

# APPENDIX 4E

EQT Holdings Limited ABN 22 607 797 615

## RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FULL YEAR ENDED 30 JUNE 2021

PERFORMANCE	30 JUNE 2021 \$'000		30 JUNE 2020 \$'000
Revenue from ordinary activities	101,040	Up 5.9%	95,430
Profit after tax from ordinary activities attributable to members	21,528	Up 12.1%	19,212
<b>Net profit (statutory) for the period attributable to members</b>	<b>21,528</b>	<b>Up 12.1%</b>	<b>19,212</b>
Net profit (underlying) for the period attributable to members	22,399	Up 5.5%	21,234
<b>Basic earnings per share (statutory) attributable to members (cents per share)</b>	<b>103.04</b>	<b>Up 10.9%</b>	<b>92.95</b>
Basic earnings per share (underlying) attributable to members (cents per share)	107.21	Up 4.4%	102.73

DIVIDENDS	30 JUNE 2021 CENTS PER SHARE	30 JUNE 2020 CENTS PER SHARE
Interim Dividend (fully franked)	44	47
Final Dividend (fully franked)	47	43

KEY DATES	
Record date for determining entitlements to the final dividend	Tuesday, 7 September 2021
Last date for the receipt of an election notice for participation in the DRP	Wednesday, 8 September 2021
Payment date for final dividend	Tuesday, 5 October 2021



The Directors have declared a fully franked final dividend of 47 cents per share. The Directors have also declared that the Dividend Reinvestment Plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average market price of EQT traded shares on the first five days of EQT share trading after Record Date. A 1.25% discount will be applied.

The 2021 Annual General Meeting is to be held at 11.00 am Friday, 22 October 2021. Details shall be provided nearer to the time of the AGM.

## ASX ADDITIONAL INFORMATION

Additional information, current as at 30 June 2021, and not shown elsewhere in this report, follows:

### NET TANGIBLE ASSET BACKING PER SHARE

NET TANGIBLE ASSET BACKING / PER SHARE <sup>1</sup>	30 JUNE 2021	30 JUNE 2020
Net tangible asset backing per share	2.98	2.64

<sup>1</sup>Based on shares on issue of 2021: 20,979,239 (2020: 20,775,755).

## CONTROL GAINED OR LOST OVER ENTITIES DURING THE FINANCIAL YEAR

### YEAR ENDED 30 JUNE 2021

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

### YEAR ENDED 30 JUNE 2020

On 8 April 2020 the Company established a new subsidiary, HTFS Holdings Pty Ltd. HTFS Holdings Pty Ltd has been established as a holding company for a portion of the Group's superannuation operations.

Other than as described above, there were no material entities for which control was gained or lost during the financial year.

## AUDIT

The Financial Statements for the year ended 30 June 2021 have been audited and an unqualified opinion has been issued by the auditors.

## COMMENTARY

Additional Appendix 4E disclosure requirements can be found in the Annual Report, which contains the Directors' Report and the 30 June 2021 Financial Statements and accompanying notes.

*For a comprehensive overview of the 2021 results, please refer to the separate ASX release covering the Announcement of Results and Shareholder Presentation.*



# FROM THE CHAIR

## CAROL SCHWARTZ AO

### EQUITY TRUSTEES GROWS IN CHALLENGING YEAR

I'm delighted to provide a review of Equity Trustees' year in my first as Chair of this incredible company. The 2021 financial year was like no other, with the world and Australia heavily impacted by the COVID-19 pandemic.

I'm pleased to say that Equity Trustees navigated the year exceptionally well. In uncertain times people look for a steady hand, and our specialisation and independence were in high demand. With our 133-year history, Equity Trustees provides certainty and trust to so many.

Our greatest priorities during the year were to ensure our employees remained safe and well, and to continue to provide excellent and timely service to our clients. During this period we had to navigate volatile equity markets, particularly in the first half of the financial year.

Despite these challenges we continued to grow and seize opportunities in our markets. The financial services industry continues to undergo significant change that is driving higher demand for Equity Trustees' independent, unconflicted model.

As someone with a strong personal involvement in Australia's philanthropic sector, it's been pleasing to see the positive impact of our philanthropic business, with more than \$2.5 billion in funds under management. I was particularly encouraged to see how quickly we pivoted to support those areas of Australia's community hardest hit during COVID-19. We distributed just over \$96m in funding via 3600 grants and bequests to the for-purpose sector.

### GOVERNANCE IS OUR BUSINESS

Equity Trustees is committed to achieving sustained performance and delivering value to clients and shareholders, having the highest regard for the regulatory and compliance environment, and maintaining high standards of integrity and ethical behaviour. Good governance is at the core of our business and continued to underpin our operations throughout the year.

I would like to thank the Hon. Jeffrey Kennett AC for his guidance and support in achieving a smooth handover of the Board Chair role. Jeff, and Alice Williams, both retired at our 2020 AGM after 12 and 14 years respectively, and Jim Minto in March, and I thank them, on behalf of all shareholders, for their committed service and contribution to the excellent results the company has delivered during their appointments.

In March this year, we appointed the Hon. Kelly O'Dwyer to the Board. Kelly was a senior Australian Cabinet Minister and the first woman to serve in Cabinet in a Treasury portfolio. Her expertise in Australia's financial regulatory framework, together with her skills and experience, will enable her to make a valuable contribution to the Board.



## DELIVERING FOR OUR STAKEHOLDERS

The returns delivered to our shareholders this year increased materially on the previous financial year, with good earnings growth and a higher dividend despite the challenging environment.

The company has delivered a higher dividend in five of the last six years and maintained the dividend in the COVID-impacted 2020 year – an achievement made by few financial services companies.

During the year we improved the frequency of our communication to clients, including tailored updates in written and visual digital formats, and introduced more innovative ways of delivering our services.

Our people are key to our success and supporting them through this unusual and challenging period has been a priority, especially as we reconfigured our workforce to work from home. Throughout this time we focused on their wellbeing and we were delighted with the feedback that they felt well cared for and managed.

We are proud of how we've delivered for our shareholders, clients and employees.

## COMMUNITY IS EVERYTHING

Equity Trustees provides critical funding support to some of the most important for-purpose organisations in the Australian community.

Last year we established two perpetual charitable trusts to support communities recovering from the disastrous bushfires. Working with the Business Council of Australia, we have now raised more than \$10 million for a range of natural disasters. We've deployed almost all of the \$7 million raised for the Community Rebuilding Trust, contributing a large amount of pro-bono support to do this effectively.

Our employees continued their volunteering and workplace giving programs throughout the year. Equity Trustees is a unique company that makes a positive impact on the community and we are proud of the contribution of our people.

## FINANCIAL SERVICES THAT CAN BE TRUSTED

Equity Trustees operates many thousands of trusts, schemes and funds on behalf of beneficiaries, investors, members and clients. In these uncertain times Equity Trustees has fulfilled its purpose: to look after their future.

On behalf of the Board, I thank all shareholders, employees, clients and the wider community for your support. I look forward to tackling the challenges ahead together and believe Equity Trustees is exceptionally well-positioned to continue prospering and serving its communities.



# FROM THE MANAGING DIRECTOR, MICK O'BRIEN

## MAINTAINING THE GROWTH

I'm pleased to report that Equity Trustees has continued to capture opportunities and grow its position in the Australian market.

During a challenging and volatile year, our funds grew an impressive 43% to \$144 billion, mainly driven by our Corporate and Superannuation divisions.

This saw revenue increase by 6%, while Profit Before Tax, at \$30 million, was flat on a statutory basis and on an underlying basis, at \$32 million increased by a healthy 6%.

Our results were achieved as we continued to invest heavily in areas of the business experiencing high growth, including Superannuation, Corporate and the UK and Ireland businesses.

The Board increased the final dividend from the interim 44 cents to 47 cents, bringing the total dividend to 91 cents.

These results validate our strategy of servicing markets where our expertise is increasingly in demand.

As a result of the growth of our superannuation business we have decided to split our reporting into three clear business lines going forward: Trustee and Wealth Services (largely private clients, but also including Indigenous trusts and philanthropy), Superannuation (our Superannuation Trustee Office) and Corporate (which includes corporate trusts, fund services and securitisation). This will enable each business to prosper in its areas of strength, as well as improve transparency.

## TRUSTEE AND WEALTH

Our focus on providing professional trustee and executor services has continued to serve us well. Our Health and Personal Injury business now has 190 clients and \$473 million of funds under trusteeship.

We were appointed to a new Indigenous trust in Western Australia and reappointed to two existing Indigenous trust arrangements during the year.

Our Asset Management team delivered exceptionally strong results, with our Australian Equity funds outperforming the market by between 1.55% to 2.15%.

At the same time our clients continue to rate our service highly, particularly within our Advice business which is a strong referral area for other services we provide.

## SUPERANNUATION

Our Superannuation business achieved extraordinary growth, with funds tripling from \$11.2 billion to \$33.6 billion during the year. We are now trustee for approximately 600,000 members across 15 superannuation funds.

Our portfolio covers a diverse range of funds, demonstrating our expertise and capability. We also established a new superannuation fund for an advisory group – the first in Australia for some time.



Our trustee judgment was used to maximum benefit to steward our clients in all areas of the business through a series of regulatory changes, including the oversight of the COVID-19 early release super scheme, and the production of 135 member outcome assessments and fund AGMs.

## CORPORATE

The Corporate business had another strong year, surpassing the \$100 billion funds under supervision (FUS) milestone as we closed out the financial year reaching \$101 billion as at 30 June (including our global business). The Australian portion was responsible for increasing FUS by \$17 billion to \$95 billion and the number of schemes for which we are trustee or Responsible Entity increasing from 289 to 310.

We remain at the forefront of fund design, building on our portfolio of Listed Investment Trusts. We now have two active Exchange Traded Funds with the innovative dual registry quoted structure, which offers access to the booming direct equity retail investor market. The business continues to expand investment capabilities with a strong focus on ESG investing, and we are now licensed to provide schemes for class actions.

As the market leader in Responsible Entity services, we moved quickly to comply with the Modern Slavery Act, Design and Distribution Obligations and ASIC's Regulatory Guide 97 on fees. Our Corporate Trust and Securitisation division is now acknowledged as one of three top players in its market.

## PEOPLE ARE THE CENTRE OF OUR BUSINESS

A trustee business is all about the quality of its people and their ability to care for others and exercise strong judgment. We continue to attract and retain capable, high-quality people who espouse our values.

We are grateful that all our employees remained safe throughout the year, and their engagement increased from 68% to 70%, two points above the industry norm.

## COMMUNITY

Making a pro-active contribution to our communities and wider society has always been central to the way we do business. We are proud to report that our employees delivered more than 450 hours of community volunteering and pro-bono work during the year.

Our philanthropic granting during the depth of the pandemic demonstrates our leading capability to focus on community need.

## OUTLOOK

The financial services industry is increasingly valuing the benefit of specialised, professional, independent trustee services. Equity Trustees remains clear on its goal of being the leading trustee in Australia. We are already there in certain markets and well on the way to that position in many others.

The outlook for 2021-22 and beyond is positive, with attractive industry fundamentals, a growing business and committed employees. It is an honour to serve Equity Trustees and its clients and beneficiaries. I would like to thank the Board for its support, and our employees for their hard work and dedication throughout this uniquely challenging year.

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# 2021 ANNUAL FINANCIAL REPORT



**Equity Trustees**

Issue Date: 19 August 2021  
EQT Holdings Limited and Controlled Entities



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

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





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# **DIRECTORS' REPORT**

**FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2021**

The Directors of EQT Holdings Limited (Equity Trustees, or the Company) present the annual financial report for EQT Holdings Limited and its subsidiaries (the Group) for the financial year ended 30 June 2021, and the independent auditor's report.



## BOARD OF DIRECTORS

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

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

### FORMER DIRECTORS

<b>THE HON. JEFFREY KENNETT AC</b>	Retired Chairman, Independent Director	Appointed Director in September 2008; Chairman in October 2017; Retired October 2020.
<b>ALICE WILLIAMS</b>	Retired Independent Director	Appointed Director in September 2007; Retired October 2020.
<b>JAMES (JIM) MINTO</b>	Retired Independent Director	Appointed Director in March 2017; Deputy Chair in March 2019; Retired March 2021.

See page 6 for detailed biography.

### COMPANY SECRETARIES

<b>PHILIP GENTRY</b>	Company Secretary	Appointed Company Secretary in April 2021.
<b>JENNIFER CURRIE</b>	Company Secretary	Resigned as Company Secretary in April 2021.



# BOARD MEMBERS

## CURRENT

### CAROL SCHWARTZ AO

BA, LLB (Monash), MBA, FAICD, AO

**Chair, Independent Director**

**Appointed Director in March 2020;  
Chair in October 2020.**

Ms Schwartz is a Non-Executive Director of the Reserve Bank of Australia and Trawalla Group. Ms Schwartz is also the founding Chair of the Women's Leadership Institute Australia and Our Community – she remains Chair of both Boards.

Ms Schwartz was previously Chair of Industry Superannuation Property Trust, one of Australia's largest superannuation property groups, a Non-Executive Director of Stockland Group Limited, National President of the Property Council of Australia and a Member of the Advisory Board of Qualitas Property Partners.

Ms Schwartz was awarded the Leading Philanthropist Award by Philanthropy Australia in 2020, was recognised in the 2019 Queen's Birthday Honours for her service to the community as a supporter of women in leadership, social justice advocacy and to business. She has an Honorary Doctorate from Monash University, has been inducted into the Australian Property Hall of Fame, was made an Honorary Life Member of the Property Council of Australia, was recognised by Ernst & Young as the 2018 Champion of Entrepreneurship, Southern Region, and was inducted into the Victorian Women's Honour Roll.

Listed company Directorships held during the past three financial years:

- Stockland Group Limited (from July 2010 to October 2019).

### ANNE O'DONNELL

BA (Bkg & Fin.), MBA, FAICD, SF Fin

**Independent Director**

**Appointed Director in September 2010.**

Ms O'Donnell has extensive experience in the finance sector and is an experienced Executive and Non-Executive Director in the listed, not-for-profit and mutual sectors.

Ms O'Donnell is a Director of the Spirit Superannuation Fund Pty Ltd, the Winston Churchill Memorial Trust and Agricultural Innovation Australia Ltd. She is also a member of the National Capital Authority Audit Committee, UBS Global Asset Management (Australia) Ltd Compliance Committee, the Australian Banking Association representative on the Banking Code Compliance Committee, as well as Chair of the IP Australia Audit Committee and the Winston Churchill Memorial Trust Investment, Audit & Risk Committee.

A former Managing Director of Australian Ethical Investment Ltd, Ms O'Donnell has also previously been a Director of the Financial Services Council, the Centre for Australian Ethical Research Pty Ltd, the ANZ Staff Superannuation Fund, the Grain Growers Association Ltd, the Australian Institute of Company Directors, Beyond Bank Ltd and Eastwoods Pty Ltd. Ms O'Donnell brings to the Board extensive knowledge of the banking and wealth management industry.

Ms O'Donnell is a member of the Board Risk Committee, the Remuneration, Human Resources and Nominations Committee and Chair of Equity Trustees' Responsible Entity Compliance Committee.



## KEVIN ELEY

CA, F.FIN, FAICD

### Independent Director

Appointed Director in November 2011.

Mr Eley is a Chartered Accountant with experience in management, finance and investment. He was Chief Executive Officer for 20 years of listed diversified investment company HGL Limited, where he remains as a Non-Executive Director. Previously he worked in Australia and overseas for a major international accounting firm and in the corporate finance divisions of a local and international investment bank.

Mr Eley is also a Director of Milton Corporation Limited and Pengana Capital Group Limited, and a member of The Buttery Charitable Foundation.

Mr Eley brings to the Board extensive experience in the areas of managing businesses, strategic development, finance and investment.

Mr Eley is Chair of the Board Audit Committee and is a member of the Board Risk Committee.

Listed company Directorships held during the past three financial years:

- HGL Limited (from October 1985 to the present)
- Milton Corporation Limited (from November 2011 to the present)
- Pengana Capital Group Limited (from June 2017 to the present).

## D GLENN SEDGWICK

B.Comm., FAICD, FCA

### Independent Director

Appointed Director in August 2016.

Mr Sedgwick has over 35 years' commercial experience, including 20 years as a Partner in Accenture. Mr Sedgwick is a Director of the Victorian Managed Insurance Authority, MSO Holdings Ltd and the Melbourne Symphony Orchestra, where he is also Chair of its Foundation Committee and a member of its Advancement Committee. He is a Councillor of Queen's College (University of Melbourne), and Chair of the Queen's College Trust Corporation.

He was previously Managing Director of Accenture's Asia Pacific Insurance and Wealth Management business, and has consulted to listed and unlisted Australian, Asian, Chinese and European enterprises across financial services and information technology. He brings an international perspective, having lived in China and the UK over the course of his career.

He is a former Chair of both Australian Tourist Park Management Pty Ltd and Australian Life Insurance Group (ALI).

With strengths in financial reporting and risk management, Mr Sedgwick also brings to the Board extensive knowledge in strategy development, and international operations.

Mr Sedgwick is Chair of the Board Strategy Committee and a member of the Board Audit Committee and the Equity Trustees' Responsible Entity Compliance Committee.



## TIMOTHY (TIM) HAMMON

B.Comm., LLB (Melbourne University), AICD Member

### Independent Director

Appointed Director in December 2018.

Mr Hammon is a Non-Executive Director of Vicinity Centres, Chair of its Risk & Compliance Committee, as well as a member of its Remuneration and Human Resources Committee and of its Nominations Committee. He is also a member of the advisory boards of two privately-owned businesses.

Mr Hammon was CEO of Mutual Trust Pty Ltd, from 2007-2017, a leading Australian multi-family office. Prior to that, Mr Hammon held senior leadership positions with Coles Myer Ltd over an 11 year period. He began his career in law with Mallesons Stephen Jacques in 1977 and was a partner at the firm for 12 years, including four years in senior leadership positions.

Mr Hammon has also undertaken roles with numerous not-for-profit organisations, including the Abbotsford Convent Foundation, St Catherine's School and Aickenhead Centre for Medical Discovery.

Mr Hammon is Chair of the Remuneration, Human Resources and Nominations Committee and a member of the Strategy Committee.

Listed company Directorships held during the past three financial years:

- Vicinity Centres (from 2011 to the present).

## CATHERINE ROBSON

BA (Asian Studies), LLB (Hons), Grad Dip (Applied Finance), LLM (Tax), GAICD

### Independent Director

Appointed Director in February 2020.

Ms Robson is a highly skilled wealth strategist with over 20 years' experience advising sophisticated high net worth individuals and family groups.

Ms Robson is a Director of Greater Bank Limited and Lumos Diagnostics Holdings Ltd, Chair of Scale Investors and portfolio company TalkiPlay. She is a member of the Walter & Eliza Hall Institute of Medical Research Advocacy & Support Committee and Cancer Council Victoria's Investment Committee, as well as a member of the Korowa Anglican Girls' School Council.

She was formerly a Director of Equity Trustees Superannuation Limited and HTFS Nominees Pty Ltd.

Ms Robson founded successful financial services firm Affinity Private. She commenced her career at Macquarie Bank, before spending 11 years as a senior adviser with NAB Private Wealth.

Ms Robson is Chair of the Board Risk Committee and member of the Remuneration, Human Resources and Nominations Committee, Board Audit Committee and Board Strategy Committee.

Listed company Directorships held during the past three financial years:

- Lumos Diagnostics Holdings (from January 2021 to present).



## THE HON. KELLY O'DWYER

LLB (Hons) / BA

### Independent Director

Appointed Director in March 2021.

Ms O'Dwyer is a Non-Executive Director of Home Consortium Limited, HCW Funds Management Limited and Barrenjoey Capital Partners Group Holdings Pty Ltd. She is also a member of the School Council of Caulfield Grammar School.

Ms O'Dwyer previously served in the Australian Parliament as a Senior Cabinet Minister holding a number of key economic portfolios including Minister for Jobs and Industrial Relations; Minister for Revenue and Financial Services; Minister for Small Business; and Assistant Treasurer.

She also served on the Cabinet's Budget Committee (the Expenditure Review Committee) and held the portfolios of Minister for Women; as well as Minister Assisting the Prime Minister with the Public Service.

Prior to entering Parliament, Ms O'Dwyer worked in law, government and finance.

Ms O'Dwyer is a member of the Board Risk Committee.

Listed company Directorships held during the past three financial years:

- Home Consortium Limited (from November 2020 to present).

## MICHAEL (MICK) O'BRIEN

CFA, GAICD

### Managing Director

Appointed Director in July 2014;  
Executive Director in April 2016;  
Managing Director in July 2016.

Mr O'Brien was admitted as a Fellow of the Institute of Actuaries of Australia in 1989 and holds the Chartered Financial Analyst designation. He was formerly CEO and Director of Invesco Australia Limited, Director of Alliance Capital Management Australia and Chief Investment Officer of AXA Australia and New Zealand, where he was also a Director of AXA's Responsible Entities and RSE Licensees.

With over 35 years in both retail and institutional markets, Mr O'Brien brings to the Board wealth management experience in superannuation, investment management, insurance and advice.

Mr O'Brien is a member of the Board Risk Committee and Strategy Committee and a Director of a number of the Group's subsidiary companies.

Listed company Directorships held during the past three financial years:

- Templeton Global Growth Fund Limited (from August 2014 to February 2020).



## FORMER

### THE HON. JEFFREY KENNETT AC

#### **Former Chairman, Independent Director**

**Appointed Director in September 2008;  
Chairman in October 2017.**

Mr Kennett is the former Premier of Victoria, founder of Beyond Blue and current President of the Hawthorn Football Club.

Mr Kennett was Premier of the State of Victoria from 1992 to 1999 and Leader of the Opposition 1982-1989 and 1991-1992.

He was a Member of the Victorian Parliament for 23 years and he continues to serve the community through numerous roles, including Patron of The Royal District Nursing Service and Chairman of The Torch, a program assisting Aboriginal and Torres Strait Islander men and women during incarceration and after their release.

He is currently Chairman of the Australian Volunteer Support Trust, Open Windows Software Pty Ltd, and CT Management Group Pty Ltd. He is also a Director of Amtek Corporation Pty Ltd and a member of the National Co-Design Group.

Mr Kennett was awarded the Companion of the Order of Australia in 2005.

### ALICE WILLIAMS

BComm., FCPA, FAICD, ASFA AIF, CFA

#### **Former Independent Director**

**Appointed Director in September 2007; Chair of the Remuneration, Human Resources and Nominations Committee and member of Equity Trustees' Responsible Entity Compliance Committee.**

Ms Williams is a Director of Cooper Energy Limited, Djerrivarrh Investments Limited, Defence Health and Tobacco Free Portfolios Limited.

She previously held senior management positions in the financial services sector, including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia, and has previously held Board positions with State Trustees, Western Health, the Australian Accounting Standards Board, the Foreign Investment Review Board (FIRB) and Victorian Funds Management Corporation.

### JAMES (JIM) MINTO

GAICD, FCA

#### **Former Deputy Chairman, Independent Director**

**Appointed Director in March 2017; Deputy Chair in March 2019. Chair of the Board Risk Committee and member of the Board Audit Committee and Board Strategy Committee.**

Mr Minto's diverse career in financial services has included appointments as CEO and Managing Director for TAL Limited and Chairman of TAL's Australian superannuation trustee companies. He was a Director of the Trustee Corporations Association of New Zealand, including a period as Chairman.

Mr Minto holds Chair positions for Swiss Re Life & Health Australia, the Advisory Board of Swiss Reinsurance Company Limited (Australian branch) and NZ Life Insurer Partners Life Limited. He is a Director for Dai-ichi Life Asia Pacific in Singapore and the National Disability Insurance Agency.





# COMPANY SECRETARIES

## CURRENT

### PHILIP GENTRY

BSc, MBA, GAICD

**Chief Financial Officer and Chief Operating Officer and Company Secretary**

**Joined January 2016. Appointed Company Secretary in April 2021.**

Mr Gentry has more than 25 years' experience in leadership positions within financial services, property, agribusiness, international trade, commodities and logistics.

Mr Gentry's previous roles have included Managing Director of Agrium Asia Pacific, CFO of AWB. He has also, held a variety of senior roles at ANZ Bank ranging from Corporate Banking, Strategic Development and Investor Relations to Global Head of Commodity and Trade Finance.

Mr Gentry received an MBA from IMD in Switzerland in 1991 and completed the Stanford Executive Program in 2010. He is a member of the Financial Services Institute of Australasia, and the Australian Institute of Company Directors. He graduated from the Royal Military College, Duntroon in 1983 with a Bachelor of Science from the University of NSW.

## FORMER

### JENNIFER CURRIE

BComm/LLB (Hons) LLM(IP) GAICD, FGIA

**Resigned April 2021.**

Ms Currie has over a decade's experience in the role of Company Secretary, including for ASX Listed entities across a range of sectors. Her prior roles include Chief Legal Officer and Company Secretary at Syrah Resources Limited, Capitol Health Limited and the Baker Heart and Diabetes Institute, and she has acted as legal counsel for organisations including Medibank and Telstra. She is also a Non-Executive Director of Ceridian Australia Pty Ltd and Summer Infant Australia Pty Ltd.

Ms Currie is a Chartered Secretary and Fellow of the Governance Institute of Australia and has also completed post graduate education at the Australian Institute of Company Directors and Oxford University. She also holds a Master of Laws, and Bachelor of Commerce/Laws (Hons) from Monash University.



## DIRECTORS' MEETINGS

The following table sets out the number of Directors' Board and Committee meetings held during the financial year and the number of meetings attended by each Director (while they were a Director or member of the relevant Committee).

DIRECTORS CURRENT DIRECTORS	BOARD		REMUNERATION, HUMAN RESOURCES, NOMINATION COMMITTEE		BOARD AUDIT COMMITTEE		BOARD RISK COMMITTEE		BOARD STRATEGY COMMITTEE	
	A	B	A	B	A	B	A	B	A	B
C Schwartz <sup>1</sup>	16	16	n/a	4	n/a	4	n/a	4	n/a	2
A O'Donnell	16	15	5	4	n/a	n/a	6	6	n/a	1
K Eley	16	16	n/a	1	5	5	6	6	n/a	2
DG Sedgwick	16	16	n/a	n/a	5	5	n/a	2	3	3
T Hammon <sup>2</sup>	16	14	5	5	n/a	1	n/a	1	3	3
C Robson <sup>3</sup>	16	16	5	5	5	4	6	6	3	2
K O'Dwyer <sup>4</sup>	4	4	n/a	n/a	n/a	n/a	1	1	n/a	n/a
M O'Brien	16	16	n/a	5	n/a	5	6	6	3	3
FORMER NON-EXECUTIVE DIRECTORS										
J Kennett <sup>5</sup>	5	5	n/a	2	n/a	1	n/a	2	n/a	n/a
A Williams <sup>6</sup>	4	4	3	3	n/a	n/a	n/a	n/a	n/a	n/a
J Minto <sup>7</sup>	12	12	n/a	n/a	5	5	5	5	3	2

A = Meetings eligible to attend

B = Meetings attended

n/a = Not applicable

<sup>1</sup> Carol Schwartz was appointed Chair of the Board effective 28 October 2020.

<sup>2</sup> Tim Hammon was appointed Chair of the Remuneration, Human Resources, Nomination Committee on 4 December 2020.

<sup>3</sup> Catherine Robson was appointed Chair of the Board Risk Committee effective 29 March 2020 and a member of the Board Strategy Committee effective 4 December 2020 and the Board Audit Committee effective 29 March 2021.

<sup>4</sup> Kelly O'Dwyer appointed as Director of the Company effective 29 March 2021 and a member of the Board Risk Committee effective 29 March 2021.

<sup>5</sup> Jeffrey Kennett retired from the Board effective 28 October 2020.

<sup>6</sup> Alice Williams retired from the Board effective 28 October 2020.

<sup>7</sup> Jim Minto retired from the Board effective 29 March 2021.

Any Director may attend any Board committee meeting.



## EXECUTIVE LEADERSHIP TEAM

### Michael (Mick) O'Brien

CFA, GAICD

**Managing Director**  
Joined April 2016.

See profile in the previous section.

### Philip Gentry

BSc, MBA, GAICD

**Chief Financial Officer, Chief Operating Officer  
and Company Secretary**  
Joined January 2016.

See profile in the previous section.

### Sharni Redenbach

BAppSc (Psych), GradDip (AppPsych)

**Executive General Manager, Human Resources**  
Joined August 2016.

Ms Redenbach has nearly 20 years' experience in the financial services industry. After graduating from university, Ms Redenbach commenced her career with the Link Group. Before joining Equity Trustees, she led the HR function in Australia for global FinTech company Fiserv.

### Russell Beasley

Dip Fin Mkts, SA Fin

**Executive General Manager, Corporate Trustee  
Services**  
Joined February 2005.

Mr Beasley has more than 40 years' experience in the financial services industry, holding senior funds management and retail banking roles with MLC, County Investment Management and National Australia Bank.

Mr Beasley is responsible for the Corporate Trustee Services business within Australia. He is a member of the Equity Trustees' Responsible Entity Compliance Committee.

### Ian Westley

BAgrSc, DipFinServ

**Executive General Manager, Trustee and Wealth  
Services**  
Joined May 2007.

Mr Westley has more than 30 years' business development and sales experience in Australia and the United Kingdom across a range of different industries. He is responsible for managing the Trustee Wealth Services business. He holds a Bachelor of Agriculture Science degree from the University of Melbourne and a Diploma of Financial Services.

### Mark Blair

BSc. (Hons), FIA, FIAA

**Executive General Manager, Superannuation  
Trustee Office**  
Joined January 2016.

Mr Blair has over 30 years' experience in the financial services industry in the UK and Australia, including advisory, strategy and business development roles. Mr Blair leads the Superannuation Trustee Office. He holds an honours degree in mathematics from Nottingham University and has held senior roles with Russell Investments, Rice Warner and KPMG.

### Owen Brailsford

BA (Hons) Manchester University, Associate of Chartered Insurance  
Institute (ACII) UK

**Chief Risk Officer**  
Joined February 2019.

Mr. Brailsford has more than 20 years of international experience in risk management and regulatory roles in the superannuation, pensions, and insurance industries. He was previously Chief Risk Officer with responsibility for risk and compliance at Australia's largest corporate superannuation fund, TelstraSuper. His background includes roles at the Australian Prudential Regulation Authority (APRA), Prudential PLC and RSA Insurance (both UK) and a risk management advisory role at KPMG.



# OPERATING AND FINANCIAL REVIEW

## OVERVIEW OF EQUITY TRUSTEES

### INTRODUCTION

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

### PURPOSE

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

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

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

### STRATEGY

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



Key strategic objectives include:

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

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



## OPERATING BUSINESSES AND PRINCIPAL ACTIVITIES

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

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

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

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

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

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

- Achieve further scale by securing trustee appointments to large funds.
- Capitalise on industry and ownership changes to facilitate new appointments.

Revenues are predominantly earned from fees charged on assets under supervision, management, administration or advice. This revenue is influenced by changes in underlying asset values along with margins and net client asset flows. Client relationships and contracts are mainly long term in nature and the operating model typically provides relatively enduring revenue streams with leverage to movement in asset values.



## GROUP FINANCIAL PERFORMANCE

### Summary Financial results and value creation measures

FINANCIAL SUMMARY	FY21 \$'000	FY20 \$'000	FY21 v FY20 \$'000	FY21 v FY20 %
Revenue	101,040	95,430	5,610	5.9%
Total expenses	(70,729)	(65,117)	(5,612)	(8.6%)
Net Profit Before Tax (NPBT)	30,311	30,313	(2)	-
Reconciliation to Underlying NPBT (UNPBT) <sup>1</sup>				
M&A Project costs	1,827	-	(1,827)	(100.0%)
Underlying NPBT	32,138	30,313	1,825	6.0%
Net Profit After Tax (NPAT)	20,508	18,487	2,021	10.9%
Loss attributable to non-controlling interest	(1,020)	(725)	(295)	(40.7%)
NPAT attributable to equity holders of the Company	21,528	19,212	2,316	12.1%
Reconciliation to Underlying NPAT (UNPAT) <sup>1</sup>				
M&A project costs	1,717	-		
Settlement of ATO dispute	(846)	2,022		
Underlying NPAT	22,399	21,234	1,165	5.5%
<b>VALUE CREATION MEASURES</b>				
Earnings Per Share (EPS) (cents) <sup>2</sup>	103.04	92.95	10.09	10.9%
Underlying Earnings Per Share (EPS) (cents) <sup>2</sup>	107.21	102.73	4.48	4.4%
Dividends per share (cents) (paid and proposed)	91	90	1	1.1%
1-year total shareholder return (TSR)	14.3%	(13.3%)	-	N/A
3-year total shareholder return	44.8%	54.5%	-	N/A
Return on equity using NPAT	7.5%	6.9%	-	N/A
FUMAS (\$b)	144.2	101.0	43.2	42.8%

<sup>1</sup> Underlying net profit after tax (UNPAT) excludes significant items. For both periods presented, adjustments have been made to reflect the impact of a settlement reached with the Australian Taxation Office (ATO) in relation to a disputed rights to future income (RTFI) deduction on an acquisition that occurred in 2010. The FY21 underlying result is adjusted by \$846k to eliminate the impact of the settlement reached with the ATO (all of which relates to prior years as no tax deduction is available in FY21). The FY20 underlying result is adjusted by \$2.02m, reversing a previously made provision, and reflects only the deduction to which the Group was entitled in that year. Underlying NPBT and NPAT for FY21 also includes a one-off post tax adjustment of \$1.72m (pre-tax \$1.83m) to NPAT for M&A project costs during the year for M&A that did not proceed.

<sup>2</sup> The weighted average shares on issue during the period of 20,893,718 (year ended 30 June 2020: 20,668,662).

The Directors of Equity Trustees are pleased to present the results of the Group for the year ended 30 June 2021. The key themes for the results for the year are:

- Strong organic growth, particularly in Superannuation Trustee Services.
- FUMAS up 43% to record levels.
- The recovery of financial markets from the impacts of COVID-19.
- Selective investment in growth areas along with operating cost containment.
- Settlement of a longstanding tax matter with the Australian Taxation Office (ATO).

The above table describes the key financial performance and financial value creation metrics of the Group for the year ended 30 June 2021. Of particular focus are net profit before tax (NPBT), earnings per share, dividends and funds under management, administration, advice and supervision (FUMAS).



Net profit before tax of \$30.3m was steady on the prior year on a statutory basis, however on an underlying basis was materially stronger, up 6%. Underlying NPBT (UNPBT) adjusts for \$1.83m of M&A project costs relating to M&A initiatives that ultimately did not proceed.

FY21 NPAT was \$21.5m, up 12.1% on the prior year and Underlying NPAT (UNPAT) was \$22.4m, up 5.5% on the previous year. UNPAT adjusts for \$1.72m of M&A projects costs (post-tax), along with an \$846k settlement in relation to a longstanding tax matter.

The improvement in UNPAT reflects:

- Good organic growth, especially in Superannuation Trustee Services and Corporate Trustee Services.
- Positive recovery in equity markets.
- Targeted investment in growth areas and related risk management and support.
- Partially offset by:
  - Reduced earnings on cash management in the lower interest rate environment.
  - Lower earnings on dividend distribution income as a result of reduced dividends on investments reflecting generally lower dividend yields over the past twelve months.

This result incorporates the settlement of a longstanding dispute with the ATO relating to a rights to future income deduction on an acquisition that occurred in 2010. At 30 June 2020, the Group made a provision for this settlement, based on its best estimate of the likely settlement outcome at the time. The Group has subsequently been able to settle on more favourable terms than previously anticipated, resulting in a positive write-back to income tax expense in the current period of \$846k. As a result of the settlement, no further amounts are expected to be incurred (or received) with the ATO in respect of this matter.

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

## REVENUE

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

The TWS Private Client revenue is just over 50% linked to markets, as measured by the average daily performance of the ASX 200 index. The Corporate Trustee Services revenue is approximately 50% linked to markets, as measured by the performance of the average daily All-World MSCI index. The Superannuation Trustee Services business has lower leverage to markets, at approximately 20% of the performance of the average daily ASX 200 index, as its business model has a higher proportion of fixed fees.

For the year to 30 June 2021, FUMAS was up 43% to \$144b. This was a significant achievement in a year in which we experienced the COVID-19 pandemic crisis along with substantial market volatility and largely reflects significant new client wins in Superannuation Trustee Services, good growth in Corporate Trustee Services and improving equity markets.

Total revenue for FY21 of \$101m was up 5.9% on the prior year reflecting positive equity markets and good organic growth, particularly in Superannuation Trustee Services which had an exceptional year, and also high levels of activity in Corporate Trustee Services. The impact of positive equity markets was offset by lower margins on cash management accounts in a lower interest rate environment and reduced dividend distribution revenue flowing from the lower level of dividends.

The FUMAS percentage increase was much higher than the overall revenue increase due to the typically lower basis point fees of the large Superannuation Trustee Services client wins, and the reduced revenues from cash management accounts and dividend distribution revenue referred to above.



## EXPENSES

Total expenses for the year were up 8.6% on FY20. Total expenses include both operating and non-operating expenses. During the period, the Group incurred costs of \$1.83m in respect of potential M&A opportunities that did not complete. While on this occasion this investment has not materialised into an acquisition, the Group is confident its diligent and conservative approach to M&A is appropriate. The Group continues to search for and assess high quality businesses to complement our longer-term strategic aspirations.

Adjusting total expenses for these M&A project costs results in lower total expenses of \$68.9m, up a more moderate 5.8% on the prior year. This expense increase reflects several factors including:

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

## MARGINS

The Group's EBITDA margin, calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue, has declined to 36.7% compared with 38.4% for FY20. However, on an underlying basis when adjusted for the M&A project costs, the EBITDA margin is up slightly to 38.5%.

The Group's NPBT margin is similarly affected by the M&A project costs, declining to 30.0% in FY21 from 31.8%. Adjusting for these M&A costs, the NPBT margin was stable at 31.8%.

	FY21	FY20
EBITDA margin	36.7%	38.4%
Underlying EBITDA margin	38.5%	38.4%
NPBT margin	30.0%	31.8%
Underlying NPBT margin	31.8%	31.8%

## SHAREHOLDER RETURNS AND DIVIDENDS

			FY21 VS FY20 %
SHAREHOLDER RETURNS FOR THE PERIOD		FY21	FY20
Earnings Per Share on NPAT (cents)	103.04	92.95	10.9%
Earnings Per Share (EPS) on underlying NPAT (cents)	107.21	102.73	4.4%
Annualised ROE on NPAT (%)	7.5	6.9	8.4%
<b>Dividends for the period</b>			
Fully franked dividends paid/payable (\$'000)	19,057	18,678	2.0%
Fully franked dividends per ordinary share (cents)	91	90	1.1%
Dividend payout ratio (%)	88.3	96.8	(8.8%)
Underlying Dividend payout ratio (%)	84.9	87.6	(3.1%)





## EARNINGS PER SHARE

The statutory earnings per share for FY21 was 103.04 cents, a 10.9% increase on the 92.95 cents per share for FY20. Underlying earnings per share for the half year were 107.21, compared with 102.73 cents per share for FY20. The key adjustments between statutory and underlying earnings per share relate to the settlement of the tax matter with the ATO, as well as the M&A project costs, impacting the current period. None-the-less, both statutory and underlying earnings per share have improved materially from FY20, due to organic growth and the improved operating performance of the business.

The weighted average shares on issue during the period of 20,893,718 (year ended 30 June 2020: 20,668,662), represents a 1.1% increase over the prior year. This increase arises from shares issued in relation to:

- Participation in the dividend reinvestment plan (DRP) in relation to the 2021 interim and 2020 final dividends; and
- Participation in employee share acquisition plans, share based remuneration and salary sacrifice share schemes.

## DIVIDENDS

Subsequent to 30 June 2021, the Directors resolved to pay a fully franked final dividend of 47 cents per share bringing the total dividends paid/payable for the year to 91 cents.

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

The combined interim and final dividends represent a dividend payout ratio of 88% on a statutory basis, or 85% on an underlying basis, both within the company's dividend policy payout range of 70-90%.

The Dividend Reinvestment Plan will continue to operate for the 2021 final dividend, with a 1.25% discount. The 2021 final dividend will be fully franked and payable on 5 October 2021.



# GROUP FINANCIAL POSITION

## SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE	FY21 \$'000	FY20 \$'000
<b>Assets</b>		
Cash and cash equivalents – corporate	68,925	75,738
Cash and cash equivalents – ORFR related	23,250	9,000
Trade receivables and accrued income	34,615	27,518
Goodwill and intangible assets	206,404	208,345
Other assets (including managed fund investments)	20,640	22,065
<b>Total Assets</b>	<b>353,834</b>	<b>342,666</b>
<b>Liabilities</b>		
Trade payables and other current liabilities	14,758	13,751
Borrowings – corporate	10,000	20,000
Borrowings – ORFR related	23,250	9,000
Other non-current liabilities	31,575	32,557
<b>Total Liabilities</b>	<b>79,583</b>	<b>75,308</b>
<b>Equity</b>		
Issued capital	253,621	248,862
Reserves	1,778	1,949
Retained earnings	21,407	18,009
<b>Total equity attributable to owners of the Company</b>	<b>276,806</b>	<b>268,820</b>
<b>Non-controlling interest</b>	<b>(2,555)</b>	<b>(1,462)</b>
<b>Total Equity</b>	<b>274,251</b>	<b>267,358</b>

## BALANCE SHEET ANALYSIS

### Liquidity

The Group manages liquidity risk by:

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

In FY21, cash and cash equivalents – corporate, reduced from \$75.7m to \$68.9m. During the same period there was a reduction in corporate borrowings of \$10m. This reflected an objective of improving capital efficiency whilst still maintaining a healthy level of liquidity.

### Borrowings – Corporate

During the period the Group repaid \$10m (50%) of its outstanding debt. The \$30m undrawn balance of the \$40m facility with ANZ Bank remains available should it be required.

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



## Borrowings – ORFR facility loans

ORFR RELATED ASSETS AND LIABILITIES	FY21 \$'000	FY20 \$'000
<b>Assets</b>		
Cash and cash equivalents	23,250	9,000
<b>Liabilities</b>		
Borrowings	23,250	9,000

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

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

## Net Assets and Net Tangible Assets

Overall, the Group's financial position has strengthened during the financial year. At 30 June 2021, net assets increased to \$274.3m, up 2.6% from \$267.4m at 30 June 2020. Net tangible asset backing per share has increased by 13.0% to \$2.98 from \$2.64 at 30 June 2020.

## Issued Capital

Issued capital increased by \$4.76m during the year, due primarily to the active Dividend Reinvestment Plan (DRP), with the remainder being shares issued under the Long-term Incentive Plan, Employee Salary Sacrifice Share Plan and Employee Share Acquisition Plan.

## Capital Management

Equity Trustees' overarching capital management objectives are as follows:

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

Equity Trustees maintains a conservative balance sheet with low gearing. The Group's debt to equity ratio (excluding ORFR facility loans and their related cash) at 30 June 2021 is 3.6%, or 12.1% including the ORFR facility loans. The debt to equity ratio (excluding ORFR facility loans) has decreased 3.9 percentage points on the prior year (including ORFR loans: increased 1.3 percentage points).

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



## CASH FLOW

### Cash flow Analysis

The Group's capacity to generate cash continues to be strong with pre-tax operating cash flows of \$30.4m, down slightly during the year from \$31.0m. This reduction was due in part to the continued investment in the business to support growth, timing of working capital receipts and the impact of adverse equity markets in the first half of the year.

The Group's total cash and cash equivalents have increased by \$7.4m or 8.7% on the prior year. The increase in part reflects a combination of additional ORFR borrowings and associated cash on deposit offset by \$10m repayment of corporate borrowings.

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

Material non-operating cash flows during the year were:

- \$10m repayment in corporate borrowings to reduce interest expense while simultaneously increasing committed undrawn borrowing capacity.
- \$14.3m increase in borrowings (and associated increase in liquidity) to facilitate the provision of ORFR capital associated with the appointment of trustee to various superannuation funds.
- \$14.5m of dividend payments (net of DRP of \$3.6m) to shareholders.

	FY21	FY20
FOR YEAR ENDED 30 JUNE	\$'000	\$'000
<b>Cash from operating activities</b>		
Receipts from customers	105,065	100,591
Payment to suppliers and employees	(74,637)	(69,627)
<b>Operating cash flow before income tax</b>	<b>30,428</b>	<b>30,964</b>
Income tax paid	(11,106)	(12,707)
<b>Net cash from operating activities after income tax</b>	<b>19,322</b>	<b>18,257</b>
Dividends paid in cash to members of the Company	(14,542)	(14,600)
Redemption of liquid investments	-	10,168
Net payments for assets and acquisitions	(691)	(1,294)
(Repayment of)/proceeds from borrowings – corporate facility	(10,000)	8,000
Proceeds from borrowings – ORFR facilities	14,250	9,000
Interest received	485	935
Other cash flows	(1,400)	(84)
<b>Net increase in cash and cash equivalents</b>	<b>7,424</b>	<b>30,382</b>
Cash and cash equivalents at the beginning of the financial year	84,738	54,434
Exchange fluctuations on foreign cash balances	13	(78)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>92,175</b>	<b>84,738</b>
Additional liquid funds	5,000	5,000
<b>Total liquid funds at the end of the financial year</b>	<b>97,175</b>	<b>89,738</b>



# REVIEW OF BUSINESSES

## BUSINESS UNIT PERFORMANCE – CORPORATE TRUSTEE SERVICES (CTS)

Key products and services include:

### AUSTRALIA (CTS-A)

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

### UNITED KINGDOM AND IRELAND (CTS-EU)

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

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

CTS PERFORMANCE AND KEY DRIVERS	FY21	FY20	FY21 v FY20	FY21 v FY20
FINANCIAL PERFORMANCE	\$'000	\$'000	\$'000	%
Revenue	33,421	31,550	1,871	5.9%
Expenses	(20,485)	(19,324)	(1,161)	6.0%
<b>Business unit net profit before tax</b>	<b>12,936</b>	12,226	710	5.8%
Business unit profit margin (%)	38.7%	38.8%	-	(0.1%)
GROWTH IN KEY DRIVERS				
<b>Funds under supervision (FUS) (\$b)</b>	<b>100.8</b>	81.7	19.1	23.4%
Funds Manager Clients				
No. Clients	123	115	8	7.0%
No. Funds	310	289	21	7.3%

### Revenue

CTS revenues have increased by 5.9%, or \$1.87m on the prior year. CTS revenues are approximately 50% linked to prevailing market levels, particularly global markets. This result reflects a combination of the continued recovery of investment markets from the lows experienced in the second half of FY20 and good organic growth offset by a small number of fund closures and mandate exits, predominantly in the first half of FY21.

Funds under supervision have increased by 23.4% on FY20 reflecting the strong recovery in global equity markets and good organic growth.

There has been a considerable amount of new fund establishment activity in FY21, causing the number of clients and associated funds supervised to increase by 7.0% and 7.3% respectively on the prior year. Most of this activity has related to CTS-A's Responsible Entity Services and has been particularly strong in the second half. Accordingly, the full year impact of most of the new client activity is expected to be more evident in FY22.

CTS-A's Corporate Trust Services continues to grow strongly with revenues up approximately 16% on the prior year to \$2.9m. The team has completed a number of new transactions during the period, including significant retail note transactions for Challenger Limited and Macquarie Group Limited. They have also onboarded their first clients utilising the Group's new credit license and acted as Facility Agent and Security Trustee for several large, syndicated property transactions and custodian for large property transactions. During the period the



team's capability was enhanced by the addition of new resources to further support their growing presence and service offering in Corporate Trust Services.

The CTS-EU team has continued to pursue and win a number of opportunities in FY21. The team has expanded in size, providing increased capacity to grow and onboard new funds. The business now supervises 28 funds with approximately £2.75b worth of funds under supervision. The pipeline of opportunities remains healthy for the Group's overseas operations, however the impact of the pandemic and associated lockdowns has slowed fund establishments and also limited fund managers' ability to market and distribute their products.

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

## Expenses

CTS expenses have increased by 6.0% or \$1.16m on the prior year. This reflects the increases in resourcing for the CTS-A Corporate Trust Services team, as well as the CTS-EU team. More recently, additional resourcing has also been required to support the high levels of activity in CTS-A Responsible Entity Services. Utilising technology to improve productivity and enhance scale benefits is a key priority in the year ahead.

## Outlook

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

In the period ahead the business will further assess the regulatory developments in each of Australia, UK and Ireland markets and consider how best to optimise its business model.

Equity markets continue to perform well globally and with interest rates expected to remain very low, the outlook for equity markets, while not without risks, appears positive, at least in the near term.

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

## BUSINESS UNIT PERFORMANCE – TRUSTEE & WEALTH SERVICES (TWS)

Key products and services include:

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

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

- Private client trustee services.
- Other services.

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



TWS PERFORMANCE AND KEY DRIVERS	FY21	FY20	FY21 v FY20	FY21 v FY20
FINANCIAL PERFORMANCE	\$'000	\$'000	\$'000	%
Private client trustee services revenue	41,894	42,233	(339)	(0.8%)
Other services revenue	5,102	6,866	(1,764)	(25.7%)
<b>Total TWS revenue</b>	<b>46,996</b>	<b>49,099</b>	<b>(2,103)</b>	<b>(4.3%)</b>
Expenses	(34,209)	(33,076)	(1,133)	3.4%
<b>Business unit net profit before tax</b>	<b>12,787</b>	<b>16,023</b>	<b>(3,236)</b>	<b>(20.2%)</b>
Business unit profit margin (%)	27.21%	32.63%	-	(16.6%)
GROWTH IN KEY DRIVERS	FY21 \$b	FY20 \$b	FY21 v FY20 \$b	FY21 v FY20 %
<b>Funds under management, advice, administration and supervision (FUMAS)</b>	<b>9.8</b>	<b>8.1</b>	<b>1.7</b>	<b>21.0%</b>
Philanthropy	2.5	2.0	0.5	25.0%
Asset Management	4.6	3.9	0.7	17.9%
Trusts & Estates	2.1	1.6	0.5	31.3%
Wealth Advice	0.6	0.6	-	-

## Revenue

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

TWS revenues reduced by 4.3% to \$47.0m during the year. This was attributable to a range of factors including:

- Moderate underlying organic growth offset by declining interest rates adversely impacting returns on cash management products and lower dividend distribution revenue driven by lower Australian equity market dividends.
- Business development was impacted by the pandemic, particularly for the Estate Planning, Advice and Trust businesses where client facing activity was severely restricted.
- TWS is just over 50% exposed to markets, as measured by the average daily performance of the ASX 200 index. During the FY21 year the average daily ASX 200 was up 3.3% compared to the average daily ASX 200 for the prior year which provided a modest benefit.
- Revenues from other services, which include estate management, estate planning and tax services have decreased by 25.7% on FY20. This decrease reflects the predominantly transactional nature of these services and also included the completion of a substantial estate in the prior year. Estate planning and taxation services are not exposed to equity markets, however estate management can be, and the size and nature of estates is also difficult to predict leading to some inherent variability in revenues from year to year.

FUMAS grew 21% to \$9.8b reflecting higher equity markets as at 30 June 2021 compared with 30 June 2020.

## Expenses

Expenses have grown by \$1.1m or 3.4% on the prior year. Expense growth is predominantly attributable to additional investment in technology and new relationship and business development resources supporting growth, particularly in states outside Victoria. Expense growth otherwise continues to be modest and in line with the Group's longer-term expense growth rate.

## Outlook

The outlook for TWS in the period ahead is positive. The impacts of reduced cash management returns are close to bottoming out, equity markets are higher and the associated starting FUMAS for the year ahead is also higher and dividend distribution fees are expected to return to more normal levels as market dividend yields improve.



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

On a longer-term basis, the fundamentals underpinning the TWS business remain positive. We expect traditional trustee services will continue to benefit from an ageing demographic and increasing levels of intergenerational wealth transfer.

## BUSINESS UNIT PERFORMANCE – SUPERANNUATION TRUSTEE SERVICES (STS)

Key products and services include:

- Superannuation trustee services to superannuation funds and members.

STS PERFORMANCE AND KEY DRIVERS	FY21	FY20	FY21 v FY20	FY21 v FY20
FINANCIAL PERFORMANCE	\$'000	\$'000	\$'000	%
Revenue	19,194	14,035	5,159	36.8%
Expenses	(13,914)	(12,429)	(1,485)	11.9%
<b>Business unit net profit before tax</b>	<b>5,280</b>	<b>1,606</b>	<b>3,674</b>	<b>228.8%</b>
Business unit profit margin (%)	27.5%	11.4%	-	140.4%
GROWTH IN KEY DRIVERS	FY21	FY20	FY21 v FY20	FY21 v FY20
	\$b	\$b	\$b	%
<b>Funds under supervision (FUS)</b>	<b>33.6</b>	<b>11.2</b>	<b>22.4</b>	<b>200.0%</b>

### Revenue

Superannuation Trustee Services has had a exceptional year with revenue growth up 36.8% to \$19.2m. This was primarily driven by significant new appointments as trustee to AMP Life (part of the Resolution Life Group) and HUB24, totalling \$15.4b, contributing positively to revenue from early in the first half of FY21. More recently, STS has been appointed as trustee for the Centric Super Fund (part of the broader Findex Group) and the Aracon Super Fund. STS now acts as trustee for the benefit approximately 600,000 members.

Total FUS was up 200% to \$33.6b. This reflected these significant new appointments along with net fund inflows and positive equity markets. The STS business has achieved a material improvement in size and scale, and there remains an opportunity to grow further.

### Expenses

Expenses were up 11.9% to \$13.9m. This increase reflected the material investment made in STS to ensure it was appropriately resourced to undertake its fiduciary activities.

To support this growth, significant investment in people and technology has been made to ensure that this business has the resources and capability to sustainably manage its new clients and pipeline of opportunities.

### Outlook

The superannuation industry has historically seen remarkable growth underpinned by its compulsory nature and the rising rate of contributions. While these drivers will continue, there is also increasing regulatory intensity and scrutiny, along with significant pressure on fees across the industry.

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





## BUSINESS RISKS

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



## RISK AND COMPLIANCE CULTURE

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

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

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

## SUPPORT AND MONITORING FOR THE RISK CULTURE

The EQT Group assesses and monitors its risk culture through:

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



## THREE LINES OF DEFENCE

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

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

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





## BUSINESS RISKS AND COVID-19

Following the navigation of the acute impact of COVID-19 in FY20 Equity Trustees has continued to manage the people, financial, investment and operational risks throughout FY21.

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

A series of measures have been taken to ensure operational resilience, and to appropriately navigate the financial risks and ensure equitable treatment of investors, members and beneficiaries. Throughout the period there has been no observable degradation in service and investment has been made to ensure robust, efficient and secure operations.

While the risk environment remains elevated and there remains significant uncertainty in relation to financial market performance into the future, Equity Trustees continues to take steps to ensure consistent and resilient operations in the face of that uncertainty. We believe we are well placed to face those challenges.

## REGULATORY DEVELOPMENTS

In common with much of the financial services industry Equity Trustees is currently navigating a large body of regulatory reform together with a significant increase in the frequency and intensity of regulatory oversight across its superannuation, responsible entity and European businesses.

The current reforms include:

- The changes to fee disclosure in ASIC's Regulatory Guide RG97.
- The introduction of the Design and Distribution obligations.
- The introduction of the Financial Accountability Regime (FAR) and the attendant APRA remuneration standard.
- The embedding of APRA's SPS515 Strategic Planning and Member Outcomes prudential standard.
- The changes to APRA's data and reporting regime.
- Proposed changes to APRA's prudential standard SPS250 Insurance in Superannuation.
- ASIC's breach reporting reforms.
- ASIC's changes to internal dispute resolution in Regulatory Guide 271.
- Proposed changes to ASIC's Derivative Transaction Rules (Reporting) in CP334.
- The UK Financial Conduct Authority's thematic review of host Authorised Fund Management firms.
- The Central Bank of Ireland's review of Fund management effectiveness framework (CP86).

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



## KEY RISKS

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

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
<b>Strategic</b>	There is a risk that the assumptions underlying the Group's strategic decisions are (or prove to be) incorrect or that the conditions underpinning those decisions may change. Also, one or more of the Group's strategic initiatives may prove to be too difficult or costly to execute. Opportunities that are pursued may change the Group's risk profile and/or capital structure.	<ul style="list-style-type: none"><li>• Articulated Group strategy.</li><li>• Dedicated Group Strategy committee.</li><li>• Regular reviews of the Group's business model.</li><li>• Executive KPIs aligned to Group strategic objectives.</li><li>• Dedicated business development and referral channels.</li><li>• Review of the risk profile following new or changed strategic initiatives.</li></ul>
<b>Operational</b>	Operational risks are a core component of doing business, arising from the day-to-day operational activities of the Group as well as projects and business change activities. A substantial operational risk event may give rise to losses, including financial losses, fines, penalties, personal injuries, reputational damage, loss of market share, theft of property, customer redress and litigation. Under our RMF, this category also includes insurance risk.	<ul style="list-style-type: none"><li>• Detailed policies and procedures.</li><li>• Defined roles and responsibilities for staff.</li><li>• Information security policy and Group privacy framework.</li><li>• Incident and breach management policy.</li><li>• Business continuity management policy and annual testing program.</li><li>• A Group controls-monitoring program, which includes quarterly attestations from external service providers, and targeted testing.</li></ul>
<b>Financial</b>	<p>Financial risks encompass liquidity, foreign exchange, interest rate, credit and balance sheet management risks, which, if not managed well, could have a significant adverse impact on the Group.</p> <p>Financial risks also encompass the preparation of financial statements for the Group and the entities for which the Group acts as Responsible Entity or Trustee. Should the estimates and assumptions adopted in preparation of the financial statements be found to be incorrect, there could be an impact on the Group's performance, reputation and position.</p>	<ul style="list-style-type: none"><li>• Forecasting and budgeting process.</li><li>• Oversight by Board Audit Committees.</li><li>• Annual business unit strategy and plan reviews.</li><li>• Regular cost control and improvement initiatives.</li><li>• Group capital management policy.</li><li>• Detailed financial policies and procedures.</li><li>• Independent audits by reputable accounting firms.</li></ul>



RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
<b>People</b>	The success of Equity Trustees relies on its ability to attract, motivate and retain people who have the necessary skills and experience to help achieve the Group's goals. The loss of key personnel could disrupt our operations in the short term. While our incentives program is designed to align key personnel interests with the Group's goals, there is no guarantee of their continued employment.	<ul style="list-style-type: none"><li>• Succession planning for key roles.</li><li>• Employee engagement monitoring and action plans.</li><li>• Wellness program.</li><li>• Remuneration benchmarking.</li><li>• Risk culture training and annual risk culture surveys.</li><li>• Clearly articulated corporate values.</li></ul>
<b>Outsourcing</b>	Equity Trustees relies on several third-party service providers for various fund administration, investment management, accounting, custody, market data, market indices, promotion and other distribution and operational needs. The failure of one or more of those service providers to fulfil its obligations could lead to operational and regulatory impacts to the Group. Equity Trustees actively manages its key third-party service providers and vendor relationships.	<ul style="list-style-type: none"><li>• Outsourcing and vendor management framework.</li><li>• Monitoring of third-party performance against service level agreements.</li><li>• Use of standardised contracts wherever possible.</li><li>• Partnering with reputable organisations.</li><li>• Thorough legal and due diligence processes.</li></ul>
<b>Investment</b>	Equity Trustees' and its clients' investment portfolios are subject to normal market risks, such as interest rates and equity market volatility. These risks can affect investment valuations and income volatility. Equity Trustees actively manages its clients' investments and capital in line with our risk appetite and investment and capital management policies.	<ul style="list-style-type: none"><li>• Oversight by management and Board sub-committees.</li><li>• Detailed investment governance and selection frameworks.</li><li>• Regular monitoring of mandate limits and investment performance.</li></ul>
<b>Governance and Compliance</b>	Entities controlled by Equity Trustees hold several licences and operate in a highly regulated environment. If the entities that hold those licences fail to comply with the general obligations and conditions, this could impact the ability to operate key parts of the Company's business, which could potentially lead to a material adverse effect on either business or financial performance.	<ul style="list-style-type: none"><li>• Maintenance of a Group obligations register.</li><li>• Governance and compliance frameworks.</li><li>• A Group controls monitoring program, which includes quarterly attestations from external service providers, and targeted testing.</li><li>• Regular compliance reporting to management and Board sub-committees.</li><li>• Three lines of defence model.</li></ul>



## OUTLOOK

The Group has emerged from FY21 well capitalised, with organic growth momentum and along with positive investment markets, is well positioned to pursue growth opportunities in all segments of our business.

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

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

Despite the ongoing threats associated with COVID-19, the fundamentals of the Group's business are solid, and we continue to see opportunities to grow across the broad spectrum of our trustee services. Investments in technology and people are strengthening our broader client proposition and contributing to new client wins, such as those seen in Superannuation Trustee Services and Corporate Trustee Services. Across the wider business, prospective clients are increasingly seeing the value of an independent, unconflicted, specialist trustee.

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

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

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



## ENVIRONMENTAL REGULATION

The activities of the consolidated entity are not subject to any particular environmental regulation by authorities in Australia or in other jurisdictions within which the Group operates.

## EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## CHANGES IN THE STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than as previously described in this Directors' Report.

## FUTURE DEVELOPMENTS

Apart from matters disclosed elsewhere in this Directors' Report, disclosure of information regarding likely developments in the operations of the Group in future financial years, and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.



# FROM THE CHAIR REMUNERATION, HUMAN RESOURCES & NOMINATIONS COMMITTEE

Dear Shareholders,

On behalf of the Remuneration, Human Resources & Nominations Committee ("Remuneration Committee") I am pleased to present Equity Trustees' Remuneration Report for the 2021 financial year (FY21).

## OUR APPROACH

The Remuneration Committee's overarching aim is to ensure our remuneration framework provides remuneration outcomes with a clear link to company and individual performance and to the company's long-term strategy and values.

Also critical during this period of significant uncertainty is ensuring the remuneration framework can support building capability by attracting, engaging and retaining a talented team capable of navigating the uncertainty and growing the business.

## BOARD CHANGES

At the 2020 AGM, two long-serving directors – The Hon Jeffrey Kennett AC and Alice Williams, retired from the Board, along with Jim Minto on 29 March 2021. The Board had been preparing for these changes for some time, and in line with our succession plan, appointed Carol Schwartz AC, Catherine Robson and The Hon Kelly O'Dwyer as Non-Executive Directors. This allowed time for the transfer of knowledge and a transition from our former Chair to our new Chair, Carol Schwartz AO. Pleasingly, with these appointments the Board has achieved gender balance.

In response to the COVID-19 pandemic, Non-Executive Director fees were reduced by 10% from 1 May 2020 to 31 October 2020.

## EXECUTIVE CHANGES

We farewelled Harvey Kalman on 2 July 2021 who resigned to pursue other challenges after 20 years at the helm of our leading Corporate business unit. Russell Beasley, who worked closely with Harvey for many years, has been promoted into the role of Executive General Manager, Corporate Trustee Services.

There were no other changes to Executive Key Management Personnel ("Executive KMP") during FY21.

## WE'VE ALIGNED EXECUTIVE REWARD WITH SHAREHOLDER RETURNS

FY21 was another challenging year marked by the continued impact of the global pandemic and the market downturn in the first half. The efforts of our team led by the Managing Director and other Executive KMP were key to Equity Trustees delivering a strong financial performance.

Group Profit Before Tax reached \$30.3m, and the dividend has been increased to 91 cents. This was achieved without any financial assistance from the government.

Fixed remuneration remained unchanged for Executives.

Financial performance was strong when compared to forecasts set at the start of FY21 in the very uncertain economic environment at the peak of the global pandemic. When reviewing the FY21 short-term incentive outcomes for Executive KMP against company performance, the Board determined to make a downward adjustment of 25% to the FY21 profit before tax outcomes, as they would normally unfold. For the overall balanced scorecard (including non-financial measures), the Executive KMP collectively received 75% of the target short-term incentive, compared to 50% in FY20.

Performance under Series 14 of the Executive Performance Share Plan covered the three-year period commencing 1 July 2018 and finishing on 30 June 2021. In the opinion of the Board, and notwithstanding the impact of COVID-19 and the associated market gyrations, financial performance was strong along with shareholder returns. However, the Earnings Per Share performance fell short of the level needed for minimum vesting of the awards.





The Board has discretion under the Executive Performance Share Plan and the Board determined to exercise that discretion to enable minimum vesting for the Executive KMP, other than the Managing Director. It is the Board's current intention to seek approval for minimum vesting of Series 14 shares for the Managing Director at the 2021 Annual General Meeting. A range of factors have been taken into account, including:

- fixed remuneration and short-term incentive outcomes for FY21 as described above;
- shareholder returns over the three-year period; and
- the weight attached to increasing the shareholdings of Executive KMP to ensure strong alignment of interests with shareholders.

The Committee will be reviewing the long-term incentive program to ensure that the Executive Performance Share Plan achieves its objectives.

## EMPLOYEE SHARE ACQUISITION PLAN

The Employee Share Acquisition Plan ("ESAP") is a highly valued benefit by employees and, like the Executive Performance Share Plan, is designed to align their interests with shareholders. Under the ESAP, eligible employees can acquire \$1,000 worth of Equity Trustees shares at no cost to them. Pleasingly, given the strong financial performance of the business, the Board effected the ESAP in 2021.

The Board believes our remuneration framework has again produced the appropriate balance between fixed remuneration and variable remuneration, both short- and long-term, and ensured an important alignment between Executive reward and shareholder returns.

Thank you for taking the time to read our Remuneration Report. We welcome your feedback.

Yours faithfully,

**Tim Hammon**

The Chair Remuneration, Human Resources  
& Nominations Committee



# REMUNERATION REPORT

This report details the remuneration framework and outcomes for Key Management Personnel of Equity Trustees for the year ended 30 June 2021. It aims to communicate our remuneration practices and their link to the creation of shareholder value in a concise and transparent way.

The information in this Remuneration Report has been audited in accordance with section 308(3C) of the Corporations Act 2001.

## REMUNERATION OVERVIEW

### Who is covered by this report?

This report covers Equity Trustees' Key Management Personnel (KMP). KMP are the people who have authority and responsibility for the planning, directing and controlling of activities of the Company, and includes all Non-Executive Directors, the Managing Director and Executives.

NAME	POSITION	TERM AS KMP
<b>NON-EXECUTIVE DIRECTORS</b>		
C Schwartz	Chair	Full year (Appointed Chair 28 October 2020)
A O'Donnell	Independent Non-Executive Director	Full year
K Eley	Independent Non-Executive Director	Full year
DG Sedgwick	Independent Non-Executive Director	Full year
T Hammon	Independent Non-Executive Director	Full year
C Robson	Independent Non-Executive Director	Full year
K O'Dwyer	Independent Non-Executive Director	Part year (Commenced 29 March 2021)
<b>FORMER NON-EXECUTIVE DIRECTORS</b>		
J Kennett	Chairman	Retired 28 October 2020
A Williams	Independent Non-Executive Director	Retired 28 October 2020
J Minto	Independent Non-Executive Director	Retired 29 March 2021
<b>EXECUTIVES</b>		
M O'Brien	Managing Director	Full year
M Blair	Executive General Manager, Superannuation Trustee Office	Full year
P Gentry	Chief Financial Officer and Chief Operating Officer	Full year
S Redenbach	Executive General Manager, Human Resources	Full year
I Westley	Executive General Manager, TWS Private Clients	Full year
O Brailsford	Chief Risk Officer	Full year
R Beasley	Executive General Manager, Corporate Trustee Services	Part year (Appointed 1 September 2020)
<b>FORMER EXECUTIVES</b>		
H Kalman	Executive General Manager, Corporate Trustee Services and Global Head of Fund Services	Part year (Changed role 1 September 2020)



## SUMMARY – EXECUTIVE REMUNERATION

The following table shows the Executives of the Company during the year, together with their remuneration entitlements. Unless otherwise stated, the Executives held their position for the whole of the financial year. No remuneration increases were awarded in FY21, except for R Beasley who was appointed as KMP from 1 September 2020.

Remuneration entitlements of the Executives during the year consist of cash components as well as an accounting-based accrual for such items as long-term employee benefits and share-based payments shown in the following table:

EXECUTIVE	SHORT-TERM EMPLOYEE BENEFITS		POST EMPLOYMENT BENEFITS	TOTAL EMPLOYMENT COST (TEC)	SHORT-TERM BONUS/ INCENTIVE	LONG-TERM EMPLOYEE BENEFITS	SHARE BASED PAYMENTS <sup>4</sup>	TOTAL
	Salary <sup>1</sup>	Non-monetary <sup>2</sup>	Superannuation <sup>3</sup>			Long Service Leave		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CURRENT EXECUTIVES</b>								
<b>M O'Brien, Managing Director</b>								
2021	712,701	15,605	21,694	750,000	330,000	19,766	189,808	1,289,574
2020	713,392	15,605	21,003	750,000	255,000	15,070	(63,485)	956,585
<b>M Blair, Executive General Manager, Superannuation Trustee Office</b>								
2021	330,306	-	21,694	352,000	130,000	7,649	66,822	556,471
2020	330,997	-	21,003	352,000	110,000	7,747	146	469,893
<b>P Gentry, Chief Financial Officer and Chief Operating Officer</b>								
2021	413,181	10,125	21,694	445,000	160,000	9,774	100,157	714,931
2020	413,872	10,125	21,003	445,000	110,000	8,865	(60,358)	503,507
<b>S Redenbach, Executive General Manager, Human Resources</b>								
2021	283,066	5,240	21,694	310,000	100,000	6,265	54,772	471,037
2020	283,757	5,240	21,003	310,000	90,000	3,348	2,658	406,006
<b>I Westley, Executive General Manager, TWS Private Clients</b>								
2021	378,306	-	21,694	400,000	185,000	6,146	108,031	699,177
2020	378,997	-	21,003	400,000	160,000	6,414	(29,918)	536,495
<b>O Brailsford, Chief Risk Officer</b>								
2021	298,306	5,000	21,694	325,000	72,000	2,391	18,690	418,081
2020	283,308	8,997	21,003	313,308 <sup>5</sup>	57,500	1,375	-	372,183



EXECUTIVE	SHORT-TERM EMPLOYEE BENEFITS		POST EMPLOYMENT BENEFITS	TOTAL EMPLOYMENT COST (TEC)	SHORT-TERM BONUS/ INCENTIVE	LONG-TERM EMPLOYEE BENEFITS	SHARE BASED PAYMENTS <sup>4</sup>	TOTAL
	Salary <sup>1</sup>	Non-monetary <sup>2</sup>	Superannuation <sup>3</sup>			Long Service Leave		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>R Beasley, Executive General Manager, Corporate Trustee Services<sup>6</sup></b>								
2021	203,854	-	18,248	222,102	95,000	29,849	19,936	366,887
<b>FORMER EXECUTIVES</b>								
<b>H Kalman, Executive General Manager, Corporate Trustee Services and Global Head of Fund Services<sup>7</sup></b>								
2021	68,030	1,687	3,616	73,333	-	1,895	-	75,228
2020	408,872	10,125	21,003	440,000	-	7,044	(93,551)	353,493

<sup>1</sup>Fixed remuneration remains unchanged for executives in FY21. The lower salaries in FY21 versus FY20 are a result of the Superannuation Guarantee Charge (SGC) cap increasing from 1 July 2020.

<sup>2</sup>Non-monetary items include eligible salary sacrificed items and any FBT. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan plus any sacrificed amounts into the EQT Workplace Volunteering and Giving Program.

<sup>3</sup>Superannuation includes the SGC and, in some cases, additional superannuation payments that have been sacrificed from salary.

<sup>4</sup>Share-based payments relate to the value of Long-Term Incentive (LTI) Awards. The value attributable to Awards is based on the accounting cost, using the fair value at grant date. For the EPS (LTI) criterion, an assessment is made of the likely achievement of performance hurdles over the three-year measurement period and the accounting cost is adjusted accordingly. The EPS criterion for Series 14 which ended on 30 June 2021 was not achieved however the Board determined to exercise their discretion to award minimum vesting of 25% (refer *Company Performance and Reward* section for further information). Where an Executive ceases employment during the year, there is a write-back of some prior year accounting costs, which can result in a negative figure in the year. A negative figure can also occur where the accounting estimate of the proportion of an EPS-based award that will be earned is revised downwards.

<sup>5</sup>O Brailsford had two weeks of leave without pay during FY20.

<sup>6</sup>R Beasley was appointed KMP on 1 September 2020 and his remuneration reflects the period 1 September 2020 – 30 June 2021.

<sup>7</sup>H Kalman ceased being KMP on 31 August 2020 and his remuneration reflects the period 1 July – 31 August 2020.



## SUMMARY – NON-EXECUTIVE DIRECTORS REMUNERATION

Non-Executive Director fees are reviewed every two years by the Remuneration, Human Resources and Nominations Committee (the Remuneration Committee), having regard to analysis of the market and industry-based data and trends. Fees are set to attract and retain high-calibre Directors and to reflect the workload and contribution required due to the scale and complexity of the Group. A market review of Non-Executive Director fees was conducted in March 2021 and the fees remain unchanged.

To ensure that independence and impartiality are maintained, Non-Executive Directors' remuneration consists of a fixed annual fee, with no element of performance-related pay. The following table shows the Non-Executive Directors of EQT Holdings Limited during the year, together with their remuneration entitlements:

DIRECTORS	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS		LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS		TOTAL <sup>1</sup>
	FEE \$	BONUS \$	NON-MONETARY <sup>2</sup> \$	SUPERANNUATION \$		\$	\$	
CURRENT DIRECTORS								
C Schwartz, Chair <sup>3</sup>								
2021	165,238	-	-	15,698	-	-	-	180,936
2020	30,731	-	-	2,919	-	-	-	33,650
A O'Donnell								
2021	118,592	-	5,000	11,741	-	-	-	135,333
2020	120,723	-	5,000	11,944	-	-	-	137,667
K Eley								
2021	114,178	-	5,000	11,322	-	-	-	130,500
2020	116,233	-	5,000	11,517	-	-	-	132,750
DG Sedgwick								
2021	123,823	-	-	11,763	-	-	-	135,586
2020	121,233	-	-	11,517	-	-	-	132,750
T Hammon <sup>4</sup>								
2021	112,861	-	5,000	11,197	-	-	-	129,058
2020	109,022	-	5,000	10,832	-	-	-	124,854
C Robson <sup>5</sup>								
2021	118,511	-	1,200	11,373	-	-	-	131,084
2020	57,108	-	450	5,468	-	-	-	63,026
K O'Dwyer <sup>6</sup>								
2021	28,662	-	-	2,723	-	-	-	31,385



DIRECTORS	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS		LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS		TOTAL <sup>1</sup>
	FEE \$	BONUS \$	NON-MONETARY <sup>2</sup> \$	SUPERANNUATION \$		\$	\$	
FORMER DIRECTORS								
J Kennett, Former Chairman <sup>7</sup>								
2021	53,928	-	5,200	5,617	-	-	-	64,745
2020	191,965	-	5,600	18,768	-	-	-	216,333
A Williams <sup>8</sup>								
2021	34,635	-	1,667	3,449	-	-	-	39,751
2020	111,643	-	7,344	11,304	-	-	-	130,291
J Minto <sup>9</sup>								
2021	93,173	-	5,000	9,327	-	-	-	107,500
2020	129,703	-	5,000	12,797	-	-	-	147,500

<sup>1</sup>In response to the pandemic, Non-Executive Director fees were reduced by 10% from 1 May 2020 to 31 October 2020.

<sup>2</sup>Non-monetary items include eligible salary-sacrificed items and any FBT. This includes any sacrificed amounts into EQT shares in accordance with the EQT Salary Sacrifice Share Plan plus any sacrificed amounts into the EQT Workplace Volunteering and Giving Program.

<sup>3</sup>C Schwartz was appointed as a Non-Executive Director on 4 March 2020 and as Chair on 28 October 2020.

<sup>4</sup>T Hammon was appointed Chair of the Remuneration, HR and Nominations Committee on 28 October 2020 and received an additional \$5,000 per annum pro-rated.

<sup>5</sup>C Robson was appointed as a Member of the Board Strategy Committee on 21 February 2021 and Chair of the Board Risk Committee on 29 March 2021 and received an additional \$10,000 and \$5,000 per annum pro-rated respectively.

<sup>6</sup>K O'Dwyer was appointed Non-Executive Director on 29 March 2021 and is a member of the Board Risk Committee.

<sup>7</sup>J Kennett retired at the AGM on 28 October 2020.

<sup>8</sup>A Williams retired at the AGM on 28 October 2020.

<sup>9</sup>J Minto retired on 29 March 2021.



# REMUNERATION FRAMEWORK

## GOVERNANCE AND OBJECTIVES

The role of the Remuneration Committee is to assist the Board of Directors of the Group in fulfilling its responsibilities regarding human resources matters, including remuneration, and to seek and nominate qualified candidates for election or appointment to the Holding Company's Board of Directors.

The Remuneration Committee acts on behalf of the Board and shareholders to provide non-executive oversight of the Company's remuneration and human resource policies and practices in the following areas:

### REMUNERATION

- Reviews and recommends the Group's remuneration framework and policies to the Board to ensure effectiveness and compliance.
- Oversees superannuation arrangements of all employees and equity-based remuneration plans.
- Ensures remuneration information meets public disclosure requirements.
- Reviews and recommends a process for evaluating the performance of employees.

### NOMINATION

- Reviews Board and Executive succession planning.
- Establishes the process for recruiting a new Director and the appointment and re-election of Directors.
- Ensures induction and continued professional development of Directors.
- Develops and implements a process for evaluating the performance of the Board, its Committees and Directors.

### HUMAN RESOURCES

- Oversees and reviews the Group's people strategy.
- Oversees equal employment opportunity and diversity and inclusion policies.
- Oversees and reviews health and safety matters, as well as incidents and breaches of the Group's Code of Conduct.
- Oversees and reviews the adequacy of the Group's training arrangements.

At the Remuneration Committee's invitation, the Managing Director and Executive General Manager, Human Resources attend Committee meetings, except where matters associated with their own performance evaluation, development and remuneration are considered.

To assist in performing its duties and making recommendations to the Board, the Remuneration Committee seeks and considers advice from independent, external remuneration consultants on various remuneration-related matters, where appropriate, or other advisers as needed.



## REMUNERATION POLICY

Unless otherwise stated in this section, reference to remuneration includes remuneration for Executives and the Managing Director. The Board's policy on Executive remuneration is designed to attract and retain high-calibre staff and to reward Executives for achieving financial and other business goals which, in turn, increases shareholder value.

The Executive remuneration structure comprises fixed salary and short-term and long-term variable components. The table below illustrates the remuneration objectives and approach. Executive remuneration package components are reviewed and structured annually to focus individuals on, and to reward achievement of, specific measures and targets with both short-term and long-term horizons.

### REMUNERATION OBJECTIVES

- Align with EQT Holdings Limited's strategy and performance.
- Align rewards to building shareholder value over the long term.
- Ensure appropriate focus on leadership, culture, values, compliance and trustee decision making.
- Assess rewards against short- and long-term Company targets.
- Ensure short- and long-term components of remuneration are 'at risk'.
- Attract and retain high-calibre Executives.
- Be market competitive with rewards and remuneration.

### REMUNERATION COMPONENTS

#### Fixed Total Employment Costs (TEC)

Based on employee's level of responsibility, experience, skills and performance. Includes:

- Salary: fixed annual remuneration.
- Non-monetary: eligible salary sacrifice items and Fringe Benefits Tax (FBT), where applicable.
- Long-term employee benefits: long-service leave.
- Post-employment: Superannuation Guarantee Charge (SGC).

#### Short-Term Incentive (STI)

- Annual 'at risk' component based on Group, business unit and individual performance.
- Range: 30% to 60% of TEC.
- Settlement: Normally paid as cash through the payroll system.
- Remuneration Committee considers and recommends STI participation to the Board.

#### Long-Term Incentive (LTI)

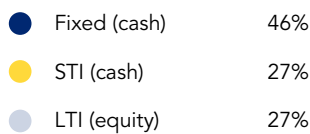
- Delivered in equity awards (and shares at vesting) based on prescribed performance hurdles.
- Range: 30% to 60% of TEC.
- Applied over three-year measurement period.
- Aligned to long-term growth strategy.
- Remuneration Committee considers and recommends LTI participation to the Board.



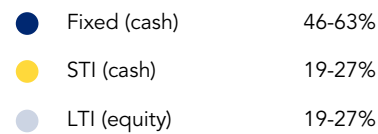


Executives continue to have a significant portion of their remuneration linked to performance and at risk. The diagrams below show the remuneration mix if target variable elements are fully achieved for the Managing Director and current Executives.

### MANAGING DIRECTOR



### EXECUTIVES



## COMPANY PERFORMANCE AND REWARD

A core component of the Group's strategy is to generate sustainable profits and maximise value to shareholders over the long term. The following table summarises the key value creation measures relevant to shareholders for the year ended 30 June 2021, along with comparative information covering the previous four years.

	30 JUNE 2021 \$'000	30 JUNE 2020 \$'000	30 JUNE 2019 \$'000	30 JUNE 2018 \$'000	30 JUNE 2017 \$'000
Revenue	101,040	95,430	92,499	88,456	79,928
Net profit before tax (NPBT)	30,311	30,313	31,336	28,731	22,266
Net profit after tax (NPAT) statutory	21,528	19,212	22,194	19,696	15,437
Net profit after tax (NPAT) underlying <sup>3</sup>	22,399	21,234	n/a	n/a	n/a

	30 JUNE 2021 \$	30 JUNE 2020 \$	30 JUNE 2019 \$	30 JUNE 2018 \$	30 JUNE 2017 \$
Share price at start of year	24.75	29.60	20.80	17.71	16.44
Share price at end of year	27.40	24.75	29.60	20.80	17.71



	30 JUNE 2021 CPS	30 JUNE 2020 CPS	30 JUNE 2019 CPS	30 JUNE 2018 CPS	30 JUNE 2017 CPS
Interim dividend <sup>1</sup>	44	47	44	40	35
Final dividend (paid or payable) <sup>1, 2</sup>	47	43	46	42	36
Total dividends for the year <sup>1</sup>	91	90	90	82	71
Earnings per share (statutory)	103.04	92.95	108.61	97.27	77.00
Earnings per share (underlying) <sup>3</sup>	107.21	102.73	-	-	-

<sup>1</sup>All dividends are fully franked at the 30% corporate income tax rate.

<sup>2</sup>The final dividend was declared after balance date and is not reflected in the financial statements as at 30 June for each year.

<sup>3</sup>Underlying net profit after tax excludes the settlement of a taxation dispute with the ATO arising from a past acquisition (in current and prior years), as well as costs associated with M&A activity during the financial year that ultimately did not proceed (current year only).

Despite the backdrop of COVID-19, heightened market and economic volatility, and the uncertainty remaining around the path out of the pandemic, the Group's performance for the year to 30 June 2021 has been steady. Revenues have grown strongly. This has been offset by targeted investment in people and technology, and one-off costs associated with potential mergers and acquisitions and the resolution of a long-standing taxation matter with the ATO. Underlying NPAT is up 5.5% ahead of the prior corresponding period. Although the Group paid a lower interim dividend of 44 cents this year, the final dividend of 47 cents is up 9% on the prior year, reflecting improved momentum in recent months.

The total returns to shareholders (TSR) over a three-year period remain very strong at 44.8% and, despite the uncertainty associated with COVID-19, the underlying business continues to perform strongly. The financial performance of the Group, as well as other key measures, are described more fully in the *Operating and Financial Review* section of the Directors' Report.

Short-term incentives awarded to the Managing Director and Executives during FY21 appropriately reflect the result for the year, with the Board making a downward adjustment of 25% to the profit before tax outcome, as would normally unfold, to ensure alignment with shareholder FY21 experience. Approximately 75% (2020: 50%) of the target short-term incentive opportunity has been awarded to the Managing Director and eligible Executives, with a range of 72% to 81%. The amounts awarded to individuals gave consideration to a range of Group, Business Unit and personal measures, which are described in further detail below.

Series 14 of the Long-Term Incentive Plan ended on 30 June 2021. The Group achieved 3.3% EPS growth per annum, based on underlying NPAT for FY21, during the three-year measurement period. This fell short of the hurdle for minimum vesting of awards. The Executives responded as responsibly as possible to the COVID-19 pandemic to lessen the impact on profitability, whilst continuing to grow the business and ensuring the needs of our clients, employees and the community were still met. The Executives have also delivered a strong increase in shareholder value over the measurement period, despite the pandemic, and it is important that we continue to align their interests with shareholders in the long-term. For these reasons, and others outlined in the letter from the Chair of the Remuneration Committee, the Board considered it appropriate to exercise its discretion under the *Executive Performance Share Plan* in these circumstances and award minimum vesting of 25% of the Series 14 awards for eligible Executives. A summary can be found in *Executive Long-Term Performance Incentives* section.



## EXECUTIVE REMUNERATION INCENTIVE PLANS

### Executive Short-Term Performance Incentives

At the beginning of each financial year, the Board agrees on the balanced scorecard goals for Equity Trustees and each Business Unit for the coming year. The scorecard is considered “balanced” because it includes a range of financial and non-financial measures. In FY21, these measures included Group and Business Unit profit before tax (PBT), new business, expense control, client satisfaction, member outcomes, employee engagement, service delivery, leadership and compliance (including trustee decision making for the Revenue Business Units). The weightings varied according to the specific responsibilities of the Executives.

MEASURE	MANAGING DIRECTOR FY21 KPIs % WEIGHTING	REVENUE BU FY21 KPIs % WEIGHTING	SUPPORT BU FY21 KPIs % WEIGHTING	RANGE OF RESULTS AGAINST KPIS
<b>ALL</b>				
Group PBT <sup>1</sup>	35	15-20	20-35	Exceeded
<b>BUSINESS UNIT</b>				
Business Unit PBT <sup>1</sup>	-	15-30	-	Exceeded
New Business <sup>1</sup>	15	10-20	0-10	Not Met – Exceeded
Expenses <sup>1</sup>	-	-	10-15	Partially Met – Exceeded
Staff engagement	10	10-15	10-20	Not met – Exceeded
Service delivery (internal)	-		10-20	Met – Exceeded
Client satisfaction (external)	10	0-10	-	Not Met – Exceeded
Member outcomes	-	0-20	-	Met
<b>PERSONAL</b>				
Leadership	20	10	10	Partially Met – Exceeded
Compliance (and trustee decision making) <sup>2</sup>	10	10	10-30	Partially Met – Met
	100	100	100	

<sup>1</sup> Measure is assessed against budget. An acceptable result for PBT (allowing for all non-operating expenses) is a gate to eligibility for a short-term performance incentive. The actual PBT result were adjusted downwards by 25%.

<sup>2</sup> An acceptable standard of Compliance is a gate to eligibility for a short-term performance incentive.

These performance criteria were chosen to provide a suitable incentive for Executive performance for the benefit of shareholders and other stakeholders. Each criterion is given a threshold eligibility target for the minimum incentive and a stretch threshold representing an excellent achievement, for which the target incentive is paid. In all cases, the Remuneration Committee confirms the appropriateness of the criteria and thresholds and, at the conclusion of the measurement period, the level of achievement. Short-term incentives are normally paid in cash through the payroll system.



At the end of the performance period, short-term incentive targets were assessed by the Board in respect of the Managing Director and the Managing Director assessed the performance of the Executives. The Remuneration Committee (with input from the Board Risk, Board Audit and Compliance Committees) and the Board considered and approved these incentives. The outcome of each assessment is set out below:

EXECUTIVES	2021 TEC \$	2021 STI OPPORTUNITY \$	2021 STI AWARDED \$	PERCENTAGE OF OPPORTUNITY AWARDED %
M O'Brien	750,000	450,000	330,000	73
M Blair	352,000	176,000	130,000	74
P Gentry	445,000	222,500	160,000	72
S Redenbach	310,000	124,000	100,000	81
I Westley	400,000	240,000	185,000	77
O Brailsford	325,000	97,500	72,000	74
R Beasley	320,000	128,000	95,000	74

## Executive Long-Term Performance Incentives

Long-term incentives (LTI) provide Executives with remuneration delivered in equity if conditions are met over a three-year period. LTI awards are granted annually, which provides ongoing benefits to Executives for increasing shareholder value and is a retention mechanism. The LTI awards (Awards) confer the right to acquire shares at no cost, subject to meeting prescribed performance hurdles. The accounting cost of long-term performance incentives is spread over the measurement (or vesting) period. The first issue of Awards commenced with the 2005/06 Series and has continued in each subsequent year. The structure of the Plan, approved by the Remuneration Committee, forms part of the remuneration structure of eligible Executives, in particular the long-term incentive component of remuneration. The following is an overview of the key features of the Plan as determined by the Remuneration Committee, approved by the Board and communicated to shareholders in this Annual Report.

### KEY TERMS AND CONDITIONS

The value of the Award is determined by the Remuneration Committee, and the number of share entitlements issued to each participant for a particular Series is calculated by dividing the value of the Award by the volume weighted average price of EQT Holdings shares (EQT) traded during the three-month period to 30 June of each year.

The following table shows the basis of measurement, hurdle(s) and vesting schedule for the LTI series ending 30 June 2021, as well as the current active series:

SERIES (YEAR OF AWARD)	BASIS OF MEASUREMENT	TERMS OF AWARD	
		HURDLE	VESTING SCHEDULE
<b>Series 14 (1 July 2018 – 30 June 2021)</b>	EPS	5% 5% to 15% p.a >15% p.a	25% Pro Rata 100%
	EBIT (UK & Europe) (25% weighting for former Executive General Manager, Corporate Trustee Services)	60% Forecast 60% to 90% Forecast >90% Forecast	50% Pro-rata 100%
<b>Series 15 (1 July 2019 – 30 June 2022)</b>	EPS	5% 5% to 12% p.a >12% p.a	25% Pro Rata 100%
<b>Series 16 (1 July 2020 – 30 June 2023)</b>	EPS	5% 5% to 12% p.a >12% p.a	25% Pro Rata 100%



## Other Terms and Conditions

- Each share entitlement converts to one ordinary share of EQT on exercise.
- No amounts are paid or payable by participants on receipt of the share entitlements.
- The share entitlements carry neither rights to dividends nor voting rights.
- The number of share entitlements on issue is adjusted for any capital reconstructions during the measurement period.
- Holders of share entitlements do not have a right, by virtue of the entitlements held, to participate in any new share issue of the Company.
- Other than in exceptional circumstances, the participant must be employed within the Group for the duration of the measurement period to exercise any share entitlements.
- Shares are subject to forfeiture conditions during the three-year measurement period.
- Shares can be assigned disposal restrictions at the instigation of the recipient of up to 12 years which will apply to shares issued following the three-year measurement period.
- Dividends are received by participants once Awards are issued into shares.
- The use of hedging or derivative techniques is not permitted until shares are released from the forfeiture condition. If hedging or derivative techniques are used during the period when there is still a forfeiture condition in place, then the shares are forfeited.
- The Group Securities Dealing Policy also makes reference to the prohibition on hedging or derivative techniques and applies to all Group employees.
- The Board have absolute and unfettered discretion under the Plan, including in a change of control situation.

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In accordance with the Plan, variations to the above features may apply, where approved by the Board.



The following unvested share-based payment arrangements under the LTI were in existence during the period:

AWARD SERIES	NUMBER AT 30 JUNE 2021	GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$	FAIR VALUE AT GRANT DATE \$	MAXIMUM POTENTIAL ACCOUNTING VALUE OF GRANT <sup>1</sup> \$
Series 16 EPS (MD only)	20,352	28/10/20	30/06/23	Nil	22.97	467,485
Series 16 EPS (Executives)	53,773	8/09/20	30/06/23	Nil	25.44	1,367,985
Series 15 EPS (MD only)	16,562	25/10/19	30/06/22	Nil	28.22	467,380
Series 15 EPS (Executives)	38,937	2/10/19	30/06/22	Nil	26.73	1,040,786
Series 15 EBIT (Former EGM CTS only)	2,429	2/10/19	30/06/22	Nil	26.73	64,927
Series 14 EPS (MD only)	21,940	19/10/18	30/06/21	Nil	20.40	447,576
Series 14 EPS (Executives)	44,292	7/09/18	30/06/21	Nil	21.20	938,990
Series 14 EBIT (Former EGM CTS only)	3,218	7/09/18	30/06/21	Nil	21.20	68,222
<b>Totals</b>	<b>202,503</b>					<b>4,863,351</b>

<sup>1</sup> The potential minimum accounting value of each Grant series is nil.



The following is a summary of movements in Awards in respect of Executives:

	BALANCE OF AWARDS AT 1 JULY 2020	AWARDS GRANTED AS COMPENSATION	AWARDS EXERCISED INTO SHARES	AWARDS FORFEITED	BALANCE OF AWARDS AT 30 JUNE 2021	AWARDS VESTED & EXERCISABLE (EXCLUDING THOSE ALREADY EXERCISED)	BALANCE OF AWARDS NOT VESTED AT 30 JUNE 2021 <sup>1</sup>	VESTED DURING 2021 YEAR
2021	NO.	NO.	NO.	NO.	NO.	NO.	NO.	NO.
<b>CURRENT EXECUTIVES</b>								
M O'Brien	58,131	20,352	19,629	16,455	42,399	5,485 <sup>2</sup>	36,914	5,485 <sup>2</sup>
M Blair	17,009	7,960	4,292	4,680	15,997	1,560	14,437	1,560
P Gentry	26,818	10,063	7,781	8,136	20,964	2,712	18,252	2,712
S Redenbach	14,133	5,608	3,720	4,388	11,633	1,462	10,171	1,462
I Westley	28,476	10,854	7,942	8,776	22,612	2,925	19,687	2,925
O Brailsford	3,588	4,409	-	-	7,997	-	7,997	-
R Beasley	-	4,703	-	-	4,703	-	4,703	-
<b>FORMER EXECUTIVES</b>								
H Kalman	28,124	10,176	5,537	32,763	-	-	-	-
<b>Totals</b>	<b>176,279</b>	<b>74,125</b>	<b>48,901</b>	<b>75,198</b>	<b>126,305</b>	<b>14,144</b>	<b>112,161</b>	<b>14,144</b>

<sup>1</sup> The balance of Awards not vested at 30 June 2021 does not necessarily represent Awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.

<sup>2</sup> It is the Board's current intention to seek approval for the minimum vesting of Series 14 shares for the Managing Director at the 2021 Annual General Meeting.



	BALANCE OF AWARDS AT 1 JULY 2019	AWARDS GRANTED AS COMPENSATI ON	AWARDS EXERCISED INTO SHARES	AWARDS FORFEITED	BALANCE OF AWARDS AT 30 JUNE 2020	AWARDS VESTED & EXERCISABLE (EXCLUDING THOSE ALREADY EXERCISED)	BALANCE OF AWARDS NOT VESTED AT 30 JUNE 2020 <sup>1</sup>	VESTED DURING 2020 YEAR
2020	NO.	NO.	NO.	NO.	NO.	NO.	NO.	NO.
M O'Brien	71,463	16,562	25,288	4,606	58,131	19,629	38,502	19,629
M Blair	17,164	6,477	4,000	2,632	17,009	4,292	8,717	8,292
P Gentry	37,164	8,189	13,766	4,769	26,818	7,781	19,037	7,781
H Kalman	44,889	9,716	17,131	9,350	28,124	5,537	22,587	5,537
S Redenbach	15,851	4,563	4,000	2,281	14,133	3,720	6,413	7,720
I Westley	28,511	8,833	4,000	4,868	28,476	7,942	16,534	11,942
O Brailsford	-	3,588	-	-	3,588	-	3,588	-
<b>Totals</b>	215,042	57,928	68,185	28,505	176,279	48,901	115,378	60,901

<sup>1</sup> The balance of Awards not vested at 30 June 2020 does not necessarily represent Awards that will be vested in the future. The balance will remain until the respective measurement periods have been completed and a final assessment is made.





## EMPLOYMENT AGREEMENTS

The employment agreements for the Managing Director and Executives are ongoing, permanent, full-time agreements that do not have a stipulated fixed term.

The designated notice period for the Managing Director is six months. For the Executives, the designated notice period ranges between three and six months.

### Director and Executive equity holdings

Director and Executive relevant interests in fully paid ordinary shares of EQT Holdings Limited for the financial year are as follows:

DIRECTORS	BALANCE AT 1 JUL 2020	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE <sup>1</sup>	BALANCE AT 30 JUN 2021
	NO.	NO.	NO.	NO.
<b>CURRENT DIRECTORS</b>				
C Schwartz	-	-	9,480	9,480
A O'Donnell	12,134	-	620	12,754
K Eley	124,554	-	2,184	126,738
DG Sedgwick	15,000	-	521	15,521
T Hammon	2,316	-	184	2,500
C Robson	4,250	-	-	4,250
K O'Dwyer	-	-	-	-
M O'Brien	51,041	19,629	5,184	75,854
<b>FORMER DIRECTORS</b>				
J Kennett <sup>3</sup>	60,583	-	1,158	61,741
A Williams <sup>3</sup>	8,588	-	233	8,821
J Minto <sup>3</sup>	11,193	-	563	11,756
EXECUTIVES	BALANCE AT 1 JUL 2020	RECEIVED ON EXERCISE OF SHARE RIGHT	NET OTHER CHANGE <sup>1</sup>	BALANCE AT 30 JUN 2021
	NO.	NO.	NO.	NO.
<b>CURRENT EXECUTIVES</b>				
M Blair	5,056	4,292	-	9,348
P Gentry	11,540	7,781	97	19,418
S Redenbach	4,579	3,720	196	8,495
I Westley	5,290	7,942	-	13,232
O Brailsford	221	-	155	376
R Beasley <sup>2</sup>	2,165	-	113	2,278
<b>FORMER EXECUTIVES</b>				
H Kalman <sup>3</sup>	43,778	5,537	-	49,315
<b>Totals</b>	<b>362,288</b>	<b>48,901</b>	<b>20,688</b>	<b>431,877</b>

<sup>1</sup>Net Other Change refers to additions or reductions in shareholdings.

<sup>2</sup>Reflects shares held by R Beasley on the date he became KMP.

<sup>3</sup>The balance shown represents the number of shares held on the date that the Director or Executive ceased as a Director or KMP.



There were no shares granted during FY21 as compensation, other than as disclosed in footnote 4 of the Summary – Executive Remuneration table on page 37.

DIRECTORS	BALANCE AT 1 JUL 2019 NO.	RECEIVED ON EXERCISE OF SHARE RIGHT NO.	NET OTHER CHANGE <sup>1</sup> NO.	BALANCE AT 30 JUN 2020 NO.
J Kennett	54,273	-	6,310	60,583
A Williams	8,106	-	482	8,588
A O'Donnell	11,530	-	604	12,134
K Eley	122,188	-	2,366	124,554
DG Sedgwick	13,214	-	1,786	15,000
J Minto	10,564	-	629	11,193
T Hammon	2,064	-	252	2,316
C Robson	-	-	4,250	4,250
C Schwartz	-	-	-	-
M O'Brien	25,587	25,288	166	51,041
EXECUTIVES	BALANCE AT 1 JUL 2019 NO.	RECEIVED ON EXERCISE OF SHARE RIGHT NO.	NET OTHER CHANGE <sup>1</sup> NO.	BALANCE AT 30 JUN 2020 NO.
M Blair	1,056	-	4,000	5,056
P Gentry	2,196	13,766	(4,422)	11,540
H Kalman	26,647	17,131	-	43,778
S Redenbach	390	-	4,189	4,579
I Westley	1,290	-	4,000	5,290
O Brailsford	47	-	174	221
<b>Totals</b>	<b>279,152</b>	<b>56,185</b>	<b>28,786</b>	<b>360,123</b>

<sup>1</sup>Net Other Change refers to additions or reductions in shareholdings.

## Employee Acquisition Share Plan

The Employee Share Acquisition Plan ("ESAP") is a taxed up-front plan. That is, a participant is required to declare the difference between the market value of the shares issued and the price paid by the participant ("the discount") in his or her current year tax return. As the shares are issued at no cost to the participant, the discount is equal to the market value of the shares issued.

Where a participant's adjusted taxable income is \$180,000 or less (including the full market value of the shares issued) the taxable discount is reduced by up to \$1,000 per year per employee. Where a participant's adjusted taxable income is over \$180,000 (including the full market value of the shares issued) the taxable discount is not eligible for reduction and the full value of the shares will be included as taxable income.

Excluding KMP, only permanent staff members who have been employed for at least six months and are not undergoing formal performance management when invitations are issued are eligible to participate.

The ESAP is a highly valued benefit by employees and, like the *Executive Performance Share Plan*, is designed to align their interests with shareholders.



## ADDITIONAL INFORMATION

### INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors, Company Secretaries and Officers of the Group against a liability incurred as a Director, Company Secretary or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the coverage and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify a Director, a Company Secretary, an Officer or Auditor of the Company or any related body corporate against a liability incurred as such a Director, Company Secretary, Officer or Auditor.

### ROUNDING-OFF OF AMOUNTS

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

### NON-AUDIT SERVICES

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 2001*.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 33 to the Financial Statements.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 54 of the Financial Report.

On behalf of the Directors

**Carol Schwartz AO**  
Chair

Dated 19 August 2021



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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19 August 2021

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

Dear Board Members

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of EQT Holdings Limited.

As lead audit partner for the audit of the financial statements of EQT Holdings Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Mark Stretton".

Mark Stretton  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



# DIRECTORS' DECLARATION

EQT Holdings Limited  
ABN 22 607 797 615

## DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in the statement of compliance 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 Company and the Group.
- d) The Directors have received from the Managing Director and the Chief Financial Officer the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* applies, as detailed in note 32 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

**Carol Schwartz AO**  
Chair

Dated 19 August 2021

For personal use only

# **FINANCIAL REPORT**

**FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2021**



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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$'000	2020 \$'000
Revenue and other income	1	101,040	95,430
Expenses	2	(63,918)	(58,749)
Finance costs		(1,546)	(1,026)
Depreciation and amortisation	7, 9	(5,265)	(5,342)
<b>Profit before income tax expense</b>		<b>30,311</b>	<b>30,313</b>
Income tax expense	4	(9,803)	(11,826)
<b>Profit for the year</b>		<b>20,508</b>	<b>18,487</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign exchange translation differences for foreign operations		(149)	111
<b>Total comprehensive income for the year</b>		<b>20,359</b>	<b>18,598</b>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		21,528	19,212
Non-controlling interests		(1,020)	(725)
<b>Profit for the year</b>		<b>20,508</b>	<b>18,487</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		21,450	19,286
Non-controlling interests		(1,091)	(688)
<b>Total comprehensive income for the year</b>		<b>20,359</b>	<b>18,598</b>
<b>Earnings per share</b>			
Basic (cents per share)	5	103.04	92.95
Diluted (cents per share)	5	102.89	92.58

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





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	18	92,175	84,738
Trade and other receivables	19	19,478	15,760
Prepayments		2,827	2,407
Accrued income		11,911	9,153
Other financial assets	20	5,000	5,000
<b>Total current assets</b>		<b>131,391</b>	<b>117,058</b>
<b>Non-current assets</b>			
Trade and other receivables	19	399	198
Furniture, equipment and leasehold	9	4,943	6,010
Deferred tax assets	4	5,376	4,256
Right-of-use assets	10	5,321	6,799
Intangible assets	7	78,782	80,772
Goodwill	8	127,622	127,573
<b>Total non-current assets</b>		<b>222,443</b>	<b>225,608</b>
<b>Total assets</b>		<b>353,834</b>	<b>342,666</b>
<b>Current liabilities</b>			
Trade and other payables	21	2,478	3,008
Provisions	11	8,013	6,616
Other current liabilities	12	2,548	2,417
Current tax payable	4	1,719	1,710
<b>Total current liabilities</b>		<b>14,758</b>	<b>13,751</b>
<b>Non-current liabilities</b>			
Provisions	11	3,483	3,110
Borrowings	14	33,250	29,000
Other non-current liabilities	12	6,810	7,990
Deferred tax liabilities	4	21,282	21,457
<b>Total non-current liabilities</b>		<b>64,825</b>	<b>61,557</b>
<b>Total liabilities</b>		<b>79,583</b>	<b>75,308</b>
<b>Net assets</b>		<b>274,251</b>	<b>267,358</b>
<b>Equity</b>			
Issued capital	15	253,621	248,862
Reserves	16	1,778	1,949
Retained earnings		21,407	18,009
<b>Equity attributable to owners of the Company</b>		<b>276,806</b>	<b>268,820</b>
Non-controlling interest		(2,555)	(1,462)
<b>Total equity</b>		<b>274,251</b>	<b>267,358</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	FULLY PAID ORDINARY SHARES	RETAINED EARNINGS	OTHER RESERVES	CURRENCY TRANSLATION	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	NON- CONTROLLING INTEREST	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 30 June 2019</b>	242,981	18,111	2,717	190	263,999	(895)	263,104
Profit/(loss) for the year	-	19,212	-	-	19,212	(725)	18,487
Foreign exchange translation differences for foreign operations	-	-	-	74	74	37	111
<b>Total comprehensive income for the year</b>	-	19,212	-	74	19,286	(688)	18,598
Foreign exchange translation differences for foreign operations	-	(119)	-	(10)	(129)	121	(8)
Shares issued under employee salary sacrifice share plan	125	-	-	-	125	-	125
Shares issued under dividend reinvestment plan	4,597	-	-	-	4,597	-	4,597
Shares issued under employee share acquisition plan	204	-	(204)	-	-	-	-
Shares issued under executive share scheme	979	-	(979)	-	-	-	-
Share issue costs	(35)	-	-	-	(35)	-	(35)
Related income tax	11	-	-	-	11	-	11
Provision for executive share entitlements	-	-	(64)	-	(64)	-	(64)
Provision for employee share acquisition plan	-	-	225	-	225	-	225
Payment of dividends	-	(19,195)	-	-	(19,195)	-	(19,195)
<b>Balance as at 30 June 2020</b>	<b>248,862</b>	<b>18,009</b>	<b>1,695</b>	<b>254</b>	<b>268,820</b>	<b>(1,462)</b>	<b>267,358</b>

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

\*Continued on the next page.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	FULLY PAID ORDINARY SHARES	RETAINED EARNINGS	OTHER RESERVES	CURRENCY TRANSLATION	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	NON- CONTROLLING INTEREST	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2020</b>	248,862	18,009	1,695	254	268,820	(1,462)	267,358
Profit/(loss) for the year	-	21,528	-	-	21,528	(1,020)	20,508
Foreign exchange translation differences for foreign operations	-	-	-	(78)	(78)	(71)	(149)
<b>Total comprehensive income for the year</b>	-	21,528	-	(78)	21,450	(1,091)	20,359
Foreign exchange translation differences for foreign operations	-	24	-	1	25	(2)	23
Shares issued under employee salary sacrifice share plan	103	-	-	-	103	-	103
Shares issued under dividend reinvestment plan	3,609	-	-	-	3,609	-	3,609
Shares issued under employee share acquisition plan	211	-	(211)	-	-	-	-
Shares issued under executive share scheme	855	-	(855)	-	-	-	-
Share issue costs	(27)	-	-	-	(27)	-	(27)
Related income tax	8	-	-	-	8	-	8
Provision for executive share entitlements	-	-	762	-	762	-	762
Provision for employee share acquisition plan	-	-	210	-	210	-	210
Payment of dividends	-	(18,154)	-	-	(18,154)	-	(18,154)
<b>Balance at 30 June 2021</b>	<b>253,621</b>	<b>21,407</b>	<b>1,601</b>	<b>177</b>	<b>276,806</b>	<b>(2,555)</b>	<b>274,251</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		105,065	100,591
Payments to suppliers and employees		(74,637)	(69,627)
Income tax paid		(11,106)	(12,707)
<b>Net cash provided by operating activities</b>	6	19,322	18,257
<b>Cash flows from investing activities</b>			
Redemption from managed investment schemes		-	10,168
Interest and managed fund distributions received		485	935
Payment for furniture, equipment, leasehold and right-of-use assets		(349)	(641)
Payment for intangible assets		(342)	(653)
<b>Net cash (used in)/provided by investing activities</b>		(206)	9,809
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		-	1,224
(Repayment of)/proceeds from borrowings – corporate facility		(10,000)	8,000
Proceeds from borrowings – operational risk financial requirement facilities		14,250	9,000
Repayment of lease liabilities		(1,373)	(1,273)
Payment for share issue cost		(27)	(35)
Dividend paid to members of the parent entity (net of shares issued under dividend reinvestment plan)		(14,542)	(14,600)
<b>Net cash (used in)/provided by financing activities</b>		(11,692)	2,316
<b>Net increase in cash and cash equivalents</b>		7,424	30,382
<b>Cash and cash equivalents at beginning of the financial year</b>		84,738	54,434
Exchange fluctuations on foreign cash balances		13	(78)
<b>Cash and cash equivalents at end of the financial year</b>	18	92,175	84,738

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



# NOTES TO THE FINANCIAL STATEMENTS

## GENERAL INFORMATION

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

The Company's registered office and its principal place of business is Level 1, 575 Bourke Street, Melbourne, Victoria. EQT Holdings Limited and its subsidiaries (refer to note 31) are referred to as 'the Group' in the notes to the financial statements. The principal activities of the Group are described in note 3.

## 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 Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group and the Company comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Directors on 19 August 2021.

## GOING CONCERN

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

## BASIS OF PREPARATION

The consolidated financial statements have been prepared based on historical cost, except for the revaluation of certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. Details of functional currencies within the Group are set out in note 31.

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 considers 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 *Share Based Payments*, leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as for value in use calculations per AASB 136 *Impairment of Assets*.

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.



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

## CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgments, 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 relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and key sources of estimation uncertainty used in preparing the financial statements that significantly impact the amounts recognised in the consolidated financial statements.

### IMPAIRMENT OF GOODWILL, INDEFINITE LIFE MANAGEMENT RIGHTS AND CUSTOMER CONTRACT INTANGIBLES (NOTES 7 & 8)

Determining whether goodwill or indefinite life management rights/customer contracts are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and indefinite life management rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit, revenue, expense, terminal growth rates and an appropriate discount rate in order to calculate present value.

The Group is required to test impairment annually for goodwill and indefinite life management rights, irrespective of whether indicators of impairment are present. In conducting this testing, it has been noted that the emergence of the COVID-19 pandemic has resulted in an increased level of volatility in investment markets, impacting some of the valuation inputs of the Group's value-in-use impairment model. The Group has critically assessed possible changes in future revenues and costs across the cash-generating units as a result of the COVID-19 pandemic, as well as the growth rates used for these inputs on a longer-term basis. The Group has also considered the increase in market and economic volatility where relevant in selecting the discount rate to be applied for impairment testing, and in the stress testing of the model on an overall basis. The Group has concluded that no impairment is evident at 30 June 2021.

At 30 June 2021 the carrying amount of goodwill is \$127,622,000 and \$77,663,000 for management rights and customer contract intangibles (2020: \$127,573,000 goodwill and \$79,105,000 management rights and customer contract intangibles). No impairment has been identified (2020: nil).

### CREDIT RISK OF TRADE RECEIVABLES (NOTE 19) AND FINANCIAL ASSETS (NOTE 22)

Some third parties owing money to the Group may be experiencing more challenging financial circumstances as a result of COVID-19, impacting their ability to settle amounts owing to the Group. The Group has exposure to third parties through trade receivables and the carrying value of financial assets held. Trade receivables are held across a well-diversified group of clients consisting of trusts, estates, funds, businesses and private individuals. Financial assets are held in managed schemes, for which a Group entity acts as the Responsible Entity.

The Group has assessed the carrying value of trade receivables and financial assets, taking into account the possible impacts of COVID-19, and while there has been an overall increase in trade receivables over the year, management believes that the values recorded in these financial statements remain appropriate.



## ESTATE ADMINISTRATION REVENUE (A COMPONENT OF 'OTHER SERVICES REVENUE') (NOTE 1)

Revenue associated with estate administration activities is recognised over time as the relevant services are provided, taking into consideration the stage of completion of each individual estate. The estate administration process is complex and includes a number of legal milestones that must occur until the point at which an estate is distributed to its beneficiaries. Judgment is required in determining the percentage of completion in accordance with the progress of the estate.

## INTANGIBLE ASSETS (NOTE 7)

The useful lives of intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years. In the current financial year, the Group has also considered the impact of the COVID-19 pandemic, and the related economic and market volatility, on the useful lives of its intangible assets. The Group has determined that no change to the previously determined useful lives (as set out in note 7) is required (2020: no change).

## PROVISIONS (NOTE 11)

The amounts included in provisions represent the Directors' best estimate of the future outflow of economic benefits required to settle liabilities that have uncertain timing or amounts, including employee benefit provisions. The aggregate value of the current and non-current provisions at 30 June 2021 is \$11,496,000 (2020: \$9,726,000).

## PERFORMANCE

### 1 REVENUE AND OTHER INCOME

The following is an analysis of the Group's income and revenue for the year:

	2021 \$'000	2020 \$'000
<b>Revenue</b>		
Private client trustee services	41,894	42,233
Superannuation trustee services	19,194	14,035
Fund governance and trustee services	33,421	31,550
Other services	5,102	6,866
Revenue from service activities	99,611	94,684
Interest and managed fund distributions	463	840
	<b>100,074</b>	<b>95,524</b>
<b>Other income</b>		
Recoveries	786	111
Foreign currency gain / (loss)	180	(205)
<b>Total revenue and other income</b>	<b>101,040</b>	<b>95,430</b>
<b>The following is an analysis of investment revenue earned on financial assets by category of asset:</b>		
At fair value through profit or loss (FVTPL) – managed funds	218	423
At amortised cost – cash and cash equivalents	245	417
<b>Total investment income for financial assets not designated as at fair value through profit or loss</b>	<b>463</b>	<b>840</b>

## Accounting Policies

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



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

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

Revenue earned for private client, superannuation and fund governance and trustee services is generally provided under contracts that do not contemplate an end date. Notwithstanding this, the performance obligations associated with the services provided are met continuously over time, and accordingly, there are no unsatisfied performance obligations as at 30 June 2021.

For estate administration services (a component of other services) there are estates for which some of the performance obligations remain unsatisfied, to which a portion of the transaction price is allocated. Notwithstanding this, the Group's general expectation is that the administration process will have a duration of less than 12 months for all estates. In some circumstances – and in particular for estates where litigation takes place – the duration may exceed 12 months; however, this is generally not known at the time of inception. For those estates where the duration of the administration process will exceed 12 months, the amount not recognised at 30 June 2021 is insignificant.

For tax and estate planning fees (both of which are components of other services) the related performance obligations are satisfied when the work is concluded, and the services have been delivered to the client. The transaction price is realised at this point in time.

## Interest and managed fund distributions

Interest and managed fund distribution revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Distribution revenue from investments is recognised when the Group's right to receive payment has been established. Interest revenue 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.





## Recoveries

From time to time, the Group may earn income when expenses paid are subsequently recovered, such as for insurance claims, legal settlements or other cost recoveries. Income earned in such cases is recognised when the Group's right to receive payment has been established.

## 2 EXPENSES

	2021 \$'000	2020 \$'000
Salaries and related employee expenses:		
Wages and salaries	41,168	38,174
Post-employment benefits	2,995	2,846
Equity-settled share-based payments	1,075	286
Other employment related expenses	1,414	2,192
Administrative and general expenses:		
Loss on disposal of plant and equipment and software	2	1
Other administrative and general expenses	2,864	4,745
Information technology expenses	5,403	4,817
Occupancy expenses:		
Minimum lease payments (short term and low value leases)	264	228
Outgoings and other occupancy expenses	790	755
Legal, consulting and regulatory expenses	5,073	2,599
Audit and tax advice expenses	1,109	1,118
Insurance expenses	1,761	988
<b>Total expenses</b>	<b>63,918</b>	<b>58,749</b>

Finance costs stated on the face of the profit or loss statement consist of \$192k interest expense from lease liabilities (2020: \$274k), \$28k interest expense of lease makegood (2020: \$27k) and \$1,326k interest expense from borrowings (2020: \$725k).

## Accounting policies

Expenses are measured at the fair value of the consideration paid or payable on an accrual's basis, net of goods and services tax.

### Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred, unless they relate to acquisition, construction or production of qualifying assets, in which case the costs are capitalised.

### Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The Group has two types of equity settled share-based payments: The Long-term Incentive Awards (LTI) and the Employee Share Acquisition Plan (ESAP).

Fair value of the LTI is measured by using an adjusted form of the Black-Scholes option pricing model that incorporates a Monte Carlo simulation analysis. The model has been modified to incorporate an estimate of the probability of achieving the performance hurdle and the number of Awards vesting. The fair value determined at the 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 shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Shares issued under the ESAP are valued at fair value determined at the date of issue to employees, this amount is expensed in the income statement with a corresponding entry in issued capital.



### 3 SEGMENT PERFORMANCE

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

In the current financial year, the Group has determined that it is appropriate to recognise two additional operating segments: Superannuation Trustee Services (STS) and Corporate Trustee Services – Europe (CTS-EU). Recognition of these two additional operating segments reflects the growth and development of these activities over a number of years and their now significance to the Group on an overall basis. Recognition of these two segments, in addition to the existing two segments, also accords with how information on Group performance is now reported to the Group's Chief Operating Decision maker.

Information historically provided for the CTS-A (previously CTS) and TWS segments has been re-presented to reflect the separate recognition of STS and CTS-EU in the current year.

The Group's reportable segments, as determined in accordance with AASB 8 *Operating Segments*, are as follows:

#### **Trustee & Wealth Services (TWS)**

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

#### **Superannuation Trustee Services (STS)**

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

#### **Corporate Trustee Services – Australia (CTS-A)**

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

#### **Corporate Trustee Services UK/Ireland (CTS-EU)**

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



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

	2021 \$'000	2020 \$'000
<b>Segment revenue</b>		
Trustee & Wealth Services		
Private client trustee services	41,894	42,233
Other services	5,102	6,866
	<b>46,996</b>	<b>49,099</b>
Superannuation Trustee Services	19,194	14,035
Corporate Trustee Services – Australia – Fund governance and trustee services	31,138	30,409
Corporate Trustee Services – UK/Ireland – Fund governance and trustee services	2,283	1,141
	<b>99,611</b>	<b>94,684</b>
Unallocated	1,429	746
<b>Total revenue and other income per statement of profit or loss</b>	<b>101,040</b>	<b>95,430</b>

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (2020: nil).

There were no discontinued operations (2020: nil).

No single customer accounts for 10% or more of the Group's revenue.

	2021 \$'000	2020 \$'000
<b>Segment net profit/(loss) before tax</b>		
Trustee & Wealth Services	12,787	16,023
Superannuation Trustee Services	5,280	1,606
Corporate Trustee Services – Australia	16,157	15,719
Corporate Trustee Services – UK/Ireland	(3,221)	(3,493)
	<b>31,003</b>	<b>29,855</b>
Unallocated	(692)	458
<b>Total net profit before tax per statement of profit or loss</b>	<b>30,311</b>	<b>30,313</b>

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

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



## 4 INCOME TAXES

	2021 \$'000	2020 \$'000
<b>Income tax expense comprises:</b>		
Current income tax expense	9,265	9,703
Prior period adjustments and other deferred tax adjustments relating to the origination and reversal of temporary differences	538	2,123
<b>Total income tax expense</b>	<b>9,803</b>	<b>11,826</b>
<b>The income tax expense for the year can be reconciled to accounting profit as follows:</b>		
Profit before tax from continuing operations	30,311	30,313
Income tax expense calculated at 30%	9,093	9,094
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,080	433
Non-deductible expenses	513	548
Non-assessable income	(306)	(272)
	<b>10,380</b>	<b>9,803</b>
Prior year tax adjustments	(577)	2,023
<b>Total income tax expense</b>	<b>9,803</b>	<b>11,826</b>

The tax rate used in the above 2021 and 2020 reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. The Group's UK operations are subject to a corporate tax rate of 19%. The Group's Irish operations are subject to a corporate tax rate of 12.5%. There has been no change in the corporate tax rates applied when compared with the prior financial year.

During the year, the Group settled a longstanding dispute with the ATO concerning a right to future income deduction arising on an acquisition made in the 2011 financial year (2020: The Group had previously made deductions under the rights to future income rules, relating to an acquisition by the Group in the 2011 financial year. The Group has made a provision for their best estimate of the amount that may be payable. The Group is continuing its discussions with the ATO on this matter).

In 2021 the UK and Irish operations generated a combined loss of \$3,027k (2020: \$3,493k) before tax. A portion of the tax benefit associated with these losses, and those of the prior year, has been recognised in the consolidated financial statements because Management considers it probable that future taxable profits will be available against which these losses can be utilised. Management's assessment is based on a range of factors, including the future revenue associated with new business opportunities recently secured, the pipeline of new business opportunities, and projections of new expenditure required.

	2021 \$'000	2020 \$'000
<b>Income tax expense/(credit) recognised directly in equity:</b>		
<b>Current tax:</b>		
Share issue expenses deductible over 5 years	(8)	(7)
<b>Deferred tax:</b>		
Arising on transactions with equity participants:		
Share issue expenses deductible over 5 years	-	(4)
<b>Total income tax recognised directly in equity</b>	<b>(8)</b>	<b>(11)</b>
<b>Current tax liabilities:</b>		
Income tax payable	1,719	1,710
<b>Deferred tax balances are presented in the statement of financial position as follows:</b>		
Deferred tax assets	5,376	4,256
Deferred tax liabilities	(21,282)	(21,457)



DEFERRED TAX ASSETS	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	OTHER \$'000	CLOSING BALANCE \$'000
<b>2021</b>					
<b>Temporary differences</b>					
Provisions	2,996	387	-	-	3,383
Expenditure deductible over 5 years	54	437	-	-	491
Furniture, equipment, leasehold and right-of-use assets	117	130	-	(24)	223
Tax losses	1,089	215	-	(25)	1,279
	<b>4,256</b>	<b>1,169</b>	<b>-</b>	<b>(49)</b>	<b>5,376</b>

<b>2020</b>					
<b>Temporary differences</b>					
Provisions	3,178	(182)	-	-	2,996
Expenditure deductible over 5 years	107	(56)	3	-	54
Furniture, equipment and leasehold	(93)	186	-	24	117
Tax losses	466	642	-	(19)	1,089
	<b>3,658</b>	<b>590</b>	<b>3</b>	<b>5</b>	<b>4,256</b>

DEFERRED TAX LIABILITIES	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	OTHER \$'000	CLOSING BALANCE \$'000
<b>2021</b>					
<b>Temporary differences</b>					
Intangible assets	(21,457)	175	-	-	(21,282)
	<b>(21,457)</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>(21,282)</b>
<b>2020</b>					
<b>Temporary differences</b>					
Intangible assets	(21,665)	208	-	-	(21,457)
	<b>(21,665)</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>(21,457)</b>

The Group has unrecognised tax deferred losses of \$1,279k (2020: \$1,089k).

## ACCOUNTING POLICIES

Income tax expense represents the sum of the tax currently payable and deferred tax.

### Current tax

The tax currently payable is based on the Group's taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and 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.



## Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group can 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 the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## Current 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.

## Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. EQT Holdings Limited is the head entity in the tax-consolidated group and the other members are identified in note 31. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the tax-consolidated group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. The Company and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement entered into between 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 each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Subsidiaries operating in the United Kingdom and Ireland do not consolidate into a tax consolidated group.



## Investment in tax-consolidated group

Under Australian tax law, the taxable profit made by a tax-consolidated group in relation to an entity leaving the Group depends on a range of factors, including the tax values and/or carrying values of assets and liabilities of the leaving entity, which vary in line with the transactions and events recognised in each entity. The taxable profit or loss ultimately made on any disposal of the investments within the tax-consolidated group will therefore depend upon when each entity leaves the tax-consolidated group and the assets and liabilities that the leaving entity holds at that time.

Because the consolidated entity has no current intention to dispose of any subsidiaries within the Group, a deferred tax liability has not been recognised in relation to investments within the tax-consolidated group. Furthermore, temporary differences that might arise on disposal of the entities in the tax-consolidated group cannot be reliably measured because of the inherent uncertainties surrounding the nature of any future disposal that might occur.

## 5 EARNINGS PER SHARE

The Company has one class of ordinary shares.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	2021	2020
	CENTS PER SHARE	CENTS PER SHARE
Basic earnings per share	103.04	92.95
Diluted earnings per share	102.89	92.58

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	2021	2020
	\$'000	\$'000
Net profit after tax attributable to equity holders of the Company	21,528	19,212

	2021	2020
	NO. '000	NO. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	20,894	20,669
Shares deemed to be issued for no consideration in respect to employee share entitlements	30	83
Weighted average number of ordinary shares for the purposes of diluted earnings per share	20,924	20,752

## Accounting Policies

Basic earnings per share is calculated by dividing the net profit after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding for the year.

Diluted earnings per share is calculated by dividing the net profit after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding for the year, adjusted for shares deemed to be issued for no consideration, in respect to employee share entitlements.



## 6 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Reconciliation of profit for the year to net cash flows from operating activities

	2021 \$'000	2020 \$'000
Profit for the year	20,508	18,487
Income tax expense recognised in profit and loss	9,803	11,826
Depreciation and amortisation of non-current assets	3,818	3,891
Amortisation of management rights	1,447	1,451
(Profit)/loss on disposal of plant and equipment	2	1
Equity-settled share-based payments	1,075	286
Interest income received and receivable	(463)	(840)
Foreign currency (gain)/loss	(180)	205
	<b>36,010</b>	<b>35,307</b>
<b>Movements in working capital</b>		
(Increase)/decrease in trade and other receivables	(4,344)	(3,892)
(Increase)/decrease in other assets	(3,178)	(1,222)
Increase/(decrease) in trade and other payables	(127)	1,103
Increase/(decrease) in other provisions	2,067	(332)
<b>Cash generated from operations</b>	<b>30,428</b>	<b>30,964</b>
Income taxes paid	(11,106)	(12,707)
<b>Net cash generated by operating activities</b>	<b>19,322</b>	<b>18,257</b>

### Non-cash financing activities

Non-cash financing activity during the year were dividend reinvestments of \$3,609,000 (2020: \$4,597,000).

### ACCOUNTING POLICIES

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

During the current period, the Group has presented certain financing and operating cash flows differently to the way they were presented in the comparative period. Prior year comparatives have not been reclassified as the effect on prior year is not considered to be significant.





## OPERATING ASSETS AND LIABILITIES

### 7 INTANGIBLE ASSETS

	COMPUTER SOFTWARE \$'000	LEASEHOLD MAKEGOOD \$'000	MANAGEMENT RIGHTS \$'000	TOTAL \$'000
<b>Gross carrying amount</b>				
<b>Balance at 1 July 2019</b>	8,630	753	88,918	98,301
Additions	412	-	-	412
Effect of change in accounting policy for initial application of AASB 16 Leases	-	(753)	-	(753)
<b>Balance at 30 June 2020</b>	9,042	-	88,918	97,960
Additions	369	-	-	369
Effect of foreign currency exchange differences	-	-	5	5
Disposals	(28)	-	-	(28)
<b>Balance at 30 June 2021</b>	<b>9,383</b>	<b>-</b>	<b>88,923</b>	<b>98,306</b>
<b>Accumulated amortisation and impairment</b>				
<b>Balance at 1 July 2019</b>	6,343	213	8,362	14,918
Amortisation expense	1,032	-	1,451	2,483
Effect of change in accounting policy for initial application of AASB 16 Leases	-	(213)	-	(213)
<b>Balance at 30 June 2020</b>	7,375	-	9,813	17,188
Disposals	(28)	-	-	(28)
Amortisation expense	917	-	1,447	2,364
<b>Balance at 30 June 2021</b>	<b>8,264</b>	<b>-</b>	<b>11,260</b>	<b>19,524</b>
<b>Net book value</b>				
As at 30 June 2020	1,667	-	79,105	80,772
<b>As at 30 June 2021</b>	<b>1,119</b>	<b>-</b>	<b>77,663</b>	<b>78,782</b>

	2021 \$'000	2020 \$'000
Aggregate amortisation recognised as an expense during the year:		
Amortisation of computer software	917	1,032
Amortisation of management rights	1,447	1,451
<b>Total amortisation expense</b>	<b>2,364</b>	<b>2,483</b>

Amortisation expense is included in the line item 'depreciation and amortisation expenses' in the consolidated statement of profit or loss and other comprehensive income.



## SIGNIFICANT INTANGIBLE ASSETS

The Group holds the following significant management rights and customer contract intangibles. All of these are externally generated intangible assets.

	2021 \$'000	2020 \$'000
Indefinite life	73,022	73,017
Fixed life	4,641	6,088
	<b>77,663</b>	<b>79,105</b>

The indefinite and fixed life intangibles in the above table have been allocated for impairment testing purposes to the TWS, STS, CTS-A and CTS-EU cash-generating units. Details of cash-generating units, the value-in-use calculation of the recoverable amounts and key assumptions are contained in note 8. Management has reviewed the useful life of the intangibles and has determined that these indefinite life intangibles continue to have indefinite lives.

In undertaking this review, management has considered the economic, competitor and regulatory environment in relation to the Group, the contractual rights and contractual relationships in relation to these indefinite life intangibles, and ability of the indefinite life intangibles to continue to have value into the foreseeable future.

## Accounting Policies

### 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.

### Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

After 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.



## 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). After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (for finite life intangibles) and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## Management rights and customer contract intangibles

Management rights and customer contract intangibles arising in relation to acquisitions are carried at cost as non-current intangible assets. Where the management rights and customer contract intangibles have an indefinite useful life they are not amortised but are subject to an ongoing impairment test. Where the management rights and customer contract intangibles have a finite useful life they are recorded at cost less accumulated amortisation and accumulated impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

## 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.

## Useful lives of finite life intangible assets

The following useful lives are used in the calculation of amortisation expense:

Software	1 - 10 years
Management rights and customer contract intangibles	1 - 16 years

## Impairment

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. Otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are required to be tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.



## 8 GOODWILL

	2021 \$'000	2020 \$'000
Cost	127,622	127,573
Accumulated impairment losses	-	-
	127,622	127,573
Balance at beginning of the financial year	127,573	127,586
Amounts recognised during the year	-	-
Effect of foreign currency exchange differences	49	(13)
	127,622	127,573

There are no accumulated impairment losses (2020: nil).

During FY21 the Group assessed the recoverable amount of goodwill and determined that no impairment had occurred (2020: nil).

### Identification of cash-generating units

During the period, the Group reassessed the composition of its cash generating units and determined that it was appropriate to recognise a further two cash generating units, one for the Group's Superannuation activities (STS), and one for its UK/Irish operations (CTS-EU). Assets attributable to these CGUs can be readily determined to facilitate impairment testing at this level. Previously reported allocations of goodwill to cash generating units have been re-presented to allow for more appropriate comparison between periods.

### Allocation of goodwill to cash-generating units

The carrying amount of goodwill was allocated to the following cash-generating units:

	2021 \$'000	2020 \$'000
Corporate Trustee Services – Australia	3,680	3,680
Corporate Trustee Services – UK/Ireland	1,879	1,830
Trustee & Wealth Services	108,939	108,939
Superannuation Trustees Services	13,124	13,124
	127,622	127,573

### Corporate Trustee Services – Australia (CTS-A)

The recoverable amount of the CTS-A cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five-year period, together with a terminal value based on a conservative rate of growth. These cash flows are discounted using a pre-tax rate of 10.10% (2020: 9.47%). Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CTS – A cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management, basis point fee levels, and expense growth rate. These assumptions are evaluated each year to ensure their ongoing appropriateness.



### **Corporate Trustee Services – UK/Ireland (CTS-EU)**

The recoverable amount of the CTS UK/Ireland cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five-year period, together with a terminal value based on a rate of growth appropriate for a business in this stage of its operating cycle. These cash flows are discounted using a pre-tax rate of 19.27% (2020: 18.51%). Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CTS – UK/Ireland cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management, basis point fee levels, and expense growth rate. These assumptions are evaluated each year to ensure their ongoing appropriateness.

### **Trustee & Wealth Services (TWS)**

The recoverable amount of the TWS cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five-year period, together with a terminal value based on a conservative rate of growth. These cash flows are discounted using a pre-tax rate of 10.10% (2020: 9.47%). Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the TWS cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management and growth in ongoing services revenue, growth in one-off advisory services and expense growth rate. These assumptions are evaluated each year to ensure their ongoing appropriateness.

### **Superannuation Trustees Services (STS)**

The recoverable amount of the STS cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on management's forecast covering a five-year period, together with a terminal value based on a conservative rate of growth. These cash flows are discounted using a pre-tax rate of 10.10% (2020: 9.47%). Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the STS cash-generating unit.

The key assumptions used in the value-in-use calculations are the growth rate of funds under management and growth in ongoing services revenue, growth in one-off advisory services and expense growth rate. These assumptions are evaluated each year to ensure their ongoing appropriateness.



## Sensitivity to changes in key assumptions

All CGUs have been assessed as having no impairment in the current and prior years. The Group has evaluated the sensitivity of cash-generating unit recoverable amounts, and their related headroom over the carrying value of cash-generating unit assets, to consider reasonably possible changes in key assumptions.

As described in *Critical Judgments and Key Sources of Estimation Uncertainty*, the Group has considered the impacts of the COVID-19 pandemic on its annual impairment testing of goodwill and indefinite life intangible assets. Consideration has been given to current economic and market conditions, and the Group's view of possible long-term impacts associated with the pandemic on future cash flows and growth rates. Adjustments have been made to recoverable amount calculations where appropriate to take these factors into account.

The following changes to headroom are reasonably possible, while holding all other assumptions constant:

INPUT	REASONABLY POSSIBLE MOVEMENT	TWS	STS	CTS-A	CTS-EU
WACC	+50 basis points	Reduces headroom by \$18.95m, no impairment	Reduces headroom by \$6.08m, no impairment	Reduces headroom by \$18.94m, no impairment	Reduces headroom by \$377k, no impairment
Terminal growth rate	-50 basis points	Reduces headroom by \$22.67m, no impairment	Reduces headroom by \$7.28m, no impairment	Reduces headroom by \$22.34m, no impairment	Reduces headroom by \$328k, no impairment
Revenue growth rate	-100 basis points	Reduces headroom by \$27.40m, no impairment	Reduces headroom by \$10.76m, no impairment	Reduces headroom by \$17.98m, no impairment	Reduces headroom by \$1.02m, no impairment

The combined effect of the above reasonably possible changes results in a further reduction of headroom but does not result in the carrying amount of either cash-generating unit exceeding its recoverable amount.



## Accounting Policies

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (note 13) 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 to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit 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 in the consolidated income statement. 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.

## 9 FURNITURE, EQUIPMENT AND LEASEHOLD

	COMPUTER HARDWARE & EQUIPMENT AT COST \$'000	LEASEHOLD IMPROVEMENTS AT COST \$'000	OFFICE FURNITURE & EQUIPMENT AT COST \$'000	TOTAL \$'000
<b>Gross carrying amount</b>				
<b>Balance at 1 July 2019</b>	1,974	6,504	995	9,473
Additions	522	61	57	640
Disposals	-	(1)	-	(1)
<b>Balance at 30 June 2020</b>	2,496	6,564	1,052	10,112
Additions	332	-	9	341
Disposals	(457)	(43)	(9)	(509)
<b>Balance at 30 June 2021</b>	<b>2,371</b>	<b>6,521</b>	<b>1,052</b>	<b>9,944</b>
<b>Accumulated depreciation and impairment</b>				
<b>Balance at 1 July 2019</b>	1,083	1,360	305	2,748
Disposals	-	(1)	-	(1)
Depreciation expense	425	800	130	1,355
<b>Balance at 30 June 2020</b>	1,508	2,159	435	4,102
Disposals	(455)	(43)	(9)	(507)
Effect of foreign currency exchange differences	(14)	-	-	(14)
Depreciation expense	499	789	132	1,420
<b>Balance at 30 June 2021</b>	<b>1,538</b>	<b>2,905</b>	<b>558</b>	<b>5,001</b>
<b>Net book value</b>				
As at 30 June 2020	988	4,405	617	6,010
<b>As at 30 June 2021</b>	<b>833</b>	<b>3,616</b>	<b>494</b>	<b>4,943</b>

	2021 \$'000	2020 \$'000
Aggregate depreciation recognised as an expense during the year:		
Computer hardware and equipment	499	425
Leasehold improvements	789	800
Office furniture and equipment	132	130
Right-of-use assets (note 10)	1,481	1,504
<b>Total depreciation expense</b>	<b>2,901</b>	<b>2,859</b>

No depreciation was capitalised.

Depreciation expense is included in the line item 'depreciation and amortisation expenses' of the statement of profit or loss and other comprehensive income.



## Accounting Policies

Furniture, equipment, leasehold improvements and right of use assets, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on furniture and equipment is recognised so as to write off the cost or valuation of the assets less their residual values over their useful lives, using the straight-line method. Leasehold improvements are depreciated over the period of the lease or estimated useful life (whichever is the shorter), using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

An item of furniture, equipment or leasehold improvement is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of furniture, equipment or leasehold improvement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Useful lives used in the calculation of depreciation

The following useful lives are used in the calculation of depreciation:

Computer hardware and equipment	1 – 6 years
Office furniture and equipment	1 – 10 years
Leasehold improvements	2 – 10 years
Right-of-use assets	2 – 10 years

## Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. Otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.





## 10 LEASES

The Group's material lease arrangements relate predominantly to its operating premises throughout Australia and in London, United Kingdom, and Dublin, Ireland.

### Right-of-use assets

The carrying amount of assets acquired under lease arrangements is as follows:

	RIGHT-OF-USE ASSETS AT COST \$'000
<b>Gross carrying amount</b>	
Balance at 1 July 2019	11,483
Additions	550
Effect of foreign currency exchange differences	7
Balance at 30 June 2020	12,040
Effect of foreign currency exchange differences	3
Balance at 30 June 2021	12,043
<b>Accumulated depreciation and impairment</b>	
Balance at 1 July 2019	3,737
Depreciation expense	1,504
Balance at 30 June 2020	5,241
Depreciation expense	1,481
Balance at 30 June 2021	6,722
<b>Net book value</b>	
As at 30 June 2020	6,799
As at 30 June 2021	5,321

### Lease related liabilities

Liabilities recognised as a result of the Group's lease arrangements are as follows:

	2021 \$'000	2020 \$'000
<b>Current</b>		
Lease related liabilities (note 12)	1,237	1,432
<b>Non-current</b>		
Lease related liabilities (note 12)	6,775	7,955
	8,012	9,387

The following table details the Group's maturities for its lease arrangements.

	LESS THAN 1 MONTH \$'000	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	5+ YEARS
<b>2021</b>					
Interest expense on lease liabilities	121	248	868	6,485	290
	121	248	868	6,485	290
<b>2020</b>					
Interest expense on lease liabilities	113	230	1,089	5,962	1,993
	113	230	1,089	5,962	1,993



Amounts recognised in the profit or loss for leases in the current and prior year are:

	2021 \$'000	2020 \$'000
Depreciation expense on right of use assets	1,481	1,504
Interest expense on lease liabilities	220	274
Expense relating to short term leases	200	186
Expense relating to leases of low value assets	57	57
	1,958	2,021

The total cash outflow for leases amounted to \$1,930k (2020: \$1,885k).

## Accounting Policy

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers, office furniture and printing equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented in the consolidated statement of financial position in other current liabilities and other non-current liabilities.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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 did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.



Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented separately in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, AASB 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

## 11 PROVISIONS

	2021 \$'000	2020 \$'000
<b>Current</b>		
Employee benefits (note 24)	6,802	5,052
Other provisions	1,211	1,564
	<b>8,013</b>	<b>6,616</b>
<b>Non-current</b>		
Employee benefits (note 24)	2,604	2,259
Leasehold makegood	879	851
	<b>3,483</b>	<b>3,110</b>

	MAKEGOOD \$'000	OTHER PROVISIONS \$'000	EMPLOYEE BENEFITS (NOTE 24) \$'000	TOTAL \$'000
<b>Balance at 1 July 2020</b>	851	1,564	7,311	9,726
Net additional provisions recognised	28	-	4,954	4,982
Decrease arising from payments	-	(134)	(2,859)	(2,993)
Other movements	-	(219)	-	(219)
<b>Balance at 30 June 2021</b>	<b>879</b>	<b>1,211</b>	<b>9,406</b>	<b>11,496</b>

The leasehold makegood provision represents the present value of the Directors' best estimate of the future outflow of economic benefits that will be required to settle the Group's obligations to make good its leased premises at the end of the leases.

Other provisions includes the Directors' best estimate of amounts required to meet employee, fringe benefit tax and other trade payment obligations that are owing.

Employee benefits includes provisions for annual leave, long service leave and bonuses.



## Accounting Policies

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 reporting date, taking into account the risks and uncertainties surrounding the obligation. Where 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, the 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.

## 12 OTHER LIABILITIES

	2021 \$'000	2020 \$'000
<b>At amortised cost</b>		
<b>Current</b>		
Corpus commission collected but not earned	2	3
Lease related liabilities	1,237	1,432
Other liabilities	1,309	982
	<b>2,548</b>	<b>2,417</b>
<b>Non-current</b>		
Lease related liabilities	6,775	7,955
Corpus commission collected but not earned	35	35
	<b>6,810</b>	<b>7,990</b>

## 13 BUSINESS COMBINATIONS

### Acquisition of businesses

#### YEAR ENDED 30 JUNE 2021

No acquisitions were made in the year ended 30 June 2021.

#### YEAR ENDED 30 JUNE 2020

No acquisitions were made in the year ended 30 June 2020.

## Accounting Policies

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 by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group 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 at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group 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, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) 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 amount of any non-controlling interests in the acquiree and the



fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

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 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. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 *Financial Instruments*, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree before the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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.

## CAPITAL STRUCTURE

### 14 BORROWINGS

	2021 \$'000	2020 \$'000
<b>Unsecured, at amortised cost</b>		
Corporate facility	10,000	20,000
Operational risk financial requirement (ORFR) facilities	23,250	9,000
	<b>33,250</b>	<b>29,000</b>

#### Corporate Facility

The Group has a \$40m facility with Australia and New Zealand Banking Group Limited (ANZ). The facility has a 3-year term and was renewed in the 2020 financial year.

The facility is drawn down as needed and the drawn tranches bear interest at variable market rates. The facility is drawn down to \$10m as at 30 June 2021 (2020: \$20m). The weighted average effective interest rate on the corporate facility drawn down loans is 1.6% per annum (2020: 1.9%).



## Operational risk financial requirement (ORFR) facilities

ORFR facilities relate to the Group's superannuation activities. These facilities are in place to ensure appropriate capital adequacy with respect to the Group's regulatory obligations for associated superannuation funds. Funds provided by these facilities are held as cash by the superannuation trustee to support the regulatory ORFR and form part of cash and cash equivalents in the consolidated statement of financial position. ORFR facilities are limited recourse arrangements and the net interest cost is neutral to the Group.

During the year the Group entered into additional borrowing facilities with AMP and HUB24. The AMP facilities have a term of 5 years, a limit of \$7.7m and are fully drawn at 30 June 2021. The HUB24 facility has a term of 3 years, a limit of \$10m and is drawn down to \$7.6m at 30 June 2021.

The Group has a \$9m facility with Colonial Mutual Life Assurance Society Limited (CMLA). The facility has a 5-year term and is drawn to \$8m at 30 June 2021 (2020: \$9m). Amounts repaid in relation to this facility cannot be reborrowed.

The weighted average effective interest rate on all drawn down loans is 5.5% per annum (2020: 2.1%).

## Reconciliation of liabilities arising from financing activities

	2020 \$'000	CASH FLOWS \$'000	NON-CASH CHANGES \$'000	2021 \$'000
Corporate facility	20,000	(10,000)	-	10,000
Operational risk financial requirement (ORFR) facilities	9,000	14,250	-	23,250
Total liabilities from financing activities	29,000	4,250	-	33,250

## 15 ISSUED CAPITAL

	2021 \$'000	2020 \$'000
20,979,239 fully paid ordinary shares (2020: 20,775,755)	253,621	248,862

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2021 NO. '000	2021 \$'000	2020 NO. '000	2020 \$'000
<b>Fully paid ordinary shares</b>				
Balance at beginning of financial year	20,776	248,862	20,522	242,981
Shares issued under employee share scheme	8	211	7	204
Shares issued under executive share scheme	49	855	68	979
Shares issued under employee salary sacrifice	4	103	5	125
Shares issued under dividend reinvestment plan	143	3,609	174	4,597
Share issue costs net of tax	-	(19)	-	(24)
<b>Balance at end of financial year</b>	<b>20,980</b>	<b>253,621</b>	<b>20,776</b>	<b>248,862</b>

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

## Share awards

In accordance with the provisions of the EQT Holdings Limited Executive Performance Share Plan 1999 (the Plan), as at 30 June 2021, eligible executives have share entitlements over 243,097 ordinary shares (2020: 242,054), in aggregate. Further details of the Plan are contained in the Remuneration Report within the Directors' Report.



## 16 RESERVES

	EMPLOYEE EQUITY- SETTLED BENEFITS RESERVE	CAPITAL RESERVE	CURRENCY TRANSLATION	TOTAL
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	1,345	350	254	1,949
Shares issued	(1,066)	-	-	(1,066)
Movement in reserve	972	-	(77)	895
<b>Balance at 30 June 2021</b>	<b>1,251</b>	<b>350</b>	<b>177</b>	<b>1,778</b>

### Employee equity-settled benefits reserve

The employee equity-settled benefits reserve arises on the granting of share entitlements to eligible employees under the EQT Holdings Limited Executive Performance Share Plan 1999 (the Plan — refer to the Remuneration Report in the Directors' Report for details) and on the provision for shares to be issued to staff under the Employee Share Acquisition Plan (ESAP). The ESAP is in place to allow eligible employees to participate in share allotments as approved by the Board on an ongoing basis as deemed appropriate. There is \$250,000 provided for ESAP in 2021 (2020: \$251,000). The balance of the reserve relates to entitlements under the LTI plan.

### Capital reserve

Certain entities within the Group hold capital reserves, which were formerly required in relation to their Registrable Superannuation Entity (RSE) licence requirements. These capital reserves were an interim measure until the superannuation funds for which these entities act as RSE had fully established their Operational Risk Financial Requirement reserves. These reserves are no longer separately required and accordingly, the Group intends to transfer the balance out and close this reserve during the 2022 financial year.

## 17 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL \$'000
<b>Recognised amounts</b>			
<b>2021</b>			
Interim 2021 dividend (fully franked)	23 March 2021	44	9,196
<b>2020</b>			
Interim 2020 dividend (fully franked)	30 March 2020	47	9,720
Final 2020 dividend (fully franked)	8 October 2020	43	8,958
<b>Unrecognised amounts</b>			
<b>2021</b>			
Final 2021 dividend (fully franked)	5 October 2021	47	9,861

	2021 \$'000	2020 \$'000
Franking account balance at 1 July	13,815	9,335
Tax paid	11,106	12,707
Franking credits received	-	-
Franking credits attached to interim and final dividends	(7,781)	(8,227)
<b>Franking account balance at 30 June</b>	<b>17,140</b>	<b>13,815</b>
Franking credits that will arise from income tax payable at reporting date	1,719	2,494
Franking credits to be attached to dividends declared but not recognised	(4,226)	(3,829)
<b>Adjusted franking account balance</b>	<b>14,633</b>	<b>12,480</b>



## CASH AND WORKING CAPITAL

### 18 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the consolidated statement of financial position as follows:

	2021 \$'000	2020 \$'000
Cash and cash equivalents	92,175	84,738

### ACCOUNTING POLICIES

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

### 19 TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade receivables	8,535	6,306
Loss allowance on trade receivables	(21)	(37)
Other receivables	10,964	9,491
	19,478	15,760
<b>Non-current</b>		
Other receivables	399	198
	399	198
<b>Trade receivables- ageing of past due receivables</b>		
Under 30 days	1,708	9
30-60 days	671	647
Over 60 days	885	345
	3,264	1,001

The following table sets out the movement in lifetime expected credit losses (ECL) that has been recognised for trade receivables in accordance with the simplified approach adopted under AASB 9.

	2021 \$'000	2020 \$'000
<b>Movement in the allowance for doubtful debts</b>		
Balance at beginning of the year	(37)	(39)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement (collectively assessed)	(21)	(19)
Amounts written off (individually assessed)	1	4
Amounts subsequently recovered (individually assessed)	36	17
<b>Balance at end of year</b>	(21)	(37)





## ACCOUNTING POLICIES

Trade receivables are classified as at amortised cost and include any attributable goods and services tax (GST). The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables as appropriate.

The terms of payment for all trade receivables is 14 days from invoice date. All accounts receivable outstanding more than 30 days are monitored and actively managed. No interest is charged on trade receivables.

Before accepting significant new clients, the credit worthiness of these clients is assessed by either Executive management or the Due Diligence Committee (DDC) depending on the type of client. Other new client credit worthiness is assessed by business managers as is appropriate to the size and nature of those clients and whether the client has funds deposited with the Group from which the Group is permitted to withdraw payment of its fees.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The Group has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Other receivables include corpus commission, managed scheme distributions and interest receivable. These receivables are with Australian banks, Australian managed investment schemes and client accounts administered by the Group. These amounts are all considered recoverable.

The concentration of credit risk is generally considered to be limited due to the customer base being large and unrelated. Accounting policies relating to impairment of financial assets are further described in note 22.

## 20 OTHER FINANCIAL ASSETS

	2021	2020
	\$'000	\$'000
<i>Classified as at fair value through profit or loss (FVTPL):</i>		
Managed investment schemes	5,000	5,000
	<b>5,000</b>	<b>5,000</b>

As at 30 June 2021 the Group held investments in the EQT Wholesale Mortgage Income Fund, which is managed by the Group (2020: same). The investments are held to allow the Group to obtain a reasonable rate of return on excess cash held for regulatory capital requirements.

## 21 CURRENT TRADE AND OTHER PAYABLES

	2021	2020
	\$'000	\$'000
Trade payables	525	695
Goods and services tax payable	448	913
Other payables	1,505	1,400
	<b>2,478</b>	<b>3,008</b>

## ACCOUNTING POLICIES

Trade payables are initially recognised at fair value, inclusive of any attributable GST.

The Group's policy regarding trade payables is to pay all invoices by the due date. No interest charges have been incurred on trade payables.



## RISK MANAGEMENT

### 22 FINANCIAL RISK MANAGEMENT

#### a) Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue on a going concern basis while balancing the achievement of shareholder returns with prudent management of resources, achieving its long-term strategy, meeting the financial requirements imposed by regulatory authorities and maintaining financial covenants required by lenders.

Entities in the Group hold Australian Financial Services Licences (AFSL) and Registrable Superannuation Entity (RSE) Licences, as well as authorisations from the Financial Conduct Authority in the UK and the Central Bank of Ireland in Ireland ('the Licensed Entities'). Licensed Entities are subject to regulatory financial requirements in relation to their licenses and authorisations. The Group is also subject to financial covenants in relation to its borrowings. Apart from the foregoing, there are no other externally imposed capital requirements for the Group. The Group has met its regulatory financial requirements and debt covenants throughout FY21, and its regulatory financial requirements and debt covenants throughout FY20.

For the 2021 financial year, the Licensed Entities must maintain minimum levels of capital in accordance with the conditions that apply under their individual licenses. In Australia, these requirements include minimum net tangible asset (NTA) requirements; in the UK and Ireland, these requirements include minimum levels of capital adequacy. All capital requirements also contain a minimum requirement for liquidity. The Group continuously monitors the capital position of each Licensed Entity and has ensured that each entity maintains sufficient capital to meet its license requirements during the year.

The Group's capital management strategy generally is to maintain a conservative balance sheet with low gearing. The Group continually reviews funding options to ensure it is optimising both the use and mix of its capital to achieve its capital management objectives. As at 30 June 2021, the gearing percentage (debt to equity), excluding Operational Risk Financial Requirement (ORFR) facility borrowings was 3.6% (2020: 7.5%). Including ORFR facility borrowings, the gearing percentage (debt to equity) was 12.1% (2020: 10.8%).

The Group's policy is to fund its normal activities from operating cash flows. Any substantial requirements such as a major business acquisition shall be funded using a suitable mix of accumulated cash surpluses, debt facilities, and equity funding raised through the issue of ordinary shares in the listed holding company, EQT Holdings Limited. This policy is regularly reviewed considering the Group's long-term strategy, prudent management of resources, dividend policy, market conditions, changing regulatory requirements in relation to its regulatory licences, and achieving shareholder returns.

#### Impact of COVID-19 on Capital Risk Management

The Group has continued to take further steps to solidify its capital and liquidity position during FY21 in response to the COVID-19 pandemic. These include periodically maintaining higher than average cash balances (in excess of regulatory capital requirements), a greater emphasis on working capital management, and follow up of debtors. The Group's cash holdings are diversified amongst local and international banks, and the Group has generally reduced its exposure to managed funds. Other activities, such as monitoring of capital requirements, bank covenants and other obligations, continue to be performed regularly.

#### b) Categories of financial instruments

	2021 \$'000	2020 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	92,175	84,738
At amortised cost – trade receivables	8,514	6,269
At fair value through profit or loss (FVTPL) – managed funds	5,000	5,000
	105,689	96,007
<b>Financial liabilities</b>		
At amortised cost – trade payables	525	695
At amortised cost – borrowings	33,250	29,000
	33,775	29,695



During the 2021 financial year there were no financial assets or liabilities designated as at fair value through other comprehensive income for either the Group or the Company (2020: nil). No financial assets have been pledged as collateral for either liabilities or contingent liabilities (2020: nil). No assets are held as collateral (2020: nil).

### **(c) Financial risk management objectives**

The Group's main financial instrument risk exposures relate to market risk (including interest rate risk and currency risk), credit risk, and liquidity risk. The Group manages financial instrument risk through a combination of Executive management monitoring key financial risks and the use of management and Board committees that manage and monitor particular activities and their related financial risks. The Board Risk Committee is responsible for overseeing the risk profile and risk management of the Group. The Board is ultimately responsible for Group's Risk Management Framework (RMF), and overall risk management within the Group.

Executive management and management committees report to the Board on a regular basis regarding their activities and the related financial risks. The Group committees include a Management Audit Risk and Compliance Committee (MARCC), Due Diligence Committee (DDC) and a Management Investment Committee (MIC). The MARCC reviews audit, risk and compliance issues across the business, with the other committees, DDC and MIC, having a more specialised focus. The DDC reviews new business proposals including the risks associated with counterparties. The MIC responsibilities include reviewing and managing the Group's investment portfolio and its associated financial risks. Boards of Group subsidiary companies also escalate issues to the Group Board as required.

The liquidity position of the Group and Company are continuously monitored by Executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets is considered before the transaction being approved.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's investment policy is to hold financial instruments for the long-term to support capital and NTA requirements. The asset allocation of the portfolio is conservative and complies with regulatory requirements. The AFSL conditions include holding a required minimum level of NTA in liquid assets, with 50% of this amount in cash or cash equivalents. The Group does not use hedging to manage its financial risks.

### **(d) Market risk management**

The Group's primary risk exposure in relation to financial instruments is to interest rate risk. The exposure primarily arises in relation to the Group's investment portfolio (held to support NTA requirements) and borrowings. The Group has a modest exposure to currency risk via its UK and Irish based subsidiaries. The Group does not currently use derivatives to manage market risks, as Executive management do not believe these risks currently warrant the use of derivatives due to their nature and relatively low level of risk.

The Group's market risks in relation to financial instruments are managed by Executive management and the MIC. In relation to interest rate risk, the MIC provides guidance regarding the management of the Group's investment portfolio. In relation to currency risk, the Group continuously monitors the balance sheets of entities whose functional currency is not the Australian Dollar, along with the value of foreign currency intercompany loans and receivables to manage overall foreign currency exposure.

Other than as described above, there has been no significant change from the previous year to the Group's exposure to market risk or the way these risks are managed.

#### **(d)(i) Interest rate risk management**

The Group is exposed to interest rate risk in relation to its financial instruments as funds are invested at variable interest rates. The Group's borrowings are at fixed interest rates. The Group has a policy of placing interest bearing investments with Australian banks and other counterparties with strong credit ratings. This minimises the risk of default and also ensures that the Group continues to meet its capital adequacy requirements. Within these parameters the Group seeks to make interest-bearing investments at the best available rates with Australian banks and other counterparties that meet its credit rating and security criteria. These investment processes and reviews are overseen by the MIC.



## Interest rate sensitivity analysis

A sensitivity analysis in relation to the Group's exposure to interest rate movements is set out below. Management have assessed the reasonably possible change in interest rates to be plus/minus 15 basis points for 2021 (2020: plus/minus 15 basis points) based on a review of market conditions. This assumes both long and short-term interest rates will have the same basis point movement.

The sensitivity analysis is calculated using the end of year balance of the financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

	CARRYING AMOUNT AT 30 JUNE 2021 \$'000	INTEREST RATE RISK			
		-0.15%		+0.15%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	92,175	(138)	-	138	-
At amortised cost – borrowings	(33,250)	50	-	(50)	-
At FVTPL – managed funds	5,000	(8)	-	8	-
	<b>63,925</b>	<b>(96)</b>	<b>-</b>	<b>96</b>	<b>-</b>

	CARRYING AMOUNT AT 30 JUNE 2020 \$'000	INTEREST RATE RISK			
		-0.15%		+0.15%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	84,738	(127)	-	127	-
At amortised cost – borrowings	(29,000)	44	-	(44)	-
At FVTPL – managed funds	5,000	(8)	-	8	-
	<b>60,738</b>	<b>(91)</b>	<b>-</b>	<b>91</b>	<b>-</b>

### (d)(ii) Currency risk

The Group is exposed to currency risk arising from its UK and Irish based subsidiaries (note 31). The operations of the Group's overseas businesses are predominantly denominated in British Pounds (GBP) and Euros (EUR). As a result, the Group has some exposure to currency risk arising from:

- fluctuations in future cash flows relating to the foreign currency denominated operations of the Group's overseas-based subsidiaries; and
- fluctuations in the fair value of financial assets and liabilities held by the Group's UK based subsidiaries.

Currency risk also arises on intercompany loans and receivables owing between the Australian Group and overseas-based subsidiaries.

As the Group's overseas-based operations currently contribute a non-significant amount to the Group's financial results and balance sheet, no currency hedging is currently used to manage these risks. Executive management continue to monitor the Group's overall exposure to foreign currency and should the need arise, will consider the modest use of derivatives to manage the Group's currency exposure.

## Foreign currency sensitivity analysis

A sensitivity analysis in relation to the Group's exposure to foreign exchange rate movements is set out below. Management have assessed the reasonably possible change in foreign exchange rates to be plus/minus 10% for 2021 (2020: 10%) based on a review of market conditions.

The sensitivity analysis is calculated using the end of year balance of each financial instrument where this balance is representative of the balance throughout the year. If the end of year balance is not representative of the balance



throughout the year, then the sensitivity analysis is calculated using the average balance (calculated on a quarterly basis) held throughout the year.

	CARRYING AMOUNT AT 30 JUNE 2021 \$'000	FOREIGN CURRENCY RISK			
		-10%		+10%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	3,350	-	(335)	-	335
Trade receivables	567	-	(57)	-	57
Trade payables	(54)	-	5	-	(5)
	<b>3,863</b>	<b>-</b>	<b>(387)</b>	<b>-</b>	<b>387</b>

	CARRYING AMOUNT AT 30 JUNE 2020 \$'000	FOREIGN CURRENCY RISK			
		-10%		+10%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
Cash and cash equivalents	2,244	-	(224)	-	224
Trade receivables	341	-	(34)	-	34
Trade payables	(303)	-	30	-	(30)
	<b>2,282</b>	<b>-</b>	<b>(228)</b>	<b>-</b>	<b>228</b>

#### (d)(iii) Other price risk management

As outlined in note 29, included in the investment portfolio of the Company and Group are investments in a managed investment scheme where a Group subsidiary acts as the responsible entity. Although the Company has a prima facie price risk exposure from these investments, this risk is not significant due to the existence of suitable controls including monitoring by the MIC of the quality and security of these investments (2020: nil).

Other than as described above, as at 30 June 2021, the Group had no exposure to other price risk (2020: no exposure to other price risk).

#### (e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The main source of credit risk in financial instruments is from outstanding accounts receivable, and deposits and fixed interest investments with banks, borrowings from banks and investments in managed investment schemes (2020: same).

Executive management and, where applicable, the DDC reviews significant new clients before the take on of these clients is approved. The review process includes establishing the credit worthiness of the client. Other new clients are reviewed by business managers for credit worthiness as is appropriate to the size and nature of the client. The MARCC reviews and monitors the deposits and fixed interest investments with counterparties and borrowings from banks including any credit risk issues.

Accounts receivable consists of a large and diverse number of customers. Ongoing evaluation is performed on the financial condition of outstanding accounts receivable by the applicable business managers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics (2020: nil). The credit risk on liquid funds is limited because the Group holds its liquid funds with counterparties that have high credit ratings assigned by international credit rating agencies and in managed investment schemes that have a low risk of default.



The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of any collateral obtained.

**(f) Fair value of financial instruments**

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

**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

FINANCIAL ASSETS	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUE
	2021 \$'000	2020 \$'000		
EQT Wholesale Mortgage Income Fund	5,000	5,000	Level 2	Daily published prices

There were no significant unobservable inputs in relation to the fair value of the EQT Wholesale Mortgage Income Fund in 2021 (2020: same).

**Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

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

**(g) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have put in place a suitable risk management framework to manage the Group's short-, medium- and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities. The liquidity position of the Group is continuously monitored by Executive management and the impact on liquidity of any significant transaction, such as payment of a dividend, acquisition of a new business, and purchase of capital assets, is considered before the transaction being approved.

The Group does not currently have any derivative financial instruments.



## Liquidity risk table

The following tables detail the Group's remaining contractual maturities 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.

	EFFECTIVE INTEREST RATE %	LESS THAN 1 MONTH \$'000	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	5+ YEARS
<b>2021</b>						
Non-interest bearing -trade creditors	nil	525	-	-	-	-
Borrowings – Corporate facility	1.6%	-	-	-	10,000	-
Borrowings – Operational risk financial requirement (ORFR) facilities	5.5%	-	-	-	23,250	-
		<b>525</b>	<b>-</b>	<b>-</b>	<b>33,250</b>	<b>-</b>
<b>2020</b>						
Non-interest bearing -trade creditors	nil	695	-	-	-	-
Borrowings – Corporate facility	1.9%	-	-	-	20,000	-
Borrowings – Operational risk financial requirement (ORFR) facilities	2.1%	-	-	-	9,000	-
		<b>695</b>	<b>-</b>	<b>-</b>	<b>29,000</b>	<b>-</b>

The Group has financial guarantee contracts in place relating to its lease obligations. At the year-end it was not probable that the counterparty to the financial guarantee contracts will claim under the contracts. Consequently, the amount included in the above table is nil (2020: nil). The maximum amount payable under these guarantees is \$1,814,000 (2020: \$1,814,000).

### (h) Financing facilities

	2021 \$'000	2020 \$'000
Committed loan facilities		
Amount used		
Corporate facility	10,000	20,000
ORFR facilities	23,250	9,000
Amount unused		
Corporate facility	30,000	20,000
ORFR facilities	2,450	-
	<b>65,700</b>	<b>49,000</b>

## Accounting Policies

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



## Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'fair value through other comprehensive income' and 'at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

### Financial assets classified as at fair value through profit or loss (FVTPL)

Equities and investments in managed investment schemes held by the Group are classified as at FVTPL and are stated at fair value. Fair value is determined in the manner described in the *Basis of Preparation* to these financial statements. Gains and losses arising from changes in fair value are recognised in profit or loss. Dividends and distributions on FVTPL instruments are recognised in profit and loss when the Group's right to receive payments is established.

### Financial assets classified as at amortised cost

Trade receivables, loans, and other receivables that are held under a business model whose objective is to collect the contractual cash flows, and comprise solely of payments of principal and interest, are classified as at amortised cost. Financial assets classified as at amortised cost are measured using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### Impairment of financial assets

Financial assets, other than those classified as at fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are considered to be impaired when there is an increase in credit risk since the initial recognition of the financial asset.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty.
- Default or delinquency in interest or principal payments.
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.
- The disappearance of an active market for that financial asset because of financial difficulties.

The Group recognises a loss allowance for expected credit losses on financial assets classified as at amortised cost, which includes trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for its trade and other receivables. The expected credit losses on these financial assets are estimated using 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.





The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced using an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised based on the relative fair values of those parts.

## Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated at fair value through the profit and loss, are subsequently at the higher of:

- the amount of the obligation under the contract, as determined under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies.



## Other financial liabilities

The financial liabilities of the Group are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability (or where appropriate, a shorter period), to the net carrying amount on initial recognition.

## Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

# EMPLOYEE RELATED DISCLOSURES

## 23 KEY MANAGEMENT PERSONNEL REMUNERATION

	2021 \$'000	2020 \$'000
<b>The aggregate compensation made to key management personnel of the Company and the Group is set out below:</b>		
Short-term employee benefits	4,789	4,668
Post-employment benefits (Superannuation)	246	244
Other long-term benefits	84	50
Share awards	558	(245)
	<b>5,677</b>	<b>4,717</b>

Full details of the remuneration of key management personnel for the year ended 30 June 2021 are outlined in the Directors' Report. The share awards of key management personnel for the year ended 30 June 2021 are outlined in the Directors' Report.

## 24 EMPLOYEE BENEFITS

The aggregate employee benefits liability (provision) recognised and included in the financial statements is as follows:

	2021 \$'000	2020 \$'000
<b>Current (note 11)</b>		
Annual leave	2,635	2,051
Long service leave	421	376
Bonus	3,746	2,625
	<b>6,802</b>	<b>5,052</b>
<b>Non-current (note 11)</b>		
Long service leave	2,604	2,259
	<b>9,406</b>	<b>7,311</b>

The above employee benefit provisions are the Directors' best estimate of the future outflow of economic benefits that will be required to settle these future payment obligations.



## Accounting Policies

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rates 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.

Payments to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 25 EMPLOYEES

Average number of Group employees for the year was 251 (2020: 247).

## COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

### 26 COMMITMENTS FOR EXPENDITURE

	2021 \$'000	2020 \$'000
<b>Capital expenditure commitments</b>		
Not longer than 1 year	-	-
<b>Plant and equipment</b>		
Not longer than 1 year	-	-

### 27 CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities (2020: nil).

There are no contingent assets (2020: nil).

### 28 SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## OTHER DISCLOSURES

### 29 RELATED PARTY DISCLOSURES

#### Parent Entity

The parent entity, ultimate Australian parent entity and ultimate parent entity is EQT Holdings Limited.

#### Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 31 to the financial statements.

The Company does not hold any interests in associates, joint ventures or other related parties.



## Transactions with key management personnel

### (a) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 23 to the financial statements and in the Directors' Report.

### (b) Loans to key management personnel

The Group had nil key management personnel loans as at 30 June 2021 (2020: nil).

### (c) Director and key management personnel equity holdings

Director and key management personnel relevant interests in fully paid ordinary shares of EQT Holdings Limited are disclosed in the Directors' Report.

### (d) Entitlements to shares of EQT Holdings Limited issued under the Executive Performance Share Plan 1999.

Details of entitlements to EQT Holdings Limited shares issued under the Executive Performance Share Plan 1999 are disclosed in the Directors' Report.

### (e) Vested shares awards

Details of vested share awards are disclosed in the Directors' Report.

### (f) Other transactions with key management personnel

Some Directors, key management personnel and their associates have investments in managed investment schemes (which may include listed investment trusts) for which a Group subsidiary acts as responsible entity. These investments are made at arms' length and in the ordinary course of business. Some Directors, key management personnel and their associates receive wealth management, superannuation and other financial services from the Group. These services are provided at arms' length and in the ordinary course of business except that the Directors, key management personnel and their associates are entitled to receive the normal available staff discount or other customary discount available in relation to size of business.

Independent Director Anne O'Donnell is a Director and is Chair of the Investment, Audit and Risk Committee of the Winston Churchill Memorial Trust, which invests in managed investment schemes where a Group subsidiary company acts as responsible entity. The Trust is advised by an independent investment manager. Ms O'Donnell does not participate in investment decisions relating to the managed investment schemes and was not actively involved in the appointment of the subsidiary company as responsible entity to these managed investment schemes.

Independent Director Kelly O'Dwyer is a Director of Home Consortium Limited (HCL) and other companies in the HomeCo Group. Companies in the HomeCo Group have appointed Equity Trustees Limited to act as custodian for two registered managed investment schemes. Ms. O'Dwyer did not participate in the decision to appoint an Equity Trustees subsidiary as custodian to these registered managed investment schemes.

There were no other related party transactions between the Group or the parent entity and key management personnel or their related entities apart from the above (2020: nil).

## Transactions with subsidiaries

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.

	RELATIONSHIP TO THE COMPANY	2021 \$'000	2020 \$'000
<b>Owed to the Company</b>			
EQT Services Limited	Subsidiary	2,245	-
EQT International Holdings Ltd	Subsidiary	1,520	1,520
Equity Trustees Limited	Subsidiary	-	4,000
Equity Trustees Wealth Services Limited	Subsidiary	-	2,000
<b>Owed by the Company</b>			
EQT Services Limited	Subsidiary	-	47



The Company and its Australian resident-controlled entities have entered a tax sharing arrangement, as disclosed in note 4.

All transactions between the Company and its controlled entities took place on normal commercial terms and conditions.

## Investments in Managed Investment Schemes

As at 30 June 2021 and 30 June 2020, the Group had investments in a managed investment scheme where a Group subsidiary acts as responsible entity. These investments were on an arms' length basis (note 20).

Apart from the above, there were no other transactions with related parties.

## 30 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as follows:

Investments in subsidiaries are accounted for at cost. Dividends received from subsidiaries are recognised in profit or loss when the right to receive the dividend is established (and it is probable that the economic benefits will flow to the parent and the amount of income can be measured reliably).

Details regarding the tax consolidated group and tax sharing arrangements are in note 4.

FINANCIAL POSITION	2021 \$'000	2020 \$'000
<b>Assets</b>		
Current assets	13,557	21,197
Non-current assets	271,099	271,019
<b>Total assets</b>	<b>284,656</b>	<b>292,216</b>
<b>Liabilities</b>		
Current liabilities	1,794	1,428
Non-current liabilities	25,318	29,000
<b>Total liabilities</b>	<b>27,112</b>	<b>30,428</b>
<b>Net assets</b>	<b>257,544</b>	<b>261,788</b>
<b>Equity</b>		
Issued capital	253,621	248,862
Other reserves	1,216	1,310
Retained earnings	2,707	11,616
<b>Total equity</b>	<b>257,544</b>	<b>261,788</b>
<b>FINANCIAL PERFORMANCE</b>		
<b>Profit for the year</b>	<b>9,246</b>	<b>18,135</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>9,246</b>	<b>18,135</b>

## Contingent liabilities of the Parent entity

There are no contingent liabilities (2020: nil).

There are no contingent assets (2020: nil).

## Commitments of the Parent entity

The parent entity has no commitments for capital expenditure (2020: nil).



## 31 SUBSIDIARIES

NAME OF ENTITY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP	
			2021	2020
Parent entity				
EQT Holdings Limited	Holding Company	Australia		
Subsidiaries				
Equity Trustees Limited	Financial services	Australia	100%	100%
Equity Trustees Wealth Services Limited	Financial services	Australia	100%	100%
Equity Trustees Superannuation Limited	Financial services	Australia	100%	100%
EQT Responsible Entity Services Ltd	Financial services	Australia	100%	100%
EQT International Holdings Ltd	Financial services	Australia	100%	100%
EQT International Holdings (UK) Ltd	Financial services	United Kingdom	100%	100%
Equity Trustees (UK & Europe) Ltd	Financial services	United Kingdom	76%	76%
Equity Trustees Fund Services Ltd	Financial services	United Kingdom	76%	76%
Equity Trustees Fund Services (Ireland) Limited	Financial services	Ireland	76%	76%
EQT Corporate Securities Limited	Financial services	Australia	100%	100%
EQT Securitisation Services Pty Ltd	Financial services	Australia	100%	100%
EQT Australia Pty Ltd	Financial services	Australia	100%	100%
EQT Structured Finance Services Pty Ltd	Financial services	Australia	100%	100%
Equity Nominees Limited	Financial services	Australia	100%	100%
HTFS Holdings Pty Ltd	Financial services	Australia	100%	100%
HTFS Nominees Pty Ltd	Financial services	Australia	100%	100%
EQT Services Pty Ltd	Corporate services	Australia	100%	100%
EQT Legal Services Pty Ltd	Incorporated legal practice	Australia	100%	100%
Non-trading subsidiaries				
Equity Superannuation Management Pty Ltd	Non-trading	Australia	100%	100%
Equity Superannuation Administration Pty Ltd	Non-trading	Australia	100%	100%
Super.com Pty Ltd	Non-trading	Australia	100%	100%
Super.com.au Pty Limited	Non-trading	Australia	100%	100%
Apex Super Pty Ltd	Non-trading	Australia	100%	100%
Simple Wrap Pty Ltd	Non-trading	Australia	100%	100%

EQT Holdings Limited is the head entity within the tax-consolidated group.

All the above Australian incorporated subsidiaries are members of the tax-consolidated group.



Information about the composition of the group at the end of the year is as follows:

PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	NUMBER OF SUBSIDIARIES	NUMBER OF SUBSIDIARIES
		2021	2020
Holding Company	Australia	1	1
Financial services	Australia, United Kingdom, Ireland	16	16
Corporate services	Australia	1	1
Incorporated legal practice	Australia	1	1
Non-trading	Australia	6	6

## Functional currencies

The functional currencies of Group entities are as follows:

LOCATION	FUNCTIONAL CURRENCY
Australian domiciled entities	Australian Dollar
UK domiciled entities	British Pound
Irish domiciled entity	Euro

## Significant restrictions

The Company has no significant restrictions (2020: No significant restrictions).

## Accounting Policies

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and 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
- can use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.



Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Australian Accounting Standards).

## 32 DEED OF CROSS GUARANTEE

EQT Holdings Limited and certain wholly owned entities as listed below, have entered a Deed of Cross Guarantee, effective 27 June 2018. The effect of the Deed of Cross Guarantee is that EQT Holdings Limited has certain obligations in relation to the debts of any of the wholly owned entities in the event of a wind up of any of those subsidiaries, in accordance with the *Corporations Act 2001*. Each of the wholly owned entities have provided a corresponding guarantee to EQT Holdings Limited, in the event of that Company's winding up.

By entering the Deed of Cross Guarantee, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

The wholly owned entities subject to the Deed of Cross Guarantee are as follows:

- EQT International Holdings Limited
- EQT Services Pty Limited
- Equity Nominees Limited





A consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, for each of the entities that is party to the Deed of Cross Guarantee is as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	5,378	14,463
Trade and other receivables	1,937	752
Prepayments	2,715	2,109
Other financial assets	7,998	9,895
<b>Total current assets</b>	<b>18,028</b>	<b>27,219</b>
<b>Non-current assets</b>		
Other financial assets	10,722	5,170
Intangible assets	34	-
Right-of-use assets	4,936	6,291
Deferred tax assets	4,084	3,210
Investments in subsidiaries	271,033	270,833
<b>Total non-current assets</b>	<b>290,809</b>	<b>285,504</b>
<b>Total assets</b>	<b>308,837</b>	<b>312,723</b>
<b>Current liabilities</b>		
Trade and other payables	863	1,190
Provisions	7,511	6,421
Other current liabilities	1,493	1,347
Current tax payable	1,719	1,334
<b>Total current liabilities</b>	<b>11,586</b>	<b>10,292</b>
<b>Non-current liabilities</b>		
Provisions	3,483	3,110
Borrowings	25,700	29,000
Other non-current liabilities	6,431	7,499
<b>Total non-current liabilities</b>	<b>35,614</b>	<b>39,609</b>
<b>Total liabilities</b>	<b>47,200</b>	<b>49,901</b>
<b>Net assets</b>	<b>261,637</b>	<b>262,822</b>
<b>Equity</b>		
Issued capital	253,621	248,862
Other reserves	1,216	1,310
Retained earnings	6,800	12,650
<b>Equity attributable to owners of the Company</b>	<b>261,637</b>	<b>262,822</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>261,637</b>	<b>262,822</b>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2021 \$'000	2020 \$'000
Revenue	73,572	75,591
Expenses	(58,359)	(53,741)
Finance costs	(854)	(1,005)
Depreciation and amortisation	(1,355)	(1,358)
<b>Profit before income tax expense</b>	<b>13,004</b>	<b>19,487</b>
Income tax expense	(700)	(967)
<b>Profit for the period</b>	<b>12,304</b>	<b>18,520</b>
<b>Other comprehensive income</b>	<b>12,304</b>	<b>18,520</b>



### 33 AUDITORS' REMUNERATION

	2021	2020
AUDITORS – DELOITTE TOUCHE TOHMATSU	\$'000	\$'000
<b>Corporate entities</b>		
<b>Fees for the audit and review of financial statements</b>		
Group	94	94
Subsidiaries	238	227
	<b>332</b>	<b>321</b>
<b>Fees for other services</b>		
Statutory assurance services	59	49
Tax compliance services in respect of Group corporate entities	15	32
Other	99	121
	<b>173</b>	<b>202</b>
<b>Audit &amp; Assurance Services paid to international Deloitte member firms</b>		
Audit and review of financial statements	98	57
Audit and review services in accordance with regulatory requirements	-	23
Tax compliance services	40	-
Other	48	-
	<b>186</b>	<b>80</b>
<b>Total remuneration for corporate entities</b>	<b>691</b>	<b>603</b>

The 'Other services' amounts paid to Deloitte Touche Tohmatsu are in accordance with the Company's auditor independence policy as outlined in the Corporate Governance Statement.

### 34 NEW AND AMENDED ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following new Accounting Standards, and amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB). These new Accounting Standards and amendments are mandatorily effective for accounting periods beginning on or after 1 July 2020 and are relevant for the current year end.

##### AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

In the current year, the Group has adopted the amendments included in AASB 2018-7 for the first time.

This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

The application of AASB 2018-7 did not have an impact on the Group's consolidated financial statements.



### **AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework**

In the current year, the Group has adopted the amendments included in AASB 2019-1 for the first time.

The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.

The amendments:

- Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the new Conceptual Framework.
- Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.

The application of AASB 2019-1 did not have an impact on the Group's consolidated financial statements.

### **AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia**

In the current year, the Group has adopted the amendments included in AASB 2019-5 for the first time.

This Standard makes amendments to AASB 1054 *Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS Standard that has not yet been issued by the AASB.

The application of AASB 2019-5 did not have an impact on the Group's consolidated financial statements.

### **AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions**

The Group has adopted the amendments included in AASB 2020-4 for the first time in the current year.

The amendments introduce a practical expedient into AASB 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.
- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

The Group has benefited from a \$2,500 monthly waiver of lease payments on premises (2020: nil). The waiver of lease payments of \$15,000 (2020: nil) has been accounted for as a variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of paragraph 3.3.1 of AASB 9 *Financial Instruments*.



## Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, there were a number of Standards and Interpretations that were issued but not yet effective. The Standards and Interpretations issued but not yet effective that are relevant to the Group are listed below.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 January 2022	30 June 2023
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	1 January 2022	30 June 2023
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	1 January 2023	30 June 2024

### Impact of changes to Australian Accounting Standards and Interpretations

A number of Australian Accounting Standards and Interpretations are issued but are not effective for the current year end. The following existing Group accounting policies will change on adoption of these pronouncements:

#### **AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current***

This Standard amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

This Standard applies to annual reporting periods beginning on or after 1 January 2022. The Directors of the Company do not anticipate that the application of the Amendment in the future will have an impact on the Group's consolidated financial statements.

#### **AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments***

This Standard amends:

- AASB 1 *First-time Adoption of Australian Accounting Standards* to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- AASB 3 *Business Combinations* to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- AASB 9 *Financial Instruments* to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- AASB 116 *Property, Plant and Equipment* to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to specify the costs that an entity includes when assessing whether a contract will be loss-making.
- AASB 141 *Agriculture* to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

This Standard applies to annual periods beginning on or after 1 January 2022. The Directors of the Company do not anticipate that the application of the Amendments in the future will have an impact on the Group's consolidated financial statements.



## **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

This Standard amends:

- AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

This Standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the Amendment in the future will have an impact on the Group's consolidated financial statements.



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## Independent Auditor's Report to the Members of Equity Holdings Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of EQT Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated income statement, 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:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of their financial performance for the year then ended; and
- 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.

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Valuation of Goodwill and Intangible assets</b></p> <p>As at 30 June 2021, goodwill and intangible assets, including management rights with a carrying value totaling \$206m, represent around 58% of the total assets of the Group.</p> <p>As disclosed in Note 8, during the year the Group reassessed its cash generating units ("CGUs") and determined that it was appropriate to recognise four separate CGUs.</p> <p>Note 7 and Note 8 describes how the intangible assets and goodwill are allocated across the four CGUs, which are tested separately for impairment, including the impact of COVID-19.</p> <p>At 30 June 2021, management has allocated over 75% of the goodwill and intangible assets to the Trustee and Wealth Services ("TWS") CGU.</p> <p>Management conducts an annual impairment test to assess the recoverability of the carrying value of goodwill and intangible assets. This is performed using discounted cash flow models.</p> <p>There are a number of significant judgements made in determining the inputs into these impairment models including:</p> <ul style="list-style-type: none"> <li>Revenue, expenses and terminal growth rates;</li> <li>operating margins</li> <li>discount rates;</li> </ul>	<p>In conjunction with our valuation specialists, our procedures relating to the carrying value of TWS CGU included, but were not limited to:</p> <ul style="list-style-type: none"> <li>challenging management's re-assessment of the identification of the CGUs, and the allocation of assets and the associated cash flows to each CGU for the purposes of the cash flow model;</li> <li>obtaining an understanding of the key control associated with the preparation of the discounted cash flow model used for the TWS CGU, and testing the design, implementation and operating effectiveness of this control</li> <li>evaluating management's methodologies and their documented basis for key assumptions utilised in the discounted cash flow models;</li> <li>challenging the key assumptions utilised in the discounted cash flow models including the revenue and expense growth rates, the terminal growth rate, EBITDA margins and the discount rate by comparing them to historical results and current economic conditions and other forecasts;</li> <li>testing the mathematical accuracy of the discounted cash flow models;</li> <li>agreeing budgeted cash flows to the latest board approved budget and assessing the performance against budget/forecasts in prior periods;</li> <li>performing sensitivity analysis on key assumptions including operating margins, expense growth rates and the discount rate applied; and</li> <li>assessing the appropriateness of the disclosures included in the Notes to the financial statements.</li> </ul>

#### *Other Information*

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Managing Director's Statement and Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the other documents which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon) which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude

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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 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 pages 34 to 52 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2021, 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.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that appears to read "M Stretton".

Mark Stretton  
Partner  
Chartered Accountants  
Melbourne, 19 August 2021



## ADDITIONAL SHAREHOLDER INFORMATION

The following information was applicable as at 11 August 2021.

### SUBSTANTIAL SHAREHOLDERS

The substantial shareholders in the Company, as disclosed in substantial shareholding notices given to the Company are:

	DATE OF LAST NOTICE	SHAREHOLDING	% OF ISSUED CAPITAL SHOWN IN NOTICE
Australian Foundation Investment Company Limited	29/04/2016	1,303,232	6.53
Paradice Investment Management Pty Ltd	21/09/2018	1,298,252	6.38

### CLASS OF SHARES AND VOTING RIGHTS

As at 11 August 2021, there were **3,191** holders of the ordinary shares of the Company.

The voting rights attaching to the ordinary shares are set out in clause 41 of the Company's constitution. Voting at the Company's general meetings is now conducted by a poll. Upon a poll, every member present in person or by attorney or by proxy or by representative shall have one vote for every share held by the member.

For completeness, if voting were to occur on a show of hands, the constitution provides that every member present in person or by attorney or by proxy or by representative shall have one vote. Where more than one proxy, representative or attorney is appointed, none may vote on a show of hands. Where a person is entitled to vote in more than one capacity, that person is entitled only to one vote.

At 11 August 2021, there were share entitlements over 223,205 unissued ordinary shares. There were nine holders of share entitlements. There are no voting rights attached to the unissued ordinary shares.

### DISTRIBUTION OF SHARES

SIZE OF HOLDING	NO. OF HOLDERS OF ORDINARY SHARES	%
100,001 and Over	17	0.53
10,001 to 100,000	124	3.88
5,001 to 10,000	196	6.13
1,001 to 5,000	1,053	32.95
1 to 1,000	1,806	56.51

\*There were 92 shareholders holding less than a marketable parcel (\$500) of ordinary shares based on the closing market price of \$29.90 at 11 August 2021.



## 20 LARGEST SECURITY HOLDERS AS AT 11 AUGUST 2021

20 LARGEST SHAREHOLDERS		NO. OF SHARES	%
1	National Nominees Limited	2,464,330	11.75
2	HSBC Custody Nominees (Australia) Limited	1,791,076	8.54
3	Citicorp Nominees Pty Limited	1,467,873	7.00
4	J P Morgan Nominees Australia Pty Limited	1,369,662	6.53
5	Australian Foundation Investment Company Limited	1,321,612	6.30
6	BNP Paribas Noms Pty Ltd	905,262	4.31
7	Milton Corporation Limited	759,524	3.62
8	Djerriwarrh Investments Limited	688,582	3.28
9	BNP Paribas Nominees Pty Ltd	599,491	2.86
10	HSBC Custody Nominees (Australia) Limited	502,783	2.40
11	Mirrabooka Investments Limited	426,857	2.03
12	BKI Investment Company Limited	383,942	1.83
13	Superdeck Pty Ltd	281,383	1.34
14	Amcil Limited	259,324	1.24
15	Mr James Gordon Moffatt	118,955	0.57
16	KJE Superannuation Pty Ltd	104,114	0.50
17	Pacific Custodians Pty Limited	101,147	0.48
18	Washington H Soul Pattinson	93,000	0.44
19	Ms Glenys Ruth Crutch	80,403	0.38
20	Mr Peter John McCleave	71,710	0.34
<b>Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)</b>		<b>13,788,939</b>	<b>65.73</b>
<b>Total Remaining Holders Balance</b>		<b>7,191,128</b>	<b>34.27</b>

### UNQUOTED SECURITIES

The share rights on issue were issued as part of an employee awards plan and are unquoted.

### RESTRICTED SECURITIES

There were no restricted securities as at 11 August 2021.

### ON-MARKET BUY-BACK

There is no current on-market buy-back.

**AUDITOR**

Deloitte Touche Tohmatsu  
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Melbourne VIC 3000

**SHARE REGISTRY**

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Level 12  
680 George Street  
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**REGISTERED OFFICE**

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575 Bourke Street  
Melbourne VIC 3000  
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Facsimile: (03) 8623 5200  
Email: [enquiry@eqt.com.au](mailto:enquiry@eqt.com.au)

**CORPORATE GOVERNANCE STATEMENT**

Our Corporate Governance Statement is available on our website:  
[www.eqt.com.au/investor-centre/corporate-governance](http://www.eqt.com.au/investor-centre/corporate-governance)

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