

Appendix 4E

Preliminary final report Period ended 30 June 2021

OZGROWTH LIMITED

ABN 52 126 450 271

Results for announcement to the market

Extracts from this report for announcement to the market

\$AUD

| | 30 June 2021 | 30 June 2020 | Change \$ | Change % |
|--------------------------------------------------------------------------|----------------------------|------------------------------------|------------------|-----------------|
| Revenue from ordinary activities | \$43,916,629 | \$5,151,006 | \$38,765,623 | 753% |
| Profit/(loss) from ordinary activities after tax attributable to members | \$24,857,167 | \$3,095,216 | \$21,761,951 | 703% |
| Net Profit/(loss) for the period attributable to members | \$24,857,167 | \$3,095,216 | \$21,761,951 | 703% |
| Net Tangible Assets per share | \$0.270 | \$0.205 | | 32% |
| Dividends and Distributions | Amount per security | Franked amount per security | | |
| Interim Dividend | 0.3 cents | 0.3 cents | | |
| Record date for determining entitlements to the interim dividend | | | | 2 Feb 21 |
| Interim dividend payable date | | | | 19 Feb 21 |
| DRP election date | | | | 3 Feb 21 |
| Final Dividend | 0.35 cents | 0.35 cents | | |
| Record date for determining entitlements to the final dividend | | | | 9 Aug 21 |
| Final dividend payable date | | | | 27 Aug 21 |
| DRP election date | | | | 10 Aug 21 |

The Company's dividend reinvestment plan is applicable to the interim and final dividends.

Reporting period

The financial information contained in this report is for the period ended 30 June 2021. This document should be read in conjunction with the Financial Report and any public announcements made in the period by Ozgrowth Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

Ozgrowth Limited

ABN 52 126 450 271

Financial Report

For the year ended 30 June 2021

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OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

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**OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021**

CORPORATE DIRECTORY

Registered Office

Level 18, Alluvion
58 Mounts Bay Road
PERTH WA 6000

Telephone: (08) 9321 7877

Facsimile: (08) 9321 8288

Website: www.ozgrowth.com.au

Auditors

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

Bankers

Westpac Banking Corporation
109 St George's Terrace
PERTH WA 6000

Share registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 732 012

Board of directors

Jay Hughes

Non-Executive Chairman

Simon Joyner

Independent Non-Executive Director

Michael Jefferies

Independent Non-Executive Director

Anthony Hewett

Company Secretary

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2021.

Directors

The names of the Directors of the Company in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Jay Hughes
Michael Jefferies
Simon Joyner

Mr Jay Hughes, Non-Executive Chairman

Mr Hughes is Non-Executive Chairman of the Company and serves on the Company's Audit Committee. He is an Executive Director of Euroz Limited, Euroz Hartleys Limited, Euroz Hartleys Securities Limited, Prodigy Investment Partners Limited and Non-Executive Chairman of Westoz Investment Company Limited and Westoz Funds Management Pty Ltd. Mr Hughes holds a Graduate Diploma in Applied Finance and Investment from FINSIA. He was recognised as an affiliate of ASX in December 2000 and is a Master Member (MSAFAA) of the Stockbrokers and Financial Advisors Association of Australia (SAFAA).

Mr Michael Jefferies, Independent Non-Executive Director

Mr Jefferies is a Non-Executive Director of the Company and serves on the Company's Audit Committee. He was formerly a Non-Executive Director of Afterpay Touch Group Limited (resigned 16 January 2018) having been Chairman of Touchcorp Holdings Limited (appointed 28 June 2004) prior to its merger with Afterpay Holdings Limited. He was also formerly Non-Executive Chairman of Pantoro Limited (appointed 5 October 2016, resigned 4 August 2020) and a Non-Executive Director of Resimac Group Limited (appointed November 2016, resigned 26 November 2019), and Afterpay Holdings Limited (appointed 26 August 2015, resigned 6 April 2017). Mr Jefferies is a Chartered Accountant and holds a Bachelor of Commerce Degree.

Mr Simon Joyner, Independent Non-Executive Director

Mr Joyner was appointed as an Independent Non-Executive Director of the Company on 5 July 2016 and serves on the Company's Audit Committee. He is also a Non-Executive Director of Westoz Investment Company Limited. Mr Joyner has a Bachelor of Commerce Degree, a Graduate Diploma in Applied Finance and Investment and a Diploma of Financial Planning. He is also a Fellow of FINSIA, the Financial Services Institute of Australia. Mr Joyner has been involved in the Financial Services Industry since 1985. He established Keysbrook Financial Services which was a founding firm of Shadforth Financial Group that was subsequently purchased by IOOF in 2014. Mr Joyner is now Managing Director of management consulting firm Aberfoyle Partners, assisting businesses across the financial services industry.

Mr Anthony Hewett, Company Secretary

Mr Hewett was appointed as Company Secretary on 20 June 2017. Mr Hewett is a Chartered Secretary and holds a Master of Business Law (MBusLaw) from Curtin University and a Graduate Diploma in Applied Corporate Governance (GradDipACG) from the Governance Institute of Australia. Mr Hewett is a Fellow of the Institute of Chartered Secretaries and Administrators, a Fellow of the Governance Institute of Australia, a Master Member (MSAFAA) of SAFAA and a member of the Australian Institute of Company Directors (AICD).

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT (CONTINUED)

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2021 and the numbers of meetings attended by each Director were as follows:

| Director | Directors' Meeting | | Audit Committee Meetings | |
|-------------------|---------------------------|-----------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Jay Hughes | 10 | 10 | 2 | 2 |
| Simon Joyner | 10 | 10 | 2 | 2 |
| Michael Jefferies | 10 | 10 | 2 | 2 |

Due to the size of the Board and the nature of the Company's operations, it does not have a separate Remuneration Committee or Nomination Committee. Matters normally considered by these committees are addressed by the full board.

Board of Directors' and Audit Committee meetings require that any two Directors or members be present to form a quorum.

Principal activity and nature of operations

During the year, the principal activity of the Company was as an investment company.

Operating results

For the year ended 30 June 2021, the Company made an operating profit after tax of \$24,857,167 (2020: \$3,095,216).

Dividends

An interim dividend of \$1,066,799 (0.30 cents per share) was paid on 19 February 2021 (2019: \$1,061,982).

Review of operations

The financial results of the Company are driven by the gain or loss on its investment portfolio, which consists primarily of securities listed on the Australian Securities Exchange and short term cash deposits. Whilst the investment objective for the portfolio is to generate positive returns over the medium to long term, short term fluctuations in the broader equity market will influence results.

Apart from movements in the broader equity market, the key driver of income for the Company is the manager's ability to select appropriate investments. The majority of expenses are directly linked to the value of the portfolio managed and the level of return achieved.

There has been negligible impact on the working operations of the Company from the Coronavirus (COVID-19) pandemic.

State of affairs

There have been no significant changes in the state of affairs of the Company.

Subsequent events

On 14 July 2021 the Board of Directors approved the payment of a final dividend for \$1,227,326 (0.35 cents per share) be paid in respect of the 2021 financial year. The payment of the final dividend will occur on 27 August 2021.

There has not been any other matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent periods.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT (CONTINUED)

Likely developments and future results

Future results will be driven by the outcome of the Company's investment strategy, which will in turn be influenced by the overall direction of equity markets. These returns are uncertain and are expected to vary significantly from year to year. The key risk to market returns will be influenced by a range of factors that cannot be predicted with any certainty and include the outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters and government regulation. Market risk is managed by periodically moving into and out of equity positions.

Our investment strategy remains consistent and is to identify investment opportunities from our base in Western Australia. We believe this focus will continue to deliver attractive returns.

The West Australian economy has proven relatively resilient to the current challenging economic circumstances. This resilience, and economic stimulus initiatives by Governments, leaves the local economy well positioned to grow once the global economic environment normalises.

Subsequent to 30 June 2021, Ozgrowth Limited Directors have determined to target a dividend payment of 0.70 cents per share in respect of the 2022 financial year. It is anticipated that the payment of this dividend would occur in February (0.35 cents) and August (0.35 cents) of the 2022 calendar year.

Directors' interests

At the date of this report the interests of the Directors in the shares and options of the Company and related bodies corporate are:

| Director | Ordinary Shares |
|-----------------------------|------------------------|
| Jay Hughes | |
| Held directly or indirectly | 3,750,000 |
| Simon Joyner | |
| Held directly or indirectly | 1,611,891 |
| Michael Jefferies | |
| Held directly or indirectly | 500,000 |

Share options

As at 30 June 2021, the Company had no options on issue.

Indemnification and insurance of directors and officers

Ozgrowth Limited has a deed of indemnity for all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer in their capacities as Directors and Officers of the Company. The Company agreed to indemnify and keep indemnified the Directors and Officers against all liabilities by the Directors and Officers as a Director and Officer of the Company to the extent permitted under the *Corporations Act 2001*.

During the financial year, the Company paid an insurance premium in respect of a contract insuring each of the Directors and Officers of the Company. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as Directors and Officers of the Company.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT (CONTINUED)

Remuneration report (audited)

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Company had no employees during the year ended 30 June 2021 or 30 June 2020. Details of Key Management Personnel (KMP) are as follows:

| | | |
|-------------------|--------------------------|---------------------------|
| Jay Hughes | Chairman (Non-Executive) | Appointed 9 July 2007 |
| Simon Joyner | Director (Non-Executive) | Appointed 5 July 2016 |
| Michael Jefferies | Director (Non-Executive) | Appointed 31 October 2007 |

Westoz Funds Management Pty Ltd provides services in the nature of the role of Key Management Personnel to Ozgrowth Limited as it has the authority for the management of the investment portfolio of Ozgrowth Limited.

The share and option holdings of KMP as at 30 June 2021 are as follows:

| Director | Balance 1 July 2020 | | Net Change | | Balance 30 June 2021 | |
|-----------------------------|---------------------|---------|------------|---------|----------------------|---------|
| | Shares | Options | Shares | Options | Shares | Options |
| Jay Hughes | | | | | | |
| Held directly or indirectly | 3,750,000 | - | - | - | 3,750,000 | - |
| Simon Joyner | | | | | | |
| Held directly or indirectly | 1,345,353 | - | 266,538 | - | 1,611,891 | - |
| Michael Jefferies | | | | | | |
| Held directly or indirectly | 500,000 | - | - | - | 500,000 | - |

The share and option holdings of KMP as at 30 June 2020 are as follows:

| Director | Balance 1 July 2019 | | Net Change | | Balance 30 June 2020 | |
|-----------------------------|---------------------|--------------------------------------|------------|--------------------------------------|----------------------|--------------------------------------|
| | Shares | Aug 2019 \$0.19 Options ¹ | Shares | Aug 2019 \$0.19 Options ¹ | Shares | Aug 2019 \$0.19 Options ¹ |
| Jay Hughes | | | | | | |
| Held directly or indirectly | 3,550,000 | 355,000 | 200,000 | -355,000 | 3,750,000 | - |
| Simon Joyner | | | | | | |
| Held directly or indirectly | 1,345,353 | 134,535 | - | -134,535 | 1,345,353 | - |
| Michael Jefferies | | | | | | |
| Held directly or indirectly | 500,000 | 50,000 | - | -50,000 | 500,000 | - |

- The Aug 2019 \$0.19 options were issued pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders and were exercisable up until 31 August 2019. The offer made a bonus issue of one Option for every 10 Shares held by shareholders at the record date.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT (CONTINUED)

Remuneration report (audited) (continued)

A Director's services may be terminated by them at any time and otherwise by shareholder vote. Details of remuneration for the years ended 30 June 2021 and 30 June 2020 is as follows:

| | | Short-term Fee (\$) | Post-employment Superannuation (\$) | Total (\$) |
|--------------------|------|--------------------------------|------------------------------------------------|-------------------|
| S Joyner | 2021 | 50,228 | 4,772 | 55,000 |
| | 2020 | 50,228 | 4,772 | 55,000 |
| M Jefferies | 2021 | 50,228 | 4,772 | 55,000 |
| | 2020 | 50,228 | 4,772 | 55,000 |

The elements of emoluments have been determined on the basis of the cost to the Company. Emoluments of Directors are not directly related to the performance of the Company. The maximum remuneration paid to Directors' is currently set to not exceed \$250,000 per annum.

The Directors of Ozgrowth Limited during the year were Mr Jay Hughes, Mr Simon Joyner and Mr Michael Jefferies. Mr Simon Joyner and Mr Michael Jefferies were the only paid Directors of the Company.

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, provides Key Management Personnel services to Ozgrowth Limited as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. Total management fees (inclusive of performance fees where applicable) of \$8,985,143 (2020: \$753,017) were charged in the period for these services. A \$8,002,402 performance fee was paid in respect of the 2021 financial year (2020: \$15,375). There is \$102,131 (2020: \$65,349) accrued for management fees payable as at 30 June 2021.

These fees were charged in accordance with a management agreement. The management fee is calculated at 1% per annum of funds managed. The performance fee as specified in the management agreement is payable where performance exceeds 7% over a twelve month period to end of June and is calculated at 20% of the performance exceeding the threshold. The manager is required to give three months written notice to terminate the agreement. The performance fee is based on the above performance condition to be able to link the performance of the Company to the services provided by the fund manager.

No amount is paid by Ozgrowth Limited directly to the Directors of Westoz Funds Management Pty Ltd.

Euroz Hartleys Securities Limited (formally Euroz Securities Limited) and Euroz Hartleys Limited, companies of which Mr Hughes is a Director, received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of \$246,137 (2020: \$243,423) was paid in the year as brokerage to Euroz Hartleys Securities Limited and an amount of \$92,219 (2020: \$nil) was paid in the year as brokerage to Euroz Hartleys Limited. Of this brokerage, \$nil was outstanding as at 30 June 2021 (2020: \$468). The above transactions were entered into on normal commercial terms.

The short term incentive provided by the performance fee is payable once a nominated level of profitability is achieved in a financial year. The level of profitability is ultimately determined by the investment return on funds invested and is reflected in the earnings per share figure. The following table shows the link between company performance and shareholder wealth over the last 5 years:

| Financial Year | EPS (cents) | Dividend per Share (cents) | Share price at balance date (cents) |
|-----------------------|--------------------|---------------------------------------|------------------------------------------------|
| 2017 | 2.1 | 0.5 | 16.0 |
| 2018 | 3.4 | 0.5 | 18.0 |
| 2019 | (1.5) | 0.5 | 15.0 |
| 2020 | 0.9 | 0.6 | 17.0 |
| 2021 | 7.0 | 0.65 | 24.0 |

There are no long term incentives payable.

(End of remuneration report)

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' REPORT (CONTINUED)

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Ozgrowth Limited support and have adopted a corporate governance plan. Details of the Corporate Governance Practices can be found at www.ozgrowth.com.au.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor independence

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is included on page 10 and forms part of the Ozgrowth Limited's Directors' report for the year ended 30 June 2021.

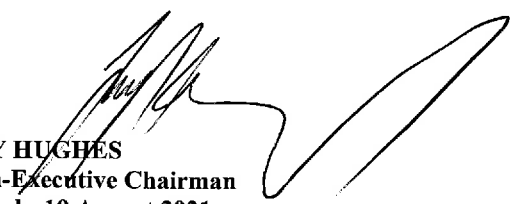
Non-audit services

The following non-audit services were provided by the Company's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

| | <u>\$</u> |
|-------------------------|-----------|
| Tax compliance services | 11,000 |

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



JAY HUGHES
Non-Executive Chairman
Dated: 19 August 2021
Perth, Western Australia



**Building a better
working world**

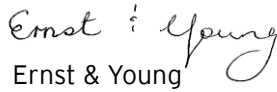
Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Ozgrowth Limited

As lead auditor for the audit of the financial report of Ozgrowth Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.


Ernst & Young



Fiona Drummond
Partner

19 August 2021

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OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 2021 \$ | 2020 \$ |
|-------------------------------------------------------------------------------|-------|--------------------|--------------------|
| Revenue | | | |
| Interest revenue | | 37,559 | 38,004 |
| Dividend revenue | | 2,288,503 | 945,110 |
| Other | | 37,499 | 10,600 |
| Total revenue | | <u>2,363,561</u> | <u>993,714</u> |
| Changes in the fair value of investments at fair value through profit or loss | 4 | <u>41,553,068</u> | <u>4,157,292</u> |
| Total income | | <u>43,916,629</u> | <u>5,151,006</u> |
| Expenses | | | |
| Management and performance fees | 15(b) | (8,985,143) | (753,017) |
| Director fees | 15(a) | (110,000) | (110,000) |
| Professional fees | | (75,860) | (78,587) |
| ASX fees | | (49,590) | (49,285) |
| Other expenses | 6 | <u>(94,267)</u> | <u>(84,948)</u> |
| Total expenses | | <u>(9,314,860)</u> | <u>(1,075,837)</u> |
| Profit before income tax expense | | 34,601,769 | 4,075,169 |
| Income tax expense | 7 | <u>(9,744,602)</u> | <u>(979,953)</u> |
| Net profit attributable to members of the company | | <u>24,857,167</u> | <u>3,095,216</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | <u>24,857,167</u> | <u>3,095,216</u> |
| Earnings per share (cents) | | | |
| Basic and diluted | 16 | 7.1 | 0.9 |

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

OZGROWTH LIMITED
AS AT 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION

| | Note | 2021 \$ | 2020 \$ |
|--------------------------------------------------------|-------|---------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 19(a) | 3,242,386 | 8,362,936 |
| Other assets | 9 | 661,160 | 157,038 |
| Financial assets at fair value through profit or loss: | | | |
| - Listed Equities | 5 | 99,847,339 | 62,929,118 |
| - Unlisted Equities | 5 | 900,000 | - |
| Deferred tax assets | 7 | - | 1,130,376 |
| TOTAL ASSETS | | <u>104,650,885</u> | <u>72,579,468</u> |
| LIABILITIES | | | |
| Trade and other payables | 10 | 1,244,350 | 166,456 |
| Dividend payable | | - | 1,057,646 |
| Deferred Tax Liability | 7 | 8,614,226 | - |
| TOTAL LIABILITIES | | <u>9,858,576</u> | <u>1,224,102</u> |
| NET ASSETS | | <u>94,792,309</u> | <u>71,355,366</u> |
| EQUITY | | | |
| Contributed equity | 11 | 71,845,531 | 72,198,956 |
| Profit reserve | 12 | 37,718,748 | 24,846,450 |
| Accumulated loss | 13 | (14,771,970) | (25,690,040) |
| TOTAL EQUITY | | <u>94,792,309</u> | <u>71,355,366</u> |

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

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CASH FLOWS

| | Note | 2021 \$ | 2020 \$ |
|----------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 37,558 | 38,004 |
| Dividends received | | 2,306,253 | 891,360 |
| Payments to suppliers (inclusive of GST) | | (9,828,763) | (1,340,068) |
| Income tax paid | | - | (884,896) |
| Net cash flows used in operating activities | 19(b) | <u>(7,484,952)</u> | <u>(1,295,600)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments at fair value through profit or loss | | 61,083,682 | 38,587,891 |
| Payments for purchases of investments at fair value through profit or loss | | <u>(56,241,410)</u> | <u>(32,023,056)</u> |
| Net cash flows from investing activities | | <u>4,842,272</u> | <u>6,564,835</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of ordinary shares, net of issue costs | | - | 633 |
| Share buyback | | (353,425) | (532,855) |
| Dividends paid | | <u>(2,124,445)</u> | <u>(1,951,808)</u> |
| Net cash flows used in financing activities | | <u>(2,477,870)</u> | <u>(2,484,030)</u> |
| Net (decrease) / increase in cash held | | (5,120,550) | 2,785,205 |
| Cash and cash equivalents at the beginning of the period | | <u>8,362,936</u> | <u>5,577,731</u> |
| Cash and cash equivalents at the end of the period | 19(a) | <u>3,242,386</u> | <u>8,362,936</u> |

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

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF CHANGES IN EQUITY

| | Contributed Equity | Profit Reserve | Accumulated Loss | Total Equity |
|-------------------------------------------------------|-------------------------------|---------------------------|-----------------------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| At 1 July 2020 | 72,198,956 | 24,846,450 | (25,690,040) | 71,355,366 |
| Profit for the period | - | - | 24,857,167 | 24,857,167 |
| Total comprehensive income for the period | - | - | 24,857,167 | 24,857,167 |
| Transfer from retained earnings to profit reserve | | 13,939,097 | (13,939,097) | - |
| Transactions with owners in their capacity as owners: | | | | |
| Share buyback | (353,425) | - | - | (353,425) |
| Dividends for the year | - | (1,066,799) | - | (1,066,799) |
| At 30 June 2021 | <u>71,845,531</u> | <u>37,718,748</u> | <u>(14,771,970)</u> | <u>94,792,309</u> |

| | Contributed Equity | Profit Reserve | Accumulated Loss | Total Equity |
|-------------------------------------------------------|-------------------------------|---------------------------|-----------------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| At 1 July 2019 | 72,731,178 | 21,290,340 | (23,109,518) | 70,912,000 |
| Profit for the period | - | - | 3,095,216 | 3,095,216 |
| Total comprehensive income for the period | - | - | 3,095,216 | 3,095,216 |
| Transfer from retained earnings to profit reserve | | 5,675,738 | (5,675,738) | - |
| Transactions with owners in their capacity as owners: | | | | |
| Issued capital | 633 | - | - | 633 |
| Share buyback | (532,855) | - | - | (532,855) |
| Dividends for the year | - | (2,119,628) | - | (2,119,628) |
| At 30 June 2020 | <u>72,198,956</u> | <u>24,846,450</u> | <u>(25,690,040)</u> | <u>71,355,366</u> |

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

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Ozgrowth Limited (the 'Company') for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 18 August 2021.

Ozgrowth Limited is a company limited by shares that is incorporated and domiciled in Australia whose shares are listed on the Australian Securities Exchange. The registered office is located at Level 18, 58 Mounts Bay Road Perth, Western Australia 6000.

Ozgrowth Limited does not control any entities at 30 June 2021 (2020: None).

The Company had no employees as at 30 June 2021 (2020: None).

The nature of the operations and principal activities of the Company are as an investment company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

For the purposes of preparing the financial statements the Company is a for-profit entity.

The financial report for the year ended 30 June 2021 has been prepared on a historical cost basis, except for certain investments, which have been measured at fair value.

The Company's functional and presentation currency is the Australian dollar (\$) unless otherwise stated.

(b) Statement of Compliance

The accounting policies adopted are consistent with those of the prior years except as follows:

The Company has adopted new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2020. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

- AASB 2019-1 *Amendments to AASs – References to the Conceptual Framework*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*

The adoption of these new and amended standards has not had any financial impact on the financial position or results of the Company.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with IFRS as issued by the International Accounting Standards Board.

(c) New standards issued or amended but not yet effective

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the financial reporting period ended 30 June 2021. These are included in the following table:

| Reference | Title | Summary of the accounting standard or amendment | Impact on Company | Application date of standard | Application date for the Company |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------|----------------------------------|
| AASB 2020-3 Amendment to AASB-9 | Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018-2020 Cycle) | <p>Under AASB 9, an existing financial liability that has been modified or exchanged is considered extinguished when the contractual terms of the new liability are substantially different, measured by the "10 per cent" test. That is, when the present value of the cash flows under the new terms, including any fees paid or received, is at least 10 per cent different from the present value of the remaining cash flows of the original financial liability.</p> <p>The amendment to AASB 9 clarifies that fees included in the 10 per cent test are limited to fees paid or received between the borrower and the lender, including amounts paid or received by them on the other's behalf. When assessing the significance of any difference between the new and old contractual terms, only the changes in contractual cash flows between the lender and borrower are relevant. Consequently, fees incurred on the modification or exchange of a financial liability paid to third parties are excluded from the 10 per cent test.</p> <p>These amendments are applied prospectively. Earlier application is permitted.</p> | The Company does not expect a material impact from the adoption of this amendment. | 1 January 2022 | 1 July 2022 |

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| Reference | Title | Summary of the accounting standard or amendment | Impact on Company | Application date of standard | Application date for the Company |
|------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------|----------------------------------|
| AASB 2020-3 Amendments to AASB 137 | Onerous Contracts – Cost of Fulfilling a Contract | <p>AASB 137 defines an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Unavoidable cost is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it.</p> <p>AASB 137 does not specify which costs to include in determining the cost of fulfilling a contract. Consequently, AASB 137 was amended to clarify that when assessing whether a contract is onerous, the cost of fulfilling the contract comprises all costs that relate directly to the contract, which includes both the:</p> <ul style="list-style-type: none"> • Incremental costs of fulfilling that contract (e.g., materials and labour); and • An allocation of other costs that relate directly to fulfilling contracts (e.g., depreciation of property, plant and equipment) <p>An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Comparative information is not restated. Instead, the cumulative effect of initially applying the amendments is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Earlier application is permitted.</p> | The Company does not expect a material impact from the adoption of this amendment. | 1 January 2022 | 1 July 2022 |

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| Reference | Title | Summary of the accounting standard or amendment | Impact on Company | Application date of standard | Application date for the Company |
|-------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------|----------------------------------|
| AASB 2020-1 | Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current | <p>A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically:</p> <ul style="list-style-type: none"> • The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. • Management intention or expectation does not affect classification of liabilities. • In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. | The Company is in the process of assessing the impact of the amendments. | 1 January 2023 | 1 July 2023 |

(d) Financial assets and liabilities

(i) *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of a financial assets not at fair value through profit or loss, transaction costs. Financial assets within the scope of AASB 9 are classified as debt instruments at amortised cost or financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss as appropriate. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is based on two criteria: the Company’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Company may make short sales in which borrowed security is sold in anticipation of a decline in the market value of the security. Short sales are classified as current financial liabilities at fair value through profit and loss.

(ii) *Subsequent measurement*

The subsequent measurement of financial assets and financial liabilities depends on their classification as described below:

Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. These are listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and liabilities (continued)

(ii) *Subsequent measurement (continued)*

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date only if the criteria under AASB 9 are satisfied.

All financial assets and liabilities at fair value through profit or loss are equity instruments that are managed through making purchase and sales decisions based on their fair value in accordance with the Company's investment strategies. The financial information about these financial assets and liabilities is provided internally on that basis to the Investment Manager, Westoz Funds Management Pty Ltd and to the Board of Directors.

For investments that are actively traded in organised financial markets, fair value is determined by reference to the Securities Exchange quoted market bid prices (offer prices for liabilities) at the close of business on the Statement of Financial Position date, without any deduction for transaction costs.

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

Gains and losses on investments at fair value through profit and loss are recognised in the Statement of Comprehensive Income.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase/sell the asset.

Changes in the fair value of investments – net gains or losses on investments at fair value through profit or loss are calculated as the difference between the fair value at sale (or purchase in the case of liabilities) or fair value at reporting date and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses but does not include dividend.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cashflows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets and liabilities (continued)

(ii) *Subsequent measurement (continued)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Expected credit losses (ECL's) on financial assets at amortised costs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). This is further discussed in note 20.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Gains and losses are recognised in the Statement of Comprehensive Income when the asset is derecognised, modified or impaired.

(iii) *De-recognition of financial assets and liabilities*

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive/contribute cash flows from the asset/liability have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and short term deposits, including bank bills with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents as defined above.

(f) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is recognised on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (continued)

Deferred income tax liabilities are recognised for all temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow all or part of the deferred income tax to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(h) Revenue recognition

Interest revenue

Interest is recognised as interest accrues using the effective interest rate method which is the rate that exactly discounts estimated future cash flows through the expected life of the financial investment to the gross carrying amount of the financial asset.

Dividend revenue

Dividend is recognised when the Company's right to receive the payment is established. This is taken to be the date the share is quoted ex-dividend.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition (continued)

Other

The Company recognises revenue from sub-underwriting services on completion of the service.

This revenue from contract with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. These fees are recognised as the related services are performed.

(i) Trade and other payables

Liabilities for trade creditors and other amounts are initially measured at fair value of the consideration to be paid on goods and services received and then subsequently carried at amortised cost, whether or not billed to the entity. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company is obliged to make future payments in respect of the purchase of these goods and services.

Payables include outstanding settlements on the purchase of investments and dividends payable. The carrying period is dictated by market conditions and generally less than 30 days.

Payables to related parties are carried initially measured at fair value of the consideration to be paid on goods and services received and then subsequently carried at amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(j) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company and is classified as equity.

Any incremental costs that are directly attributable to the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Earnings Per Share

Basic earnings per share (EPS) is calculated as net profit attributed to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to ordinary equity holders, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Receivables

Receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible debts. Bad debts are written off when identified. Amounts are normally received within 30 days of being recorded as receivable. An estimate of expected credit loss is made when there is objective evidence that the Company will not be able to collect the debt.

Under AASB 9, the Company recognises an allowance for ECL for receivables using a general approach. Refer to note 2(d) for the accounting policy on measurement of ECL.

(m) Dividends

Provision is made for the amount of any dividend declared by the Directors on or before the end of the financial year, but not distributed at balance date.

(n) Management fees

Management fees, including performance fees, are calculated in accordance with contractual arrangements and are payable in the year in which the returns are generated.

(o) Due to and from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'trade and other payables' for recognition and measurement of these amounts.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for 'Receivables' for recognition and measurement of these amounts.

(p) Presentation of comparative information

Prior year amounts in the financial report have been reclassified to ensure consistency with presentation of current year amounts.

(q) Significant Accounting Judgements, Estimates and Assumptions

(i) Taxes

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax assets relate to unrealised losses on investments in financial assets and recognised tax losses.

Future taxable profits depend on the success of the Company's investment strategy which in turn will be influenced by the overall direction of equity markets. The markets are influenced by a number of factors such as outlook for growth, inflation, commodity prices, interest rates, general economic conditions, natural disasters & government regulation. Management has estimated future taxable profits based on an analysis that historic returns (per annum, since inception) on the investment portfolio of Ozgrowth Limited. Market estimates of long term Australian equity market returns are anticipated to be higher than the return that will be required to be generated by Ozgrowth Limited in order to utilise the deferred tax asset. Changes in assumptions & estimates may affect the ability to recognise deferred tax assets.

There are no other significant accounting judgments, estimates and assumptions during the financial year.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION

For management purposes, the Company is organised into one operating segment, which invests in equity securities on the Australian Securities Exchange. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The Company operated in one geographical area being Australia.

4. CHANGES IN FAIR VALUE OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2021 | 2020 |
|-----------------------------------------------------|--------------------------|-------------------------|
| | \$ | \$ |
| Net realised gain/(loss) on disposal of investments | 9,839,471 | (2,019,534) |
| Net unrealised gain on investments | <u>31,713,597</u> | <u>6,176,826</u> |
| | <u>41,553,068</u> | <u>4,157,292</u> |

The total number of contract notes that were issued for transactions during the financial year was 691 (2020: 635). The total brokerage paid on these contract notes was \$353,150 (2020: \$246,137).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

| 30 June 2021 | Valued at Quoted market price (Level 1) | Valuation Technique market observable inputs (Level 2) | Valuation technique non – market observable inputs (Level 3) | Total |
|--------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------|
| Financial assets at fair value through profit or loss | | | | |
| (i) <i>Listed equities</i> | 99,847,339 | - | - | 99,847,339 |
| (ii) <i>Unlisted Equities – Starling Energy Group</i> | - | - | 900,000 | 900,000 |
| | 99,847,339 | - | 900,000 | 100,747,339 |

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

| 30 June 2020 | Valued at Quoted market price (Level 1) | Valuation Technique market observable inputs (Level 2) | Valuation technique non – market observable inputs (Level 3) | Total |
|--------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|--------------------------------------------------------------|-------------------|
| Financial assets at fair value through profit or loss | | | | |
| (i) <i>Listed equities</i> | 62,929,118 | - | - | 62,929,118 |
| (ii) <i>Unlisted Equities</i> | - | - | - | - |
| | 62,929,118 | - | - | 62,929,118 |

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of listed equity is based on quoted market prices at the reporting date (bid price for long positions), without any deduction for transaction costs.

For instruments for which there is currently no active market, the Company uses valuation methods generally accepted in the industry. Some of the inputs to those method may not be market observable and are therefore estimated based on assumptions. In the case of unlisted equities, recent transactional evidence has been obtained that supported the current valuation. If, in the future, similar transactions occur at significantly different values, the fair value of unlisted equities will be revised appropriately.

6. OTHER EXPENSES

| | 2021 | 2020 |
|----------------------|---------------|---------------|
| | \$ | \$ |
| Marketing | - | 9,433 |
| Share registry costs | 21,826 | 25,172 |
| Other | 72,441 | 50,343 |
| | <u>94,267</u> | <u>84,948</u> |

7. INCOME TAX

The major components of income tax expense are:

| | 2021 | 2020 |
|-------------------------------------------------------------------------|------------------|----------------|
| | \$ | \$ |
| Statement of comprehensive income | | |
| <i>Current Income Tax</i> | | |
| Current income tax charge | - | - |
| Prior year under / (over accrual) | - | (1,998) |
| <i>Deferred income tax</i> | | |
| Relating to origination and reversal of temporary differences | 9,744,602 | 981,951 |
| Income tax expense reported in statement of comprehensive income | <u>9,744,602</u> | <u>979,953</u> |

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX (CONTINUED)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable tax rate is as follows:

| | 2021 \$ | 2020 \$ |
|---------------------------------------------------------|------------------|----------------|
| Accounting profit before tax | 34,601,769 | 4,075,169 |
| Tax at the statutory income tax rate of 30% (2020: 30%) | 10,380,531 | 1,222,551 |
| Tax effect of franking credits | (633,731) | (237,600) |
| Prior year under / (over accrual) | - | (1,998) |
| Non-taxable income | <u>(2,198)</u> | <u>(3,000)</u> |
| Income tax expense / (benefit) | <u>9,744,602</u> | <u>979,953</u> |

Deferred income tax at 30 June relates to the following:

| | Statement of financial position | | Statement of comprehensive income | |
|----------------------------------------------------|------------------------------------|------------------|--------------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>Deferred Tax Assets</i> | \$ | \$ | \$ | \$ |
| Tax loss utilised/(recognised) | 646,665 | 871,097 | 230,522 | (871,097) |
| Unrealised loss on investments in financial assets | - | <u>259,279</u> | <u>259,279</u> | <u>1,853,048</u> |
| <i>Total DTA</i> | <u>646,665</u> | <u>1,130,376</u> | <u>8,867,414</u> | <u>981,951</u> |
| <i>Deferred Tax Liabilities</i> | | | | |
| Unrealised gain on investments in financial assets | <u>(9,260,891)</u> | - | <u>9,260,891</u> | - |
| <i>Total DTL</i> | <u>(9,260,891)</u> | - | <u>9,260,891</u> | - |
| Net (DTL)/DTA | <u>(8,614,226)</u> | <u>1,130,376</u> | <u>9,744,602</u> | <u>981,951</u> |

Deferred tax assets relate to unrealised losses on investments in financial assets and current year tax losses. Based on long term movements in the Australian market equity returns, it is probable that the Company will make future taxable profits and such losses will be utilised.

8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

| | 2021 \$ | 2020 \$ |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Ordinary Shares | | |
| Interim dividend of 0.30 cent per share has been declared and paid for on 31 December 2020 (2020: 0.30 cents per share) | 1,066,799 | 1,061,982 |
| No final dividend has been declared and provided for as at 30 June 2021 (2020: 0.30 cents per share per fully paid ordinary share). | - | 1,057,646 |
| Fully franked based on tax paid or payable at 30% | <u>1,066,799</u> | <u>2,119,628</u> |

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES (CONTINUED)

| | 2021 | 2020 |
|-------------------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Franking Credit Balance | | |
| Franking credits available at the end of the financial year at 30% (2020: 30%) | 1,443,931 | 1,472,897 |
| Franking debits that will arise by the payment of dividends as at the end of the financial year | - | (453,277) |
| | <u>1,443,931</u> | <u>1,019,620</u> |

9. OTHER ASSETS

| | 2021 | 2020 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Outstanding sale settlement | - | 68,689 |
| Accrued dividends | 36,000 | 53,750 |
| Bank refund | - | 7,920 |
| GST receivable | <u>625,160</u> | <u>26,679</u> |
| | <u>661,160</u> | <u>157,038</u> |

Note: GST receivable is non-interest bearing and is generally claimed from the Australian Tax Office on a quarterly basis.

The carrying value of other assets is approximately equal to its fair value.

10. TRADE AND OTHER PAYABLES

| | 2021 | 2020 |
|----------------------------------|------------------|----------------|
| | \$ | \$ |
| Trade payables | 157,277 | 118,119 |
| Outstanding purchase settlements | <u>1,087,073</u> | <u>48,337</u> |
| | <u>1,244,350</u> | <u>166,456</u> |

Total trade payables are non-interest bearing and normally settled on 30 day terms. Purchase settlements are normally settled on 2 day terms.

The carrying value of trade and other payables is approximately equal to its fair value.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CONTRIBUTED EQUITY

| | | 2021 \$ | | 2020 \$ |
|---------------------------------------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| (a) Contributed Equity | | | | |
| 350,664,543 fully paid ordinary shares (2020: 352,548,713) | | <u>71,845,531</u> | | <u>72,198,956</u> |
| | Number of Shares | \$ | Number of Shares | \$ |
| (b) Movements in ordinary shares on issue | | | | |
| Beginning of the financial period | 352,548,713 | 72,198,956 | 355,930,586 | 72,731,178 |
| - Option exercise | - | - | 3,325 | 633 |
| - Share buyback | <u>(1,884,170)</u> | <u>(353,425)</u> | <u>(3,385,198)</u> | <u>(532,855)</u> |
| | <u>350,664,543</u> | <u>71,845,531</u> | <u>352,548,713</u> | <u>72,198,956</u> |

(c) Terms and conditions of contributed equity

The Company does not have an authorised capital nor par value in respect of its issued capital.

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Options

As at 30 June 2021, the Company had no options on issue. (2020: At the beginning of the period, the Company had 35,466,231 options on issue with a strike price of 19.0 cents and an expiry date of 31 August 2019. The 2019 19.0 cent options were granted pursuant to the Bonus Issue prospectus issued on 29 September 2017 to all shareholders. The offer made a bonus issue of one option for every 10 shares held by shareholders at the record date. These options were exercisable into new ordinary shares in the Company that rank equally with other ordinary shares by the payment of 19.0 cents per option at any time up until expiry date of 31 August 2019. Of these options, 3,325 were exercised during the period resulting in 3,325 new ordinary shares and the remaining options expired. As at 30 June 2020, the Company had no options on issue).

(e) Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital, accumulated losses and profit reserve.

The primary objective of the Company's capital management is to produce positive return on funds, regardless of the general direction of the listed share market and that is consistent with acceptable risk parameters in order to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As far as possible, the Company intends to pay out a consistent stream of dividends to investors, having regard to availability of franking credits and the balance in the profit reserve.

The Company was ungeared at year end and not subject to any externally imposed capital requirement.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. RESERVES

| | 2021 | 2020 |
|----------------|-------------------|-------------------|
| | \$ | \$ |
| Profit reserve | <u>37,718,748</u> | <u>24,846,450</u> |
| | <u>37,718,748</u> | <u>24,846,450</u> |

The profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.

| | 2021 | 2020 |
|----------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Movement in profit reserve | | |
| Balance at beginning of the year | 24,846,450 | 21,290,340 |
| Transferred from retained earnings (a) | 13,939,097 | 5,675,738 |
| Dividend paid | <u>(1,066,799)</u> | <u>(2,119,628)</u> |
| | <u>37,718,748</u> | <u>24,846,450</u> |

- (a) The amount transferred to profit reserve in the 2021 financial year is the profit for the period 1 July 2020 to 30 November 2020 in accordance with resolutions of the Board of Directors dated 19 November 2020. (30 June 2020: The amount transferred to profit reserve in the 2020 financial year is the profit for the period 1 July 2019 to 30 September 2019 in accordance with resolutions of the Board of Directors dated 30 October 2019)

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. ACCUMULATED LOSS

| | 2021 \$ | 2020 \$ |
|------------------------------------------------------|---------------------|---------------------|
| Balance at beginning of the year | (25,690,040) | (23,109,518) |
| Transferred to profit reserve | (13,939,097) | (5,675,738) |
| Profit / (loss) for the year attributable to members | 24,857,167 | 3,095,216 |
| | <u>(14,771,970)</u> | <u>(25,690,040)</u> |

14. AUDITOR'S REMUNERATION

| | 2021 \$ | 2020 \$ |
|-----------------------------------------------------------------------------------------------|---------------|---------------|
| Total of all remuneration received or due and receivable by Ernst & Young in connection with: | | |
| - Category 1: an audit or review of a financial report of the Company | 52,000 | 57,900 |
| - Category 4: services in relation to tax compliance for the Company | 11,000 | 12,000 |
| | <u>63,000</u> | <u>69,900</u> |

15. RELATED PARTY DISCLOSURES

(a) Remuneration of Directors and Executives

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Mr Jefferies and Mr Joyner were the only paid Directors of the Company. The total remuneration payable for the financial year is \$110,000 (2020: \$110,000) of which \$100,456 was a short term benefit (2020: \$100,456) and \$9,544 was post-employment benefit (2020: \$9,544).

(b) Transactions with Directors or Director Related Entities

The Directors of Ozgrowth Limited during the year or part thereof were Mr Simon Joyner, Mr Jay Hughes and Mr Michael Jefferies.

Westoz Funds Management Pty Ltd, a company of which Mr Hughes is a Director, is considered to be providing Key Management Personnel ("KMP") services as it has the authority for the management of the investment portfolio of Ozgrowth Limited. Westoz Funds Management Pty Ltd received management fees from the Company for the management of its assets. Total management fees (inclusive of performance fees where applicable) of \$8,985,143 (2020: \$753,017) were charged in the period for these services. A \$8,002,402 performance fee was paid in respect of the 2021 financial year (2020: \$15,375). There was \$102,131 (2020: \$65,349) accrued for management fees payable as at 30 June 2021.

These fees were charged in accordance with a management agreement. The Management fee is calculated at 1% per annum of funds managed. A Performance fee is payable where performance exceeds 7% over a twelve month period to end of June and is calculated at 20% of the performance exceeding the threshold. The starting point for the calculation of the threshold is the greater of the starting portfolio value and the number of shares on issue multiplied by \$0.20.

No amount is paid by Ozgrowth Limited directly to the Directors of Westoz Funds Management Pty Ltd.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions with Directors or Director Related Entities (continued)

Euroz Hartleys Securities Limited (formerly Euroz Securities Limited) and Euroz Hartleys Limited, companies of which Mr Hughes is a Director received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of \$246,137 (2020: \$243,423) was paid in the year as brokerage to Euroz Hartleys Securities Limited and an amount of \$92,219 (2020: \$nil) was paid in the year as brokerage to Euroz Hartleys Limited. Of this amount, \$nil of this brokerage was outstanding as at 30 June 2021 (2020: \$468). Euroz Hartleys Securities also provides nominee and custodial services for the Company. No fees were paid in relation to these services in the period (2020: nil).

The above transactions were entered into on normal commercial terms.

(c) Ultimate Parent

Ozgrowth Limited is the ultimate Australian parent company.

(d) Other Related Party Transactions

There are no other related party transactions other than those discussed above.

16. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The Company has no dilutive securities on issue.

| | 2021 | 2020 |
|-------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | \$ | \$ |
| Net profit / (loss) attributable to ordinary equity holders of the Company used in calculating basic earnings per share | 24,857,167 | 3,095,216 |
| Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share | 351,344,998 | 354,536,680 |
| Basic and diluted earnings per share (cents) | 7.1 | 0.9 |

At the date of this report, the Company has no options on issue.

17. SUBSEQUENT EVENTS

On 14 July 2021 the Board of Directors approved the payment of a final dividend for \$1,227,326 (0.35 cents per share) be paid in respect of the 2021 financial year. The payment of the final dividend will occur on 27 August 2021.

No other matters or events have occurred subsequent to 30 June 2021 which have significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent financial periods.

18. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 June 2021 (2020: \$nil).

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the financial report, cash and cash equivalents are expressed as follows:

| | 2021 | 2020 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Cash at bank and in hand | 3,242,386 | 8,362,936 |
| | <u>3,242,386</u> | <u>8,362,936</u> |

Cash at bank and in hand earns interest at floating rates based on daily deposit rates.

The fair value of cash and cash equivalents is \$3,242,386 (2020: \$8,362,936). Of the total cash and cash equivalents held at 30 June 2021, \$3,134,219 (2020: \$8,303,484) was held in the investment portfolio.

(b) Reconciliation from the Net Profit after Income Tax to Net Cash flows (Used In)/Generated from Operating Activities

| | 2021 | 2020 |
|------------------------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Net profit after tax | 24,857,167 | 3,095,216 |
| Adjustment for Non-Cash Items: | | |
| Items classified as Investing | | |
| Unrealised gain on shares | (31,713,597) | (6,176,826) |
| Realised (gain) / loss on shares | (9,839,471) | 2,019,534 |
| Changes in Assets and Liabilities: | | |
| Increase/(Decrease) in trade and other payables | 39,158 | (815) |
| (Increase)/Decrease in other assets | (572,811) | (2,150) |
| Increase/(Decrease) in tax payable | - | (1,212,510) |
| Movement in deferred tax | 9,744,602 | 981,951 |
| | <u>(7,484,952)</u> | <u>(1,295,600)</u> |
| Net Cash Flows (used in) / from Operating Activities | <u>(7,484,952)</u> | <u>(1,295,600)</u> |

c) Financing Facilities Available

At balance date, no financing facilities had been negotiated and none were available.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk.

The Company's principal financial instruments comprise listed equities, cash, short term deposits and outstanding sale and purchase settlements. All securities investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited. The Company has other financial instruments such as trade creditors and distributions payable which arise directly from its operations. The Company may also transact in other financial instruments, including derivatives, to achieve its target rate of return on assets. No derivatives are held at 30 June 2021 (2020: \$nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Company has an established investment policy in place. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment policy, is monitored by the Investment Manager.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled by the Company investing in financial instruments, which in normal market conditions can be easily liquidated. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturity Analysis for Financial Liabilities

Financial liabilities of the Company comprise trade, other payables, amounts due to brokers and distribution payable, which contractually mature within 30 days.

Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts in the statement of financial position.

The Company applies a general approach to calculating ECLs, except for those financial assets that apply the low credit risk exemption. Following the adoption of AASB 9, the Company considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. The general approach is described in the accounting policy section 2(d). To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Company considers information that is reasonable and supportable, including historical experience and forward-looking information. Forward-looking information considered includes consideration of external sources of economic information. In particular, the Company takes into account the counterparties external credit rating (as far as available), actual or expected significant changes in the operating results of the counterparty and macroeconomic when assessing significant movements in credit risk

The Company holds financial instruments with credit worthy third parties and as such applies the low credit risk simplification. At each reporting period the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making this evaluation, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At 30 June 2021, the Company held significant equities, cash balances and other current receivables in relation to outstanding sale settlements. Cash deposits were held on an at call basis and term deposits have nominated maturity dates not greater than three months forward with an institution covered under the Banking Act 1959 with a rating from Standard & Poors of AA- (long term) and A-1+ (short term). Listed equities were held under a nominee arrangement with Euroz Hartleys Securities Limited which operates and maintains required prudential matters under an Australian Financial Services Licence. As at 30 June 2021, all receivables are current with no balances that are past due nor credit-impaired.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. The Company has delegated the management of these risks to Westoz Funds Management Pty Ltd (AFSL No 285607) who has expertise in the management of such risk.

The following risk control features are in place:

- No one stock will represent more than 20% of the total portfolio value at the time of acquisition;
- The portfolio usually consists of between 10 and 25 securities, although more or less may be held depending on the number of securities identified that are expected to meet the performance expectations;
- Where suitable stocks cannot be identified, the portfolio may invest in cash. Whilst unlikely over the medium term, the portfolio may consist from time to time of significant cash deposits;
- Any short positions will not represent more than 20% of the total portfolio value; and
- Leverage may be employed in the Portfolio, but total exposure will not exceed 120% of the portfolio value.

OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

- Any breach of these risk control measures will be reported to the Company by the Investment Manager and the Company will determine the appropriate action to remedy the breach.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and short term deposits, which have variable interest rates. The total cash balance at 30 June 2021 was \$3,242,386 (2020: \$8,362,936). The Company manages interest rate risk by ensuring that cash balances are always deposited in interest-bearing accounts that provide competitive interest rates.

As at 30 June 2021, cash deposits of \$3,242,386 (2020: \$8,362,936) were held at call. No term deposits with maturities of more than three months (2020: \$nil) were held. No interest was recorded as receivable (2020: \$nil).

The following table demonstrates the sensitivity of the Company's Statement of Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant. The change in basis points is derived from a review of historical movements and management's judgement of future trends. The analysis is performed on the same basis for 2020.

| | | 2021 | | 2021 | |
|------------------------|----------|-------------------------------|----------|---------------------------------------------------|----------|
| Change in Basis Points | | Effect on Pre Tax Profit (\$) | | Effect on Equity including retained earnings (\$) | |
| Increase | Decrease | Increase | Decrease | Increase | Decrease |
| 50 | 50 | 16,212 | (16,212) | 11,348 | (11,348) |

| | | 2020 | | 2020 | |
|------------------------|----------|-------------------------------|----------|---------------------------------------------------|----------|
| Change in Basis Points | | Effect on Pre Tax Profit (\$) | | Effect on Equity including retained earnings (\$) | |
| Increase | Decrease | Increase | Decrease | Increase | Decrease |
| 50 | 50 | 42,000 | (42,000) | 29,400 | (29,400) |

Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk arises from the Company's investment portfolio.

The effect on the statement of comprehensive income due to a reasonably possible change in market factors, as represented by the equity indices, with all other factors held constant and assuming the Company's equity portfolio moves in direct concert with the equity indices, is indicated in the table below. The change in index level is derived from a review of historical movements. The analysis is performed on the same basis for 2020.

| | | 2021 | | 2021 | |
|----------------------------|---------------------------------|-------------------------------|--|---------------------------------------------------|--|
| Index | Change in Index | Effect on Pre Tax profit (\$) | | Effect on Equity including retained earnings (\$) | |
| ASX Small Ordinaries Index | Increase 10%/ (Decrease 10%) | 9,984,734/ (9,984,734) | | 6,989,314/ (6,989,314) | |

| | | 2020 | | 2020 | |
|----------------------------|---------------------------------|-------------------------------|--|---------------------------------------------------|--|
| Index | Change in Index | Effect on Pre Tax profit (\$) | | Effect on Equity including retained earnings (\$) | |
| ASX Small Ordinaries Index | Increase 10%/ (Decrease 10%) | 6,290,000/ (6,290,000) | | 4,405,000/ (4,405,000) | |

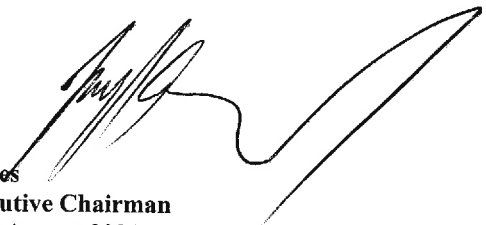
OZGROWTH LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Ozgrowth Limited, the Directors declare that:

1. In the opinion of the Directors:
 - (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the Board


Jay Hughes
Non-Executive Chairman
Dated: 19 August 2021



**Building a better
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Independent auditor's report to the members of Ozgrowth Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Ozgrowth Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- b. 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Investment valuation

| Why significant | How our audit addressed the key audit matter |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Company has a significant investment portfolio consisting primarily of listed equities. As at 30 June 2021, the value of these financial assets, as set out in Note 5 of the financial report, was \$99.8 million, which represents 95% of the total assets held by the Company at that date.</p> <p>The Company's accounting policy, described in Note 2(d) of the financial report, recognises these financial assets at fair value through profit or loss in accordance with Australian Accounting Standards.</p> <p>Volatility and other market drivers can have a significant impact on the value of these financial assets; therefore, valuation of the investment portfolio was considered a key audit matter.</p> | <p>We assessed the fair value of significant investments in the portfolio held at 30 June 2021 by reference to independent pricing sources.</p> <p>We assessed the adequacy of the associated disclosures in Note 5 of the financial report.</p> |

2. Management and performance fees

| Why significant | How our audit addressed the key audit matter |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Management and performance fees paid to the investment manager, Westoz Funds Management Pty Ltd, are the most significant expense for the Company.</p> <p>For the year ended 30 June 2021, management and performance fees totalled \$9.0 million which represents 96% of total expenses.</p> <p>The Company's accounting policy for management and performance fees is described in Note 2(n) of the financial report. All expenses are recognised on an accrual basis, with performance fees recognised in the financial report if the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date where certainty exists that the criteria has been met and the liability has been crystallised.</p> <p>The quantum of these expenses and the impact that the volatility in the market prices of investments can have on the recognition and payment of performance fees resulted in this being a key audit matter.</p> | <p>We assessed the Company's performance fee eligibility calculations.</p> <p>We recalculated management and performance fees in accordance with contractual arrangements, assessing whether contract rates were correctly applied.</p> <p>We tested the inputs to the performance fee calculation by ensuring the key inputs, including the investment portfolio values and the number of shares on issue at the beginning of the performance period and the movements in the investment portfolio value during the year were consistent with the financial report.</p> <p>We assessed the adequacy of the disclosures in Note 15(b) of the financial report.</p> |

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the Directors' Report accompanying the financial report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have 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 judgment 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 Company'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 Company'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 Company 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.

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 to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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 audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 7 of the directors' report for the year ended 30 June 2021.

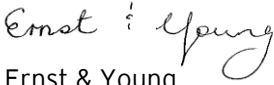
In our opinion, the Remuneration Report of Ozgrowth Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.



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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.


Ernst & Young



Fiona Drummond
Partner
Perth

19 August 2021

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