit of the Group's annual financial statements	310	283
	Audit of the subsidiaries' annual financial statements	200	183
Review services:	Review of the Group's half-year financial statements	170	167
Other services:			
	Taxation services	95	42
	Audit fee of managed funds paid by the Group	59	126
	Other	150	18
Total		**984**	**819**
Network firm of the parent entity auditor:			
Deloitte Touche Tohmatsu Hong Kong			
Audit services:	Audit of the foreign subsidiaries' annual financial statements	45	36
Deloitte Tax LLP			
Other services:	Taxation services	189	250
Deloitte Tax and Business Advisory			
Other services:	Taxation services	7	–
Deloitte AG			
Other services:	Taxation services	–	13
Total		**1,225**	**1,118**

Notes to the Consolidated Financial Statements

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9. Income tax

	2023 $'000	2022 $'000
Current tax		
In respect of the current year	236	5,385
In respect of prior years	42	(73)
Total current tax	**278**	**5,312**
Deferred tax		
In respect of the current year	1,306	(1,480)
Total income tax expense recognised in the current year	**1,584**	**3,832**
The income tax expense for the year can be reconciled to the accounting profit as follows:		
(Loss)/Profit before income tax expense	**(15,442)**	**10,148**
Income tax expense at 30% (2022: 30%)	(4,633)	3,045
Effect of different tax rates of subsidiaries operating in other jurisdiction	(33)	(20)
Effect of income that is exempt from taxation	(244)	(2,295)
Effect of expenses that are not deductible in determining taxable profit	6,130	2,420
Deferred tax assets not recognised	322	755
Adjustments recognised in the current period in relation to the current tax of prior periods	42	(73)
Total income tax expense recognised in profit or loss	**1,584**	**3,832**
Current tax assets / liabilities		
Income tax payable	**(112)**	**(599)**
Deferred tax balances		
The following is the analysis of deferred tax assets / (liabilities) presented in the consolidated statement of financial position:		
Deferred tax assets	**13,453**	**15,239**
Deferred tax liabilities	**(10,791)**	**(11,031)**
Total deferred taxes	**2,662**	**4,208**

During the year the Group incurred $4,803,426 (tax effect $1,441,027) of capital losses that were not booked as a deferred tax asset (2022: $3,546,576, tax effect $1,063,973). These capital losses can be carried forward to shelter the tax otherwise payable on future net capital gains.

Notes to the Consolidated Financial Statements

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9. Income tax (continued)

Deferred tax balances (continued)

Deferred tax assets / (liabilities) in relation to:

	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
2023				
Property, plant and equipment	391	638	-	1,029
Intangible assets	(10,127)	202	-	(9,925)
Provisions, prepayments, accruals, receivables	12,453	(3,864)	-	8,589
Provision for lease incentives	241	(213)	-	28
Accrued revenue	(904)	38	-	(866)
Financial assets at fair value	388	799	(240)	947
Lease liabilities / right of use assets	1,000	(479)	-	521
Other	766	1,573	-	2,339
Deferred tax assets / (liabilities)	**4,208**	**(1,306)**	**(240)**	**2,662**
2022				
Property, plant and equipment	550	(159)	-	391
Intangible assets	(10,328)	201	-	(10,127)
Provisions, prepayments, accruals, receivables	10,553	1,900	-	12,453
Provision for lease incentives	288	(47)	-	241
Accrued revenue	(874)	(30)	-	(904)
Financial assets at fair value	37	216	135	388
Lease liabilities / right of use assets	1,057	(57)	-	1,000
Other	1,311	(545)	-	766
Deferred tax assets / (liabilities)	**2,594**	**1,479**	**135**	**4,208**

10. Earnings per share

	2023 No.	2022 No.
Weighted average number of ordinary shares		
Weighted average number of ordinary shares during the year used to calculate basic earnings per share	228,995,703	227,125,597
Effect of dilutive potential ordinary shares*	-	7,565,894
Weighted average number of ordinary shares during the year used to calculate diluted earnings per share	**228,995,703**	**234,691,491**

*These shares are anti-dilutive in the current year due to the statutory loss position.

	2023	2022
(Loss)/Profit attributable to ordinary shareholders		
(Loss)/Profit attributable to ordinary shareholders	(17,026)	6,316
(Loss)/Profit used in the calculation of basic and diluted earnings per share	(17,026)	6,316
Basic profit per share (cents per share)	(7.4)	2.8
Diluted profit per share (cents per share)	(7.4)	2.7

Treasury shares issued pursuant to the Loan Funded Share Plan (LFSP) are anti-dilutive and are therefore excluded.

Notes to the Consolidated Financial Statements

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11. Dividends

During the year, E&P Financial Group Limited made the following dividend payments:

	2023		2022	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
2021 Final dividend			–	–
2022 Interim dividend			–	–
2022 Final dividend	2.7 cents	6,417		
2023 Interim dividend	–	–		
Total		**6,417**		**–**

The franking account balance as at 30 June 2023 was $29.5 million (2022: $31.9 million).

12. Current assets – cash and cash equivalents

	2023 $'000	2022 $'000
Cash on hand	2	4
Cash at bank	53,282	74,177
Total cash and cash equivalents	**53,284**	**74,181**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Average interest rates during the period were 3.6501% (2022: 0.2191%). Included in cash at bank is $11.7 million (2022: $12.5 million) which is required to be retained to meet various regulatory requirements relating to licences held, and is not available for general use.

13. Current assets – Deposits

	2023 $'000	2022 $'000
Current		
Short-term deposits	4,360	5,024
Other deposits*	1,218	217
Total deposits	**5,578**	**5,241**

* Other deposits include $1.0 million as per the terms of Deed of Company Arrangement, refer to note 26 for further details

Notes to the Consolidated Financial Statements

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14. Current assets – trade and other receivables

	2023 $'000	2022 $'000
Current:		
Trade receivables	17,360	22,534
Loss allowance	(128)	(155)
Other receivables and accrued revenue	5,004	4,068
Other related party receivables	393	307
Insurance receivables	446	362
Total trade and other receivables	**23,075**	**27,116**

Trade receivables

The average credit period on sales is 30 days. No interest is charged on trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed into liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Expected credit loss rate* %	Carrying amount of trade receivables $'000	Allowance for expected credit losses $'000
30 June 2023			
0–30 days current/overdue	0.00%	16,298	–
31–60 days overdue	1.11%	451	(5)
61–120 days overdue	6.50%	200	(13)
121+ days overdue	26.76%	411	(110)
Total loss allowance		**17,360**	**(128)**

*Expected credit loss rate % has been rounded to two decimal places.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

	2023 $'000	2022 $'000
Balance at beginning of the year	(155)	(19)
Change in loss allowance	(69)	(136)
Amounts written off	96	–
Balance at end of the year	**(128)**	**(155)**

Notes to the Consolidated Financial Statements

Continued

15. Non-current assets – investments accounted for using the equity method

	2023 $'000	2022 $'000
Investments in associates	2,530	768
Investments in jointly controlled entities	11,209	13,148
Total equity accounted investments	**13,739**	**13,916**

Reconciliation of movement in carrying values of 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 2021	6,638	7,469	4,906	3,043	22,056
Disposal	(4,038)	–	–	(983)	(5,021)
Share of profits of jointly controlled entities	598	3,590	(297)	735	4,626
Fair value loss	(1,795)	–	–	–	(1,795)
Less: dividends received	(1,403)	(2,953)	(520)	(1,927)	(6,803)
Effect of foreign currency exchange differences	–	–	–	85	85
Balance as at 30 June 2022	**–**	**8,106**	**4,089**	**953**	**13,148**
Balance at 1 July 2022	–	8,106	4,089	953	13,148
Share of profits/(loss) of jointly controlled entities	–	653	(242)	(203)	208
Less: dividends received	–	(1,559)	–	(67)	(1,626)
Effect of foreign currency exchange differences	–	–	–	28	28
Transfer to joint ventures held for sale*	–	–	–	(549)	(549)
Balance as at 30 June 2023	**–**	**7,200**	**3,847**	**162**	**11,209**

* The Group's investments in UA Dixon 168 Manager, LLC ($0.08 million), UA Dixon 30-58/64 34th Street, LLC ($0.45 million), and UA Dixon 523 West 135th Street Manager, LLC ($0.02 million), were reclassified as "Joint ventures held for sale" during the year. Please refer to note 18 & 37 for further details.

Notes to the Consolidated Financial Statements

Continued

15. Non-current assets – investments accounted for using the equity method (continued)

Summarised financial information for the Group's material jointly controlled entities

	Dixon Associates PE III $'000	CVC Emerging Companies Fund $'000	Other $'000	Total $'000
2023				
Current assets	81	2,112	402	2,595
Non-current assets	8,922	37,774	15	46,711
Current liabilities	(45)	(1,071)	(93)	(1,209)
Non-current liabilities	(343)	–	–	(343)
Net assets	**8,615**	**38,815**	**324**	**47,754**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	81	1,584	255	1,920
Revenue	847	1,056	641	2,544
Profit/(loss) for the year	777	(1,250)	(8)	(481)
Other comprehensive loss for the year	–	–	–	–
Total comprehensive income/(loss) for the year	**777**	**(1,250)**	**(8)**	**(481)**

	Dixon Associates PE III $'000	CVC Emerging Companies Fund $'000	Other $'000	Total $'000
2022				
Current assets	91	1,779	866	2,736
Non-current assets	10,851	39,617	4,865	55,333
Current liabilities	(844)	(147)	(211)	(1,202)
Non-current liabilities	(399)	–	(3,614)	(4,013)
Net assets	**9,699**	**41,249**	**1,906**	**52,854**
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	65	610	1,624	2,299
Revenue	4,736	8,154	1,004	13,894
Profit/(loss) for the year	4,296	7,626	(281)	11,641
Other comprehensive loss for the year	–	–	(115)	(115)
Total comprehensive income for the year	**4,296**	**7,626**	**(396)**	**11,526**

* The Group's investments in UA Dixon 168 Manager, LLC ($0.08 million), UA Dixon 30-58/64 34th Street, LLC ($0.45 million), and UA Dixon 523 West 135th Street Manager, LLC ($0.02 million), were reclassified as "Joint ventures held for sale" during the year. Please refer to note 18 & 37 for further details.

Notes to the Consolidated Financial Statements

Continued

15. Non-current assets – investments accounted for using the equity method (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest recognised in the consolidated financial statements:

	Dixon Associates PE III $'000	CVC Emerging Companies Fund $'000	Other $'000	Total $'000
2023				
Net assets	8,615	38,815	324	47,754
Proportion of Group's ownership interest in the jointly controlled entities	7,200	3,847	162	11,209
Carrying amount of the Group's interest in the associate	**7,200**	**3,847**	**162**	**11,209**
2022				
Net assets	9,699	41,249	1,906	52,854
Proportion of Group's ownership interest in the jointly controlled entities	8,106	4,089	953	13,148
Carrying amount of the Group's interest in the associate	**8,106**	**4,089**	**953**	**13,148**

* The Group's investments in UA Dixon 168 Manager, LLC ($0.08 million), UA Dixon 30-58/64 34th Street, LLC ($0.45 million), and UA Dixon 523 West 135th Street Manager, LLC ($0.02 million), were reclassified as "Joint ventures held for sale" during the year. Please refer to note 18 & 37 for further details.

16. Associates and jointly controlled entities

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

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
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			
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*	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%

*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.

** This investment accounted for using the equity method was transferred to "Joint ventures held for sale" during the year. Refer to notes 15 & 37 for further details.

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

Notes to the Consolidated Financial Statements

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17. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	2022 %
Ultimate parent entity:			
E&P Financial Group Limited	Australia	100%	100%
Subsidiaries of ultimate parent entity:			
E&P Operations Pty Limited	Australia	100%	100%
Dixon Advisory & Superannuation Services Pty Limited*	Australia	100%	100%
E&P Private Investments Pty Limited	Australia	100%	100%
Dixon Advisory Property Pty Limited**	Australia	100%	100%
E&P SMSF Services Pty Limited	Australia	100%	100%
E&P Financial Group USA Inc.	USA	100%	100%
E&P Investments Limited	Australia	100%	100%
E&P Funds Management Pty Limited	Australia	100%	100%
E&P Funds Group Pty Limited	Australia	100%	100%
Dixon Projects LLC	USA	100%	100%
US Select Asset Management Inc (formerly E&P Asset Management USA Inc)	USA	100%	100%
Walker Street Partners Pty Limited**	Australia	100%	100%
DGP Inc	USA	100%	100%
US Select Private Opportunities Fund GP LLC	USA	100%	100%
Australian Fund Accounting Services Pty Limited	Australia	100%	100%
E&P Investment Services Pty Limited**	Australia	100%	100%
E&P International Investments Pty Limited	Australia	100%	100%
New Energy Solar Manager Pty Limited	Australia	100%	100%
Evans and Partners Pty Limited	Australia	100%	100%
Orca Funds Management Pty Limited	Australia	100%	100%
NES Project Services LLC	USA	100%	100%
E&P Employee Investments Pty Limited	Australia	100%	100%
E&P Corporate Advisory Pty Limited	Australia	100%	100%
E&P Asia (HK) Limited	Hong Kong	100%	100%
Claremont Funds Management Pty Ltd	Australia	100%	100%
E&P Facilities Pty Limited	Australia	100%	100%

* Entered into voluntary administration on 19 January 2022

** De-registered as a company in July 2023

Notes to the Consolidated Financial Statements

Continued

18. Current and non-current assets – Investments in financial assets

	2023 $'000	2022 $'000
Current		
Financial assets held at FVTOCI	5,380	6,394
Financial assets held at FVTPL*	–	1,198
Joint ventures held for sale	549	–
Total investments in financial assets	**5,929**	**7,592**

Non-Current:		
Financial assets held at FVTOCI	2,104	2,527
Financial assets held at FVTPL	958	1,542
Total investments in financial assets	**3,062**	**4,069**

*The Group's investment in FSREC Property Fund of $1.2 million was sold in July 2022.

19. Non-current assets – Property, plant and equipment

	2023 $'000	2022 $'000
Carrying amounts of		
Furniture and equipment	1,137	1,436
Motor vehicle	–	–
Computer equipment	373	228
Leasehold improvements	6,321	9,263
Total property, plant and equipment	**7,831**	**10,927**

Cost	Furniture and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2021	3,432	30	1,840	13,138	18,440
Additions	364	–	151	2,798	3,313
Disposals	(722)	–	(76)	(2,222)	(3,020)
Effect of foreign currency exchange differences	29	2	22	–	53
Balance as at 30 June 2022	**3,103**	**32**	**1,937**	**13,714**	**18,786**
Balance at 1 July 2022	3,103	32	1,937	13,714	18,786
Additions	73	–	286	495	854
Disposals	(132)	(33)	(548)	(2,077)	(2,790)
Effect of foreign currency exchange differences	16	1	12	–	29
Balance as at 30 June 2023	**3,060**	**–**	**1,687**	**12,132**	**16,879**

Notes to the Consolidated Financial Statements

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19. Non-current assets – Property, plant and equipment (continued)

Cost	Furniture and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Leasehold improvements $'000	Total $'000
Accumulated depreciation/ amortisation					
Balance at 1 July 2021	(1,781)	(23)	(1,634)	(4,689)	(8,127)
Depreciation/amortisation	(405)	(6)	(127)	(1,772)	(2,310)
Impairment	(175)	–	(4)	(37)	(216)
Disposal	722	–	76	2,047	2,845
Effect of foreign currency exchange differences	(28)	(3)	(20)	–	(51)
Balance as at 30 June 2022	**(1,667)**	**(32)**	**(1,709)**	**(4,451)**	**(7,859)**
Balance at 1 July 2022	(1,667)	(32)	(1,709)	(4,451)	(7,859)
Depreciation/amortisation	(342)	(1)	(127)	(1,555)	(2,025)
Impairment*	(32)	–	(15)	(1,145)	(1,192)
Disposal	132	33	548	1,340	2,053
Effect of foreign currency exchange differences	(14)	–	(11)	–	(25)
Balance as at 30 June 2023	**(1,923)**	–	**(1,314)**	**(5,811)**	**(9,048)**
Written down value as at 30 June 2023	**1,137**	–	**373**	**6,321**	**7,831**

* Note: This impairment loss relating to leasehold improvements are due to the modification of a leases relating to Canberra office premises, and the impairment loss relating to furniture and equipment and computer equipment relates to write down of assets due to disposals during the period. These impairment losses have been included in the profit and loss in the 'impairment of plant, equipment and right of use assets' line item.

20. Non-current assets – Goodwill and other indefinite life intangible assets

	2023 $'000	2022 $'000
Carrying amounts of		
Goodwill	45,894	65,144
Brand	29,333	29,333
Total indefinite life intangible assets	**75,227**	**94,477**

Cost	Goodwill $'000	Brand $'000	Total $'000
Balance at 1 July 2021	**65,729**	**29,333**	**95,062**
Impairment of goodwill and other indefinite life intangible assets	(585)	–	(585)
Balance as at 30 June 2022	**65,144**	**29,333**	**94,477**
Balance at 1 July 2022	**65,144**	**29,333**	**94,477**
Impairment of goodwill and other indefinite life intangible assets	(19,250)	–	(19,250)
Balance as at 30 June 2023	**45,894**	**29,333**	**75,227**

20. Non-current assets – Goodwill and other indefinite life intangible assets (continued)

Allocation of goodwill to cash-generating units

Goodwill has 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 has been allocated as follows:

	2023 $'000	2022 $'000
CGU		
E&P Wealth	–	–
E&P Capital	45,894	65,144
E&P Funds	–	–
Balance as at 30 June 2023	**45,894**	**65,144**

E&P Wealth

The recoverable value of the E&P Wealth CGU has been determined by a fair value less costs of disposal calculation which uses cash flow projections based on internal forecasts covering financial years 2024 to 2028 derived for impairment testing purposes. Cash flows beyond FY28 are extrapolated using a steady long term growth rate of 2.35% per annum (June 2022: 2.45% per annum). A post-tax discount rate of 11.0% (June 2022: 12.5%) has been applied to the forecast cash flows. The valuation is considered to be level 3 in the fair value hierarchy.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

E&P Capital

The recoverable value of the E&P Capital CGU has been determined by a fair value less costs of disposal calculation which uses cash flow projections based on internal forecasts covering financial years 2024 to 2028 derived for impairment testing purposes. Cash flows beyond FY28 are extrapolated using a steady long term growth rate of 2.35% per annum (June 2022: 2.45% per annum). A post-tax discount rate of 13.2% (June 2022: 13.5%) has been applied to the forecast cash flows. The valuation is considered to be level 3 in the fair value hierarchy.

Notes to the Consolidated Financial Statements

20. Non-current assets – Goodwill and other indefinite life intangible assets (continued)

In preparing the E&P Capital impairment test, the Directors have considered the potential risks in achieving the internal forecasts covering financial years 2024 to 2028. These potential risks have been considered based on a number of wider economic issues that impacted the CGU during the current financial year and have the potential to persist into the near term. These factors include the particularly soft capital markets activity experienced across the industry in FY23 as well as the impact of an elevated interest rate environment (impact on discount rates). Further, consideration has been given by the Directors to the risk of a more protracted recovery in general market conditions within the industry, and the impact this would have on FY24 to FY28 cash flow projections.

Taking into account these uncertainties, the base case financial forecasts approved by the Directors have been probability weighted to produce a range of alternative scenarios with risk adjusted cash flows (reduced between 10% and 25%) for the purposes of the impairment test.

Based on these assumptions within the risk adjusted cash flow model, there is an impairment to the goodwill allocated to this CGU of $19.3 million, which is included in "Impairment of goodwill, intangible assets and investments" within the Consolidated statement of profit or loss and other comprehensive income. The impairment to goodwill has resulted from the impact of recent softness in the capital markets sector, the uncertainty over the duration of the challenging environment and the expected timing of recovery in the sector.

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 further 10% reduction in the forecast 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 cash flow projections.

Sensitivity	Impact on impairment assessment	Increase/ (Decrease) in Amount of Impairment $'000
A 10% reduction in cash flows	Impairment of CGU	5,283
0.25% decrease in terminal growth rate	Impairment of CGU	445
1.0% increase in discount rate	Impairment of CGU	5,553

E&P Funds

The recoverable value of the E&P Funds CGU has been determined by a fair value less costs of disposal calculation which uses cash flow projections based on internal forecasts covering financial years 2024 to 2028 derived for impairment testing purposes. Cash flows beyond FY28 are extrapolated using a steady long term growth rate of 2.35% per annum (June 2022: 2.45% per annum). A post-tax discount rate of 11.7% (June 2022: 11.0%) has been applied to the forecast cash flows. The valuation is considered to be level 3 in the fair value hierarchy.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Notes to the Consolidated Financial Statements

Continued

20. Non-current assets – Goodwill and other indefinite life intangible assets (continued)

Other indefinite life intangible assets – Brand

The recoverable value of the Evans & Partners (E&P) brand has been assessed at the group level using a relief-from-royalty approach on the basis that the Evans & Partners (E&P) brand is a corporate asset utilised across all cash generating units.

Consistent with the goodwill impairment test, the relief-from-royalty brand valuation utilises 5-year revenue projections based on internal forecasts covering financial years 2024 to 2028 derived for impairment testing purposes. Cash flows beyond FY28 have been extrapolated using a steady long term growth rate of 2.35% per annum. A post-tax discount rate of 11.7% (June 2022: 12.9%) has been applied to the forecast cash flows.

Under this treatment, for the purposes of the goodwill impairment test, the brand intangible asset is excluded from the carrying value of the cash generating units, with an implied royalty instead charged to the cash generating units.

Using the above methodology, the directors conclude that it remains appropriate for the carrying value of the brand to be held at $29.3 million, and for no impairment to be recorded in the current year.

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21. Non-current assets – Finite life intangible assets

	2023 $'000	2022 $'000
Carrying amounts of		
Computer software	3,899	4,014
Customer relationships	3,752	4,424
Restraint covenants	–	–
Contracts in progress	–	–
Total finite life intangible assets	**7,651**	**8,438**

Cost	**Computer software $'000**	**Customer relationships $'000**	**Restraint covenants $'000**	**Contracts in progress $'000**	**Total $'000**
Balance at 1 July 2021	19,642	10,700	10,000	700	41,042
Additions	1,859	–	–	–	1,859
Disposals	(1,834)	–	–	–	(1,834)
Effect of foreign currency exchange differences	2	–	–	–	2
Balance as at 30 June 2022	**19,669**	**10,700**	**10,000**	**700**	**41,069**
Balance at 1 July 2022	19,669	10,700	10,000	700	41,069
Additions	1,870	–	–	–	1,870
Disposals	(116)	–	–	–	(116)
Effect of foreign currency exchange differences	–	–	–	–	–
Balance as at 30 June 2023	**21,423**	**10,700**	**10,000**	**700**	**42,823**

Accumulated amortisation	**Computer software $'000**	**Customer relationships $'000**	**Restraint covenants $'000**	**Contracts in progress $'000**	**Total $'000**
Balance at 1 July 2021	(14,536)	(5,603)	(8,832)	(620)	(29,591)
Amortisation expense	(2,314)	(673)	(1,168)	(80)	(4,235)
Impairment	(249)	–	–	–	(249)
Eliminated on disposal of assets	1,445	–	–	–	1,445
Effect of foreign currency exchange differences	(1)	–	–	–	(1)
Balance as at 30 June 2022	**(15,655)**	**(6,276)**	**(10,000)**	**(700)**	**(32,631)**
Balance at 1 July 2022	(15,655)	(6,276)	(10,000)	(700)	(32,631)
Amortisation expense	(1,985)	(672)	–	–	(2,657)
Impairment	–	–	–	–	–
Eliminated on disposal of assets	116	–	–	–	116
Effect of foreign currency exchange differences	–	–	–	–	–
Balance as at 30 June 2023	**(17,524)**	**(6,948)**	**(10,000)**	**(700)**	**(35,172)**
Written down value as at 30 June 2023	**3,899**	**3,752**	**–**	**–**	**7,651**

The amortisation period for the above finite life intangible assets is as follows:

Computer software	4 years
Customer relationships	2 – 12 years

Notes to the Consolidated Financial Statements

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22. Non-current assets – Right of use assets

Cost	Office premises $'000	Office equipment $'000	Total $'000
Opening balance at 1 July 2021	30,566	1,592	32,158
Additions	10,822	739	11,561
Disposals	(2,615)	–	(2,615)
Effect of foreign currency exchange differences	36	–	36
Balance as at 30 June 2022	**38,809**	**2,331**	**41,140**
Opening balance at 1 July 2022	38,809	2,331	41,140
Modifications	(2,068)	–	(2,068)
Effect of foreign currency exchange differences	29	–	29
Balance as at 30 June 2023	**36,770**	**2,331**	**39,101**
Accumulated depreciation			
Opening balance at 1 July 2021	(8,095)	(557)	(8,652)
Depreciation expense	(6,057)	(277)	(6,334)
Eliminated on disposal	2,446	–	2,446
Effect of foreign currency exchange differences	(44)	–	(44)
Balance as at 30 June 2022	**(11,750)**	**(834)**	**(12,584)**
Opening balance at 1 July 2022	(11,750)	(834)	(12,584)
Depreciation expense	(5,461)	(299)	(5,760)
Modifications	–	–	–
Effect of foreign currency exchange differences	(10)	–	(10)
Balance as at 30 June 2023	**(17,221)**	**(1,133)**	**(18,354)**
Written down value as at 30 June 2023	**19,549**	**1,198**	**20,747**

The Group leases several office premises in Australia and the USA as well as office equipment including photocopiers and printers. The average lease term is 3.1 years.

The maturity analysis of lease liabilities is presented in Note 28.

	2023 $'000	2022 $'000
Amounts recognised in profit and loss		
Depreciation expense on right of use assets	5,760	6,334
Interest expense on lease liabilities	1,992	1,430
Total	**7,752**	**7,764**

Notes to the Consolidated Financial Statements

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23. Current and non-current assets - Finance lease receivables

	2023 $'000	2022 $'000
Amounts receivable under finance leases		
Less than one year	1,111	1,069
One to five years	1,851	2,850
Total undiscounted lease payments receivable	**2,962**	**3,919**
Present value of lease payments receivable	(240)	(430)
Net investment in the lease	**2,722**	**3,489**
Current	965	869
Non-current	1,757	2,620
Total finance lease receivable	**2,722**	**3,489**

The Group is exposed to foreign currency risk as a result of this finance lease arrangement as the lease is denominated in USD.

Amounts recognised in the consolidated Statement of Profit or Loss and other Comprehensive Income		
Finance income on the net investment in finance leases	**204**	**242**

The Directors of the Group estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period are past due, and taking into account the future prospects of the industries in which the lessees operate, the directors of the Group consider that no finance leases receivable are impaired.

24. Current liabilities – Trade and other payables

	2023 $'000	2022 $'000
Current:		
Trade payables	2,603	2,329
Sundry payables and accrued expenditure	5,957	7,076
GST payable	1,553	1,359
Total trade and other payables	**10,113**	**10,764**

The average credit period on purchases of goods and services for the Group is 20 days (2022: 19 days).

25. Current liabilities – Contract liabilities

	2023 $'000	2022 $'000
Contract liabilities	**5,545**	**5,110**

Revenue relating to advisory and administration services are recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to these services at the time of the initial sale transaction and is released over the service period.

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26. Current liabilities – Other liabilities

	2023 $'000	2022 $'000
Current:		
Related party loan account – E&P Operations Pty Limited (E&P Ops) & DASS	–	17,749
Related party tax loan account – E&P Financial Group Limited & DASS	–	1,845
Total other liabilities	**–**	**19,594**

On 19 December 2022, the Group announced that most creditors voted in favour of executing the Deed of Company Arrangement (**DOCA**) proposed by the Group in respect of Dixon Advisory & Superannuation Services (**DASS**), and the involved parties have accordingly executed the DOCA.

The DOCA requires the Group to make various payments to the Deed Administrators of the DOCA to settle related party loan balances net of allowances for certain offset items owed by DASS to the Group. The DOCA also includes mechanisms for the settlement of current and future income tax balances governed by the Group's tax funding and sharing agreements currently accounted for within tax loan accounts. These payments are comprised as follows as defined in the executed DOCA:

- **Deposit – $1.0 million**, this Deposit should be used only for costs incurred by the Deed Administrators in defending any applications that the DOCA be terminated or challenging the DOCA. This Deposit was included within the Tranche A payment (refer below) and has been treated as a current asset as any unused portion of the Deposit will be applied against the Tranche B payment (refer below).
- **Tranche A net payment of approximately $15.5 million**, which comprised $17.7 million Tranche A Payment less agreed Settlement Adjustments. This was paid to the Deed Administrators on 20 December 2022. This net payment extinguished the related party loan account balance between E&P Ops & DASS.
- **Tranche B payment of $4.0 million**, triggered upon completion of the DOCA; a condition of which is the settlement of the representative proceedings against the Group by the Sunset Date. Any unused portion of the Deposit will be applied against the Tranche B payment. The Tranche B Payment under the DOCA also includes any balance of the insurance proceeds recovered by the Company from the insurer under the Insurance Policies, as part of the settlement of the representative proceedings. Consequently, a provision of $4 million has been recognised as at 31 December 2022 in relation to this mechanism for settlement as contemplated in the DOCA. Judgement has been applied in determining that the mechanism described above and contained within the DOCA represents the most reliable estimate at this time to use as a basis of measuring the value of the provision.
- **2022 Tax Receivable payment of $1.8 million** – this payment relates to tax receivables owed to DASS as part of the Company's tax funding and sharing arrangements in regard to the year ended 30 June 2022. As per the terms of the DOCA, this balance was paid on 30 January 2023.
- **2023 Tax Receivable** – any tax receivable owed to DASS as part of the Company's tax funding and sharing arrangements in regard to the year ended 30 June 2023.

26. Current liabilities – Other liabilities (continued)

The Tranche A DOCA Payment also finalised sums owed to the Group by DASS which have been accounted for net in the Consolidated Profit or Loss and Other Comprehensive Income. This amount includes:

- Management fees revenue: $1.8 million;
- Offset by additional DOCA contribution: $2.8 million
- Resulting in a net loss impact of $1.045 million.

The Group has accounted for all amounts included within the DOCA on the basis that it believes settlement in relation to the representative proceedings is more likely than not; with the Tranche B payment contemplated within the DOCA the most reliable estimate at this time to use as a basis of measuring the value of the provision. Currently the DOCA provides for a Sunset Date of 30 June 2023, however this date has been extended to 30 November 2023 on the agreement of all parties to the DOCA.

If a comprehensive settlement and final resolution (including court approval) of the representative proceedings does not occur by this extended Sunset Date, and the date is not extended further, the DOCA will terminate, meaning the Tranche B Payment under the DOCA will not be payable, and any unused portion of the Deposit will be repaid to the Company.

Notes to the Consolidated Financial Statements

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27. Current and non-current liabilities – Provisions

	2023 $'000	2022 $'000
Current:		
Employee benefits	33,487	44,373
Other[1]	4,000	–
Provision for make-good	702	
Onerous contracts	–	464
Total current provisions	**38,189**	**44,837**
Non-current:		
Employee benefits	1,082	1,236
Provision for make-good	917	2,103
Total non-current provisions	**1,999**	**3,339**

Note 1: Refer to note 26 for further details

Reconciliation of movement in the current year:

	Other $'000	Onerous contracts $'000	Provision for make-good $'000
Balance as at 1 July 2022	–	464	2,103
Additional provision in the year	4,000	–	318
Utilisation of provision	–	(464)	–
Unwinding of unused provision	–	–	(802)
Balance as at 30 June 2023	**4,000**	**–**	**1,619**

28. Current and non-current liabilities – Lease liabilities

	2023 $'000	2022 $'000
Maturity analysis – contractual undiscounted cashflows		
Less than one year	7,826	8,529
One to five years	20,401	24,723
More than five years	8,394	15,091
Total undiscounted lease liabilities	**36,621**	**48,343**
Lease liabilities included in the consolidated Statement of Financial Position		
Opening balance at the beginning of the year	40,067	33,218
Additions of leases during the year	–	8,694
Interest incurred	1,992	1,430
Payments of lease liabilities	(8,580)	(8,703)
Disposals of leases during the year	–	(136)
Lease modifications	(3,079)	5,170
Impact of foreign exchange on lease liabilities balance	173	394
Total lease liabilities	**30,573**	**40,067**
Current	6,199	6,540
Non-current	24,374	33,527
Total lease liabilities	**30,573**	**40,067**

28. Current and non-current liabilities – Lease liabilities (continued)

	2023 $'000	2022 $'000
Amounts recognised in the consolidated Statement of Profit or Loss and other Comprehensive Income		
Interest expense on lease liabilities	**1,992**	**1,430**
Amounts recognised in the consolidated Statement of Cash Flows		
Total cash outflow for leases	**(8,580)**	**(8,703)**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

29. Equity – Issued capital

	Number of shares	Share capital $
Balance of issued share capital as at 1 July 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 the year	–	(6,453,717)
Balance of issued share capital as at 30 June 2022	**237,680,090**	**328,491,298**
(Less): treasury shares held by Group entities	(12,660,894)	(10,499,090)
Balance of share capital as at 30 June 2022	**225,019,196**	**317,992,208**
Balance of issued share capital as at 1 July 2022	237,680,090	328,491,298
Treasury shares re-issued under the share rights plan during the year	–	(2,218,129)
Balance of issued share capital as at 30 June 2023	**237,680,090**	**326,273,169**
(Less): treasury shares held by Group entities	(9,604,495)	(8,384,080)
Balance of share capital as at 30 June 2023	**228,075,595**	**317,889,089**
Movement in treasury shares balance during the year can be reconciled as follows:		
Opening balance of treasury shares held by Group entities 1 July 2022	(12,660,894)	(10,499,090)
(Less): Treasury shares purchased during the year	(193,580)	(103,119)
Add: Treasury shares issued (options exercised) during the year	3,249,979	2,218,129
Closing balance treasury shares held by Group entities 30 June 2023	**(9,604,495)**	**(8,384,080)**

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

30. Equity – Reorganisation reserve

	2023 $'000	2022 $'000
Reserve arising out of corporate reorganisation	**(135,099)**	**(135,099)**

The reorganisation reserve reflects the change in organisational structure when E&P Financial Group Limited became the parent entity of the Group on 18 March 2016.

31. Equity – Investment revaluation reserve

	2023 $'000	2022 $'000
Investment revaluation reserve	**(1,945)**	**(560)**

The investment revaluation reserve represents the cumulative gains or losses arising on changes in the fair value of equity investments measured at fair value through other comprehensive income.

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31. Equity – Investment revaluation reserve (continued)

Movements in investment revaluation reserve

Movements in the investment revaluation reserve during the current financial year is set out below:

	2023 $'000	2022 $'000
Balance at the beginning of the year	(560)	(246)
Fair value gain on financial assets measured at FVTOCI	(1,145)	(449)
Deferred tax (liability)/asset arising on revaluation of financial assets	(240)	135
Balance at the end of the year	**(1,945)**	**(560)**

32. Equity – Foreign currency translation reserve

	2023 $'000	2022 $'000
Foreign currency translation reserve	**4,392**	**4,228**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in foreign currency translation reserve

Movements in the foreign currency translation reserve during the current and previous financial year are set out below:

	2023 $'000	2022 $'000
Balance at the beginning of the year	4,228	3,681
Exchange differences arising on translating the foreign operations	164	547
Balance at the end of the year	**4,392**	**4,228**

33. Equity – Share based payments reserve

The share-based payments reserve represents the cumulative amount of share based payments expense recognised during the respective vesting periods of each tranche of shares that have been issued under the Loan Funded Share Plan and share options /rights plan (refer Note 34).

Movements in share based payments reserve
Movements in the share based payments reserve during the current and previous financial year are set out below:

	2023 $'000	2022 $'000
Balance at the beginning of the year	11,388	8,306
Share based payments expense recognised in the year – Loan funded share plan	259	551
Share based payments expense recognised in the year – Share options/rights plan	1,211	2,531
Balance at the end of the year	**12,858**	**11,388**

34. 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 options as detailed below and in previous period financial statements.

34. Share based payments (continued)

Share options/rights plan

During the year ended 30 June 2023, the Group continued its Share Options/Rights Plan (ORP or Plan) for its Australian domiciled employees (Eligible Person). The key terms of the ORP are listed as follows:

Nature of Rights	Each Right represents a right to acquire one (1) ordinary share of capital of the Company, subject to the terms and conditions of the Plan rules
Determination of the Number of Rights	The number of Rights has been determined by dividing an Eligible Persons' Discretionary Share Rights Bonus amount by the volume weighted average of the price (VWAP) at which the Company shares traded on the ASX during the 10 trading days immediately prior to the Grant Date.
Grant Dates	15 October 2022 and 15 April 2023 (tranches S, T, U, V, W)
Vesting Dates	Refer below
Exercise Expiry Date	Refer below
Vesting Conditions	Continuous employment on the Vesting Dates or such other date the Board of the Company determines the Vesting Condition to have been met.
Right Exercise Price	Nil
Dividend and voting entitlements	Rights do not confer an entitlement to receive dividends, to vote at Company meetings or to capital distributions. Once a Right has vested and is exercised, the holder will have the same benefits as other holders of ordinary shares in the Company.
Funding of Rights	In order to satisfy the obligations of the Company arising from the grant of the Rights, the Company intends to, over time, purchase ordinary shares on-market, to be held in an employee share trust (Trust) or issue the relevant ordinary shares or a combination of those actions.

During the year ended 30 June 2023, five tranches of rights have been issued under the ORP as follows:

ORP	Tranche S	Tranche T	Tranche U	Tranche V	Tranche W
Number of rights	527,169	527,169	527,169	84,276	84,276
Grant date	15 Oct 2022	15 Oct 2022	15 Oct 2022	15 Apr 2023	15 Apr 2023
Vesting date	15 Oct 2023	15 Oct 2024	15 Oct 2025	15 Apr 2024	15 Apr 2025
Exercise Expiry Date	15 Oct 2028	15 Oct 2028	15 Oct 2028	15 Oct 2030	15 Apr 2030
Market value of shares at grant date	$0.5343	$0.5343	$0.5343	$0.4153	$0.4153

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 in relation to all the tranches since inception was $1.2 million.

ORP	Tranche S	Tranche T	Tranche U	Tranche V	Tranche W
Option life	1 year	2 years	3 years	1 year	2 years
Share price at grant date	$0.535	$0.535	$0.535	$0.38	$0.38
Expected volatility	50%	50%	50%	50%	50%
Historical dividend yield	5.00%	5.00%	5.00%	5.00%	5.00%
Risk-free rate	3.40%	3.47%	3.48%	3.53%	3.06%
Fair value per right	$0.509	$0.484	$0.460	$0.380	$0.343
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

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34. Share based payments (continued)

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

	Number of share rights
Balance at the start of the year	**9,636,687**
Granted during the year	1,750,059
Vested and exercised during the year (current employees)	(2,116,900)
Vested and exercised during the year ("good" leavers under the terms of the Plan)	(1,031,259)
Vested and exercised during the year ("other" leavers under the terms of the Plan)	(101,820)
Forfeited during the year ("good" leavers under the terms of the Plan)	(49,732)
Forfeited during the year ("other" leavers under the terms of the Plan)	(257,471)
Balance at the end of the year	**7,829,564**

The following tranches vested during the year ended 30 June 2023:

ORP	Tranche C	Tranche H	Tranche K	Tranche M	Tranche F	Tranche Q
Number of rights	1,859,977	3,092,027	105,301	449,581	395,671	99,258
Number of rights exercised	591,266	1,400,966	-	-	102,197	-
Grant date	15/10/2019	15/10/2020	15/04/2021	15/10/2021	15/04/2020	15/10/2021
Vesting date	15/10/2022	15/10/2022	15/10/2022	15/10/2022	15/04/2023	15/04/2023

In addition to the above tranches, there was a further 45,404 (2022: 4,289) shares that vested during the year in relation to good leavers that are yet to be exercised.

Loan funded share plan (LFSP)

During the year ended 30 June 2023, no further tranches of shares have been issued under the LFSP. Further details of previously issued LFSP tranches of shares are disclosed in previous years' annual financial reports. The total expense recorded for the year was $0.26 million.

	Number of share rights
Balance at the start of the year	**6,347,381**
Vested during the year ("good" leavers under the terms of the Plan)	(267,683)
Forfeited during the year ("other" leavers under the terms of the Plan)	(318,652)
Balance at the end of the year	**5,761,046**

35. Equity – Accumulated losses

	2023 $'000	2022 $'000
Balance at the beginning of the year	**(34,499)**	**(40,942)**
(Loss)/profit attributable to the owners of the Company	(17,026)	6,316
Payment of dividends	(6,417)	-
Dividends paid in prior years reclassified to profit and loss	52	127
Balance at the end of the year	**(57,890)**	**(34,499)**

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36. Parent entity information

As of and throughout the financial year ended 30 June 2023, the parent entity of the group was E&P Financial Group Limited. The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Summarised financial information	2023 $'000	2022 $'000
Summarised statement of financial position		
Current assets	116,547	119,470
Non-current assets	147,660	163,942
Total assets	**264,207**	**283,412**
Current liabilities	581	7,786
Non-current liabilities	7,499	9,291
Total liabilities	**8,080**	**17,077**
Net assets	**256,127**	**266,335**
Equity		
Issued capital	405,853	408,071
Reserves	12,858	11,387
Accumulated losses	(162,584)	(153,123)
Total equity	**256,127**	**266,335**
Summarised statement of profit or loss and other comprehensive income		
(Loss)/profit for the year, after income tax*	(3,097)	8,569
Other comprehensive income	–	–
Total comprehensive (Loss)/profit	**(3,097)**	**8,569**

*Includes impairment of subsidiary investments totaling $16.2 million (2022: Nil)

On 1st August 2020, E&P Financial Group Limited entered into a guarantee and indemnity agreement in respect of a commercial lease at 171 Collins Street, Melbourne, Victoria 3000, under which it has guaranteed the obligations of the lessee (E&P Operations Pty Limited) under the lease. The amount of the obligation subject to the guarantee is $1,447,705 (2022: $2,844,369).

On 19 December 2022, the parent entity announced that creditors voted in favour of executing the Deed of the Company Arrangement (DOCA) proposed by the Group in respect of Dixon Advisory and Superannuation Services Pty Limited (DASS), and the involved parties have accordingly executed the DOCA. The Group has accounted for all amounts included within the DOCA on the basis it believes settlement in relation to the representative proceedings is more likely than not, with the Tranche B Payment contemplated within DOCA that most reliable estimate at this time to use as a basis of measuring the value of provision. (Refer to Note 26 for further details)

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37. Financial Instruments

Financial risk management objectives

The Group's principal financial assets comprise cash and cash equivalents, trade and other receivables and investments in listed and unlisted securities, and deposits. The Group's principal financial liabilities comprise trade and other payables and lease liabilities.

The Group's activities expose it to a variety of financial risks: for example, market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to ensure the potential adverse effects on the financial performance of the Group are kept to within acceptable limits. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and foreign currency risk, and ageing analysis for credit risk.

Risk management is carried out by senior management and the Board. The Board identifies and monitors the risk exposure of the Group and determines appropriate procedures, controls and risk limits. Senior management identifies, evaluates and monitors financial risks within the Group's operations. There has been no material change to the nature of the financial risks the Group is exposed to, or the manner in which these risks are managed and measured.

	2023 $'000	2022 $'000
Material categories of Financial Instruments		
Financial assets		
Cash and cash equivalents	53,284	74,181
Trade and other receivables	23,075	27,116
Finance lease receivables	2,722	3,489
Investments in financial assets	8,991	11,661
Deposits	9,043	8,890
Financial liabilities		
Trade and other payables	10,113	10,764
Lease liabilities	30,573	40,067
Other liabilities	–	19,594

Capital management

The capital structure of the Group consists of cash (cash and cash equivalents) and equity (comprising contributed equity, (accumulated losses)/retained profits and reserves). The Group manages its capital with the aim of ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

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37. Financial Instruments (continued)

A subsidiary of the Group, Evans and Partners Pty Limited, is a market participant on the ASX and Chi-X, and therefore has an externally imposed capital and liquidity requirement. Another subsidiary of the Group, E&P Asia (HK) Limited, holds a Type 1 and Type 4 Securities and Futures Commission (SFC) licence in Hong Kong, and also has an externally imposed capital and liquidity requirement. In addition, the subsidiaries Evans and Partners Pty Limited, E&P Investments Limited, E&P Funds Management Pty Limited and E&P Corporate Advisory Pty Limited all have Australian Financial Services Licenses which require the maintenance of a minimum level of net assets.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence the exposures to exchange rate fluctuations arise which are recorded through profit or loss and other equity. The carrying amounts of the Group's foreign currency denominated assets at the reporting date that are denominated in a currency different to the functional currency of the respective entities holding the monetary assets are as follows:

	2023 $'000	2022 $'000
Assets denominated in currency of USA		
Cash at bank	1,204	510
Trade debtors	272	326
Related party loan	13,947	13,947
Investment in financial assets – FVTOCI	6,359	7,252

i. Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number below indicates a reduction in profit and other equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable increasing impact on the profit and other equity, and the balances below would be positive.

Notes to the Consolidated Financial Statements

Continued

37. Financial Instruments (continued)

	2023 $'000	2022 $'000
Profit or loss[1]		
+ 10% strengthening	(1,542)	(1,598)
- 10% weakening	1,542	1,598
Other equity[2]		
+ 10% strengthening	(636)	(725)
- 10% weakening	636	725

[1] This is mainly attributable to the exposure outstanding on currency of USA denominated cash at bank, trade debtors and related party loan.

[2] This is a result of changes in fair value of investment in financial assets through other comprehensive income

Interest rate risk

The Group is exposed to change in interest rates on cash at bank and short term deposit.

i. Interest rate sensitivity analysis

A 100 basis points (BP) increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates based on cash at bank and short-term deposit balances at balance date.

	2023 $'000	2022 $'000
Impact of 100 BP change in interest rate applied on year-end cash at bank and short-term deposit balance		
+ 100 basis points	490	566
- 100 basis points	(479)	(162)

Credit risk management

Credit risk management is the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. A default may arise through a counterparty failing to meet its obligation to pay invoiced fees.

i. Invoices for services

The credit worthiness of clients is taken into account when accepting client assignments. Receivables consist of a number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of customers. As at 30 June 2023 the Group does not have a significant credit risk exposure to any single customer. Note 14 includes an ageing of receivables past due.

Notes to the Consolidated Financial Statements

Continued

37. Financial Instruments (continued)

ii. Cash balances

The credit risk of the banks holding the Group's cash is considered limited because the banks have high credit ratings assigned by international credit rating agencies. Cash and cash equivalents are only deposited with reputable financial institutions. The majority of funds at year end were deposited with three banks in Australia, three banks in the USA and one bank in Hong Kong.

iii. Finance lease receivables

The Group is exposed to credit risk on finance lease receivable. The Group has a policy to continuously assess and monitor the credit quality of the lessee taking into account the future prospects of the industries in which the lessees operate. The maximum exposure to credit risk at 30 June 2023 is under Note 23.

Liquidity risk management

Liquidity is the risk that financial obligations of the Group cannot be met as and when they fall due without incurring significant costs. The Group manages liquidity risk by monitoring forecast cash requirements, both short and longer term, against its current liquid assets. In determining the level of liquidity to maintain, regard is had to cash flows required over the next 12 months and regulatory obligations such as Australian Financial Services Licence requirements of the Group.

i. Liquidity and interest rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Financial liabilities	Weighted average effective interest rate $'000	Less than 1 month $'000	1 - 3 months $'000	3 - 12 months $'000	1 - 5 years $'000	5+ years $'000	Total $'000
30 June 2023							
Non-interest bearing		(6,274)	(2,141)	(1,698)	–	–	(10,113)
Interest bearing lease liabilities	6.030%	(1,036)	(2,055)	(4,735)	(20,401)	(8,394)	(36,621)
30 June 2022							
Non-interest bearing	–	(5,939)	(925)	(23,429)	(65)	–	(30,358)
Interest bearing lease liabilities	5.466%	(611)	(2,141)	(5,777)	(24,723)	(15,091)	(48,343)

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements

Continued

37. Financial Instruments (continued)

Fair value of financial instruments

This note provides information about how the Group determines fair value of various financial assets and financial liabilities. 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 techniques and inputs used).

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2023 $'000	**2022 $'000**		
Current				
Investments in financial assets:				
Listed corporations				
– Fair value through other comprehensive income	5,314	6,394	Level 1	Quoted bid prices in an active market.
Shares in corporations – Fair value through profit and loss	–	1,198	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 investment in financial assets.
– Fair value through other comprehensive income	66	–	Level 3	Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available. Alternative Level 3 valuation techniques may be used adopting market or asset-specific inputs and assumptions.
– Joint ventures held for sale	549	–	Level 3	
	5,929	**7,592**		
Non-current				
Investments in financial assets:				
Listed corporations				
– Fair value through other comprehensive income	2,104	2,527	Level 1	Quoted bid prices in an active market.
– Fair value through profit and loss	13	509	Level 1	Quoted bid prices in an active market.
Shares / bonds in corporations – Fair value through profit and loss	745	724	Level 2	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.
Shares / bonds in unlisted corporations – Fair value through profit and loss	200	309	Level 3	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.
	3,062	**4,069**		

Notes to the Consolidated Financial Statements

Continued

37. Financial Instruments (continued)

During the period, Group's investment in New Energy Solar Fund (NEW) was transferred from Level 1 to Level 3 as a result of the Fund de-listed from ASX. There were no other transfers between Level 1, Level 2 or Level 3 in the year. 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.

38. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group and key management personnel:

	Provision of services		Purchase of services	
	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Associates of E&P Financial Group Limited				
Clear Law Pty Limited	–	–	33	42
US Select Private Opportunities Fund II GP, LLC	674	1,052	–	–
US Select Private Opportunities Fund III GP, LLC	794	783	–	–
US Select Private Opportunities Fund IV GP, LLC	1,008	950	–	–
Total	**2,476**	**2,785**	**33**	**42**
Jointly controlled entities of E&P Financial Group Limited				
Fort Street Real Estate Capital Pty Limited*	–	1,438	–	–
Fort Street Real Estate Services Pty Limited*	–	500	–	–
Fort Street Capital Pty Limited*	–	1,403	–	–
CVC Emerging Companies IM Pty Limited	20	23	–	–
CVC Emerging Companies Fund	–	99	–	–
Total	**20**	**3,463**	**–**	**–**

** These jointly controlled entities of the Group were disposed on 18 February 2022.*

On 19 December 2022, The Group announced that creditors voted in favour of executing the Deed of the Company Arrangement (**DOCA**) proposed by the Group in respect of Dixon Advisory and Superannuation Services Pty Limited (**DASS**), and the involved parties have accordingly executed the DOCA. Please refer to Note 26 for further details in relation to related party loan balances and transactions between the Group and DASS.

Key management personnel (KMP) of E&P Financial Group Limited:

Trading transactions: During the year, KMP and KMP-related entities were charged for various services including international equities managed discretionary account services and brokerage totalling $263,374 (2022: $300,656). The terms and conditions of these transactions were at arms-length and were no more favourable than those available to non-KMP.

Notes to the Consolidated Financial Statements

Continued

38. Related party transactions (continued)

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Associates of E&P Financial Group Limited				
Clear Law Pty Limited	393	307	–	–
Total	**393**	**307**	**–**	**–**
Jointly controlled entities of E&P Financial Group Limited				
Dixon Associates PE III Wholesale Fund	–	3	–	–
Total	**–**	**3**	**–**	**–**
Key management personnel of E&P Financial Group Limited				
Key management personnel – trade receivables	**–**	**2**	**–**	**–**

39. Key management personnel remuneration

The remuneration of directors and other members of key management personnel during the year was as follows:

	2023 $'000	2022 $'000
Short-term employee benefits	3,706	4,689
Post-employment benefits	128	130
Long-term employee benefits	41	35
Share based payments	649	570
Total	**4,524**	**5,424**

Notes to the Consolidated Financial Statements

Continued

40. Net cash provided by operating activities

Reconciliation of loss for the year to net cash flows from operating activities:

	2023 $'000	2022 $'000
Profit/(loss) after tax for the year	(17,026)	6,316
Add: Depreciation and amortisation	10,443	12,879
Add: Impairment of plant, equipment and right of use assets	1,192	216
Add: Impairment of goodwill, intangible assets and investments expense	19,250	834
Add: Share based payments expense	1,522	3,207
Add: Interest expense – lease liability	1,992	1,430
Add: Loss on derecognition of subsidiary	–	1,859
Add: Acquisition loss on investments	–	1,395
Add: Software expense (SaaS)	–	390
Add: Onerous contracts expense	(464)	464
(Less)/add: Unrealised foreign exchange	(218)	(390)
(Less)/add: Movement of fair value of investments	347	(429)
(Less): Dividend income from investments	(607)	(2,567)
(Less): Share of profits of associates and jointly controlled entities	(1,970)	(4,805)
(Less): Gain on investments and leases	(1,011)	(4,263)
(Less): Interest income – finance lease receivable	(204)	(242)
(less): Other non-provision for services income	–	(1,246)
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	2,826	(6,697)
(Increase) / decrease in prepayments	139	348
(Increase) / decrease in current tax liabilities	(487)	3,590
(Increase) / decrease in deposits	(808)	646
(Increase) / decrease in deferred tax assets	1,307	(1,482)
Increase / (decrease) in trade and other payables	(19,913)	(223)
Increase / (decrease) in contract liabilities	435	64
Increase / (decrease) in provisions	(7,152)	9,533
Net cash generated by operating activities	**(10,407)**	**20,827**

Reconciliation of liabilities arising from financial liabilities:

		Financing					
	1 July 2022	Cash inflows	Cash outflows	Addition of leases	Disposal of leases	Other changes[1]	30 June 2023
Lease liabilities (refer to Note 28)	40,067	–	(8,580)	186	–	(1,100)	30,573
Total liabilities from financing activities	**40,067**	**–**	**(8,580)**	**186**	**–**	**(1,100)**	**30,573**

Note 1: Other changes include change in lease terms, lease modifications, interest incurred and impact of foreign exchange.

Notes to the Consolidated Financial Statements

Continued

41. Borrowings

As at 30 June 2023, the Group has a bank guarantee facility with National Australia Bank (NAB) with a $4.4 million limit, which were used to secure the Group's Australian commercial office leases. This bank guarantee has been cash backed by a short-term bank deposit maturing on 1 October 2023 (refer to Note 13).

42. Contingent liabilities

Piper Alderman and Shine Lawyers Representative Proceedings

On 4 November 2021, the Company announced that a representative proceeding had been commenced in the Federal Court of Australia against Dixon Advisory and Superannuation Services Pty Limited (**DASS**), the Company and Mr Alan Dixon (former Director of the Company and certain subsidiaries) 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 Director of the Company and certain subsidiaries). In the Statement of Claim, the Applicant makes similar allegations to those made in the representative proceedings commenced by Piper Alderman.

In May 2022, there was a carriage motion hearing before the Federal Court to determine how the representative proceedings would be conducted going forward, given both proceedings largely covered the same matters, and it was inefficient to continue with both proceedings. The Federal Court made orders on 15 June 2022 that the proceeding commenced by Shine Lawyers would continue, and that the Piper Alderman action would be stayed until the resolution of the Shine Lawyers proceeding.

In December 2022, DASS creditors approved the Deed of Company Arrangement proposed by the Group. The DOCA provided a mechanism to accommodate the settlement of the outstanding representative proceedings and included a Sunset Date of 30 June 2023. In addition, in December 2022 the Court ordered that DASS' administrators grant access to Shine Lawyers to certain insurance policies.

In March 2023 a Court-ordered mediation process commenced in the Shine Lawyers proceeding. On 14 August 2023, the Court dismissed an application by the Applicant in the Shine Lawyers proceeding to obtain certain information from the Company. As at the date of this annual financial report the mediation process is continuing.

On 20 June 2023, the Sunset Date of the DOCA was extended to 30 November 2023 by mutual consent of all parties to the DOCA to enable additional time to allow for the settlement of the representative proceedings.

42. Contingent liabilities (continued)

Should a settlement of the Shine Lawyers proceeding be achieved, the Company will also seek a final resolution of the Piper Alderman action.

Whilst the Group believes settlement in relation to the representative proceedings is more likely than not; as at the date of this financial report the representative proceedings remain unresolved, and the Directors of the Company are unable to estimate the potential future liability, beyond the Provision recognised in Note 27, that may arise from these proceedings, which would be incurred by the Company. Amounts that have been advanced in respect of former Directors' legal costs incurred while defending the representative proceedings to date have been fully expensed in the year to 30 June 2023. Circumstances may arise that could result in the Company or a Group entity incurring future liabilities arising from these representative proceedings as they relate to former directors. At this time, the Directors of the Company are unable to quantify such costs.

Commencement of Proceedings by ASIC Against Officer

Please refer to note 44 in relation to this matter.

Letters of credits

Citibank, N.A. has issued a standby letter of credit on behalf of E&P Financial Group USA Inc. in favour of the landlord of Level 28, 140 Broadway New York USA up to a limit of $457,038 USD ($689,348 AUD equivalent) as required under the terms of the lease of this premises.

Wells Fargo Bank, N.A. has issued a standby letter of credit on behalf of Dixon Projects LLC in favour of Liberty Mutual Insurance Corporation up to a limit of $500,000 USD ($754,148 AUD equivalent) as required under the terms of an insurance policy.

Joint lessee

The Group is joint lessee of the premises located at 140 Broadway, New York, with US Masters Residential Property Fund (URF). The Group is jointly and severally liable for all lease charges, and thus has a contingent liability in respect of URF's share of future leases charges which are summarised below:

	2023 $'000	2022 $'000
Less than one year	1,139	1,050
One to five years	1,915	2,939
More than five years		-
Total	3,054	3,989

43. Commitments for expenditure

The Group has a remaining commitment for investment into Dixon Associates PE III Wholesale Fund totalling $0.5 million.

Notes to the Consolidated Financial Statements

Continued

44. Subsequent events

Shine Lawyers Representative Proceedings

Subsequent to 30 June 2023, on 14 August 2023, the Court dismissed an application by the Applicant to obtain certain information from the Company. The mediation process is continuing between the parties.

As at the date of this annual financial report, the representative proceedings remain unresolved. As there is no reliable basis upon which any potential future liability can be measured beyond the Provision recognised in Note 27, this matter has been treated as a contingent liability (see Note 42).

Commencement of Proceedings by ASIC Against Officer

On 4 August 2023, the Group announced that ASIC informed an officer of the Group, Paul Ryan, of the commencement of legal proceedings against him in the Federal Court of Australia. The Group is not a party to the proceedings. The allegations relate to the conduct of Mr Ryan in his capacity as a director of Dixon Advisory & Superannuation Services Pty Limited (Administrators Appointed) (**DASS**) in the weeks leading up to the appointment of voluntary administrators to DASS in January 2022. Mr Ryan was first appointed as a director of DASS in March 2021.

As at the date of this financial report the ASIC proceedings against Mr Ryan remain at an early stage. Amounts may be advanced in respect of Mr Ryan's future legal costs incurred while defending the ASIC proceedings. Circumstances may arise that could result in the Company incurring future liabilities arising from these proceedings as they relate to Mr Ryan. At this time, the Directors of the Company are unable to quantify such costs.

Other than the matters referred above, there has not arisen in the interval between the end of the 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 company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors,

Director:	Director: ....
David Evans	Peter Anderson

Dated: 24th August 2023

Independent Auditor's Report to the Members of E&P

Deloitte.

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Independent Auditor's Report to the members of E&P Financial Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of E&P Financial Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of E&P

Deloitte.

Key Audit Matters	How the scope of our audit responded to the Key Audit Matters
Deed of Company Arrangements pertaining to Dixon Advisory Superannuation Services Pty Ltd As described in Note 26, on 19 January 2022, the Group announced its wholly-owned subsidiary Dixon Advisory Superannuation Services P/L (DASS) had been placed into voluntary administration (VA). As a consequence of DASS being placed into VA, control was lost, and DASS was deconsolidated from the Group. On 19 December 2022, a Deed of Company Arrangement (DOCA) was voted in favour of by the majority of the DASS VA creditors. The DOCA provided for, amongst other things, a number of payments to be made by the Group for the benefit of the creditors of DASS. These payments and potential future obligations are described in Note 26. Finalisation of the DOCA is dependent on a comprehensive settlement and final resolution of the representative proceedings against DASS, the Company and certain former directors including any required court approval and a release of all claims against the Group. At 30 June 2023, the estimated provision of $4.0 million remains payable, subject to a comprehensive settlement of all claims and proceedings. Whilst consolidation of DASS by the Group ceased at the time of VA, DASS remains a member of the Group's tax consolidation group. Tax balances remain governed by the existing tax funding and sharing agreements of the Group. Disclosure of the DOCA, legal proceedings and associated liabilities is complex and includes a number of judgements. Accordingly, it is considered to be a key audit matter.	Our year-end procedures included, but were not limited to the following: • Making inquiries with the administrators of DASS in relation to the progress of a DOCA and a review of associated legal documentation including; • Obtaining and reading the final proposed DOCA. • Assessing any required remeasurement and treatment of related party balances or historic transactions with DASS due to the impact of the DOCA. • Assessing management's papers as to the application of AASB 137 Provisions, Contingent Liabilities and Contingent Assets in relation to progression of representative proceedings, including those relating to the previous directors (Mr Dixon & Mr Brown). This includes discussions with legal counsel and review of documentation and correspondence. • Assessing tax implication of matters associated with DASS and the DOCA, including the audit of detailed calculations with the assistance of our tax specialists. • With the assistance of our tax specialists reviewing tax calculations for the year relating to DASS and the impact to the Group due to the existing tax funding and sharing agreement. • Discussions with legal counsel to corroborate our understanding of the status of DOCA related matters. • Reviewing the disclosures in the financial statements pertaining to current legal actions, provisions, related party transactions, indemnities, subsequent events and completeness of contingent liabilities. • Assessing the adequacy of the Group's disclosures of accounting policies, significant judgements and estimates, description of events, transactions and disclosures relating to DASS, the VA and DOCA as outlined in Note 26.

Independent Auditor's Report to the Members of E&P

Deloitte.

Key Audit Matters	How the scope of our audit responded to the Key Audit Matters

Carrying value of goodwill
As at 30 June 2023 the Group has recognised goodwill of $45.8 million which comprises 20% of the Group's total assets. The carrying value of goodwill is allocated to the E&P Capital CGU.
 	
As disclosed in Note 20, management has performed an impairment assessment and has concluded that the carrying value of goodwill is impaired and recognised an impairment charge of $19,250,000.
 	
As disclosed in Note 3, significant judgement is required in the assessment of the recoverable value of goodwill. The impairment assessment is complex in respect of the assumptions and estimates used in preparing discounted cash flow models, including the determination of:
• future cash flows for the CGU;
• revenue and terminal growth rates;
• royalty charges; and
• discount rate.
 	
Accordingly, the carrying value of goodwill is considered to be a key audit matter.
	Our procedures included, but were not limited to:
	• Obtaining an understanding and evaluating the controls associated with the Group's impairment assessment;
	• Challenging the key assumptions and estimates used in the model, including cash flow forecasts, growth rates, terminal growth rate and discount rates;
	• Evaluating the appropriateness of the Group's sensitivity analysis of key inputs, including changes in future cash flows, growth rates, terminal rate and discount rate applied;
	• Performing a retrospective review of the accuracy of management's budgets against actual results to assist with our challenge of the forecast cash flow; and
	• Obtaining the E&P Capital CGU goodwill impairment model, and with the assistance of our valuation specialists:
	  o obtaining an understanding and evaluating the continued appropriateness of the Group's method for allocating goodwill to the CGU at which level management monitor the Group's operations;
	  o ensuring reasonableness of royalty charges imposed to the CGU as part of the impairment model;
	  o assessing the integrity of the impairment model including the mathematical accuracy;
	  o calculating an independent discount rate to assess the discount rate used by management; and
	  o assessing the adequacy of the disclosures in Notes 2, 3 and 20 to the financial statements.

Carrying value of brand name
As referred to in Note 20, included in indefinite life intangible assets is a brand name of $29.3 million.
 	
Management has performed an impairment assessment of the value of the brand name using a relief from royalty method to ascertain the fair value at balance date. No impairment was identified by management.
 	
Significant judgement is required in the assessment of the value of the brand name as a number of estimates are required in preparing a relief from royalty calculation, including the determination of:
• future revenue growth;
• royalty rates;
• terminal growth rate; and
• discount rate.
 	
Accordingly, the value of the brand name is considered to be a key audit matter.
	Our procedures included, but were not limited to:
	• Obtaining an understanding and evaluating the controls associated with the Group's assessment of fair value of the brand name.
	• Obtaining an understanding and evaluating the appropriateness of the Group's method adopted for assessing fair value of the brand name.
	• Obtaining the Group's relief from royalty calculation, and with the assistance of our valuation specialists:
	  o assessing the integrity of the models including the mathematical accuracy of the underlying calculation;
	  o challenging the key assumptions and estimates used in the calculation, including the reasonableness of future revenue growth, royalty rates and terminal growth rate; and
	  o calculating an independent discount rate to assess the discount rates used by management.
	• Undertaking an independent sensitivity assessment of the key assumptions within the model.
	• Assessing the adequacy of the Group's disclosures in Notes 2, 3 and 20 to the financial statements.

Independent Auditor's Report to the Members of E&P

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

FOR THE YEAR ENDED 30 JUNE 2023

Independent Auditor's Report to the Members of E&P

Deloitte.

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of E&P Financial Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants
Sydney, 24 August 2023

E&P

Additional Stock Exchange Information

Additional Stock Exchange Information

Dividend details

It is the current intention of the Board to pay interim dividends in respect of half years ending in December and final dividends in respect of full years ending in June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial period end. It is expected that all future dividends will be franked to the maximum extent possible without the Company incurring an additional tax liability.

Statement of quoted securities as at 1 August 2023

There are 1,671 shareholders holding a total of 237,680,090 ordinary shares.

The 20 largest shareholders between them hold 66.35% of the total shares on issue.

Share registry information

The following information is correct as at 1 August 2023:

20 largest shareholders

Registered holder	Number of shares held	% of ordinary shares
MCF3 E&P Holdco Limited	34,661,934	14.58%
J P Morgan Nominees Australia Pty Limited	24,216,159	10.19%
Jolimont Terrace Investments Pty Ltd <Thornton Investments A/C>	15,581,955	6.56%
National Nominees Limited	13,261,278	5.58%
E&P Employee Investments Pty Limited	9,593,205	4.04%
HSBC Custody Nominees (Australia) Limited	7,693,878	3.24%
Bki Investment Company Limited	6,631,759	2.79%
Citicorp Nominees Pty Limited	6,136,516	2.58%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd <DRP A/C>	5,525,140	2.32%
Inishail Pty Ltd <Keeble Family A/C>	5,010,148	2.11%
Laver Place Nominees Pty Limited	4,308,334	1.81%
Morey Ankatell Pty Ltd <Bluebombers S/F A/C>	3,841,369	1.62%
Richard Anthony Lang Hunt	3,753,925	1.58%
Premiership Player Pty Ltd <Premiership Legend Super A/C>	3,266,084	1.37%
BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient DRP>	3,087,834	1.30%
Walker Street Lb Nominees Pty Limited	2,432,708	1.02%
Ohjs Group Pty Limited <Super Hans Super Fund A/C>	2,288,758	0.96%
Ipch Investments Pty Limited <Ipch Investment A/C>	2,188,372	0.92%
Zonda Capital Pty Ltd <Flinders Family A/C>	2,134,533	0.90%
Oh-Rule Pty Ltd <Rule Family A/C>	2,096,534	0.88%

Additional Stock Exchange Information

Continued

Distribution of shareholders

Holding	Number of shareholders	Number of shares held	% of ordinary shares
1 – 1,000	112	56,968	0.02%
1,001 – 5,000	273	820,454	0.35%
5,001 – 10,000	722	5,823,097	2.45%
10,001 – 100,000	405	14,309,585	6.02%
100,001 and over	159	216,669,986	91.16%
	1,671	**237,680,090**	**100.00%**

Substantial shareholders

The following holders are registered by the Company as a substantial shareholder, having declared a relevant interest, in accordance with the *Corporations Act*, in the shares below:

Name	Number of shares	% of ordinary shares
MCF3 E&P Holdco Limited, MCF3B General Partner Limited as general partner of MCF3B Limited Partnership, MCF3 Feeder Services Pty Ltd as trustee of the MCF3 Feeder Trust, Mercury Capital Investments Pty Ltd, MCF3 GP Limited as general partner of the MCF3 NZ Limited Partnership and Clark Perkins together, "Mercury Capital"[1]	52,331,317	22.02%
Jolimont Terrace Investments Pty Limited & Attunga Super Pty Limited (David Evans)	16,131,156	6.79%

Note 1: Mercury Capital's shareholdings are held directly through "MCF3 E&P Holdco Limited" and indirectly through nominee accounts including "J P Morgan Nominees Australia Pty Limited".

Directors' shareholdings

Director	Number of shares held
David Evans	16,131,156
Peter Anderson	796,909
Josephine Linden	–
Sally McCutchan	100,000
Tony Johnson	200,000

Voting rights

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid Share held by the member.

Corporate directory

Directors

David Evans
Peter Anderson
Josephine Linden
Sally McCutchan
Tony Johnson

Company secretaries

Stephen Hill
Mike Adams

Registered office

(principal place of business)

Level 32, 1, O'Connell Street
Sydney NSW 2000
Tel: 1300 852 017

Share registry

Boardroom Pty Limited
Level 8
210 George Street
Sydney NSW 2000
Tel: 1300 737 760
www.boardroomlimited.com.au

Auditor

Deloitte Touche Tohmatsu
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

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