

25 February 2021

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

Dear Sir / Madam,

E&P Financial Group Limited FY21 Half Year Financial Results

The following announcements to the market are provided:

1. Appendix 4D and Half Year Financial Report
2. **1H21 Results Announcement**
3. 1H21 Results Presentation

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'Paul Ryan', written over a light blue horizontal line.

Paul Ryan

Chief Financial Officer & Company Secretary
(Authorising Officer)

25 February 2021

1H21 Results Announcement

ASX Announcement

Summary for the six months to 31 December 2020:

Key financial highlights:

- Net revenue¹ of \$99.1 million, up 11% on 2H20 driven by consistent underlying performance of the Evans & Partners Wealth business, strong transaction activity in E&P Capital as origination efforts gained traction and economic conditions improved, supported by mark-to-market gains on cornerstone investments; down 4% on the prior corresponding period (pcp) reflecting ongoing reset of Dixon Advisory revenue and wind down of Dixon Projects.
- Adjusted EBITDA of \$19.8 million, up 15% on pcp; Adjusted NPATA of \$7.8 million up 29% on pcp².
- Statutory NPAT of \$4.5 million up 114% on the pcp.
- Dividend reinstated given materially improved macro environment and positive operating momentum; fully franked dividend of 2.0 cents per share, to be paid on 15 April 2021.
- Strengthened balance sheet with increased cash and liquidity – net cash balance of \$40.2 million and \$42.2 million in financial assets, available for sale assets and equity accounted investments.
- Employee Share Plans (ESP) suspended in 1H21 – no change to employee total remuneration but cash bonus accruals higher than prior periods, an overlap of cash bonuses and amortisation of historical ESP expenses exists until ESP run-off completed.

Key operational highlights:

- **Group:** structural change projects ongoing with good progress achieved despite COVID-19 delays; medium-term growth initiatives building momentum across all three divisions.
- **E&P Wealth:** funds under advice up 8% in the six months to 31 December 2020 to \$21.7 billion with good growth across the Evans & Partners platform and soft launch of mass affluent retail market offerings.
- **E&P Capital:** net revenue was up 51% vs 2H20 driven by strong performance from both Corporate Advisory and Institutional trading.
- **E&P Funds:** rebranding of Flagship series of equities funds to Orca Funds Management to further promote external distribution, ongoing structural improvements across real asset portfolio to enhance both fund value and liquidity.

Chief Executive Officer, Peter Anderson said:

“We are pleased to report that over the past six months the company delivered a solid underlying result from its core businesses. During the period, EP1 continued to successfully execute on its refocused strategy, implementing its structural change projects

¹ Excludes interest income and US Paycheck Protection Program income. Includes net gain on equity accounted investment during the period.

² On 18 December 2020, the Company announced the suspension of its Employee Share Plans (ESP). E&P does not intend to grant further deferred equity to E&P employees as part of the Company's discretionary bonus awards. Nevertheless, E&P reserves the right to grant at any time deferred equity securities to employees, including to Key Management Personnel, in selected circumstances or generally at any time in the future. For the avoidance of doubt, any employees with contractual entitlements to participate in the ESP will continue to be eligible to receive such entitlements. Adjusted EBITDA and Adjusted NPATA, which adjust for the suspension of the ESP and businesses in wind-down (Dixon Projects) are presented to assist with like-for-like comparison with prior periods.

and growth initiatives, with good progress achieved despite COVID-19 delays. With most of the necessary business model changes identified by the operational review now implemented, we have turned our focus to putting in place the frameworks to grow EP1 over the medium- to long term.

In E&P Wealth, we established the Evans & Partners Retail Wealth Management and DA Private service offerings to cater to the underserved mass affluent retail market. In E&P Capital we have expanded our M&A, ECM and small caps research capabilities and have established our presence in Hong Kong. In E&P Funds, we are accelerating the external distribution of our core equity funds through business development hires and optimising the structure of our investment funds.”

E&P Wealth

E&P Wealth’s net revenue of \$42.5 million was down 5% on pcp driven by lower Dixon Advisory revenue. Growth in Evans & Partners advice and services revenue and a net increase in client numbers helped to partially offset modest Dixon Advisory client attrition. E&P Wealth Adjusted EBITDA of \$8.3 million was down on the pcp by \$1.0 million.

Funds under advice (**FUA**) at 31 December 2020 of \$21.7 billion was up 8% over the six months. The business saw good FUA growth from the Evans & Partners client base reflecting positive investment outcomes. The total number of Wealth clients as at 31 December 2020 of approximately 9,200 was largely stable.

Over the period, E&P Wealth made solid progress in the execution of its go-forward strategy, implementing a raft of client experience improvements and revenue growth initiatives. This included the successful soft launch of the new Evans & Partners Retail Wealth Management and DA Private service offerings. The Company launched a go-to-market digital marketing program in February 2021 targeting the underserved mass affluent retail segment. Supporting these changes was the enhanced governance structures implemented in prior periods.

E&P Capital

E&P Capital delivered a strong underlying performance driven by both Corporate Advisory and Institutional trading. Over the six months to 31 December 2020, the number of completed Corporate Advisory transactions increased significantly compared to the preceding two halves. E&P Capital net revenue of \$27.9 million was 3% higher than 1H20, with Adjusted EBITDA 7% lower than the pcp reflecting the Company’s continued investment in its equity research capability.

The quality of the Company’s institutional sales, trading and equity research teams particularly in the small-to-mid caps space was demonstrated through the Company’s exceptional result in the Peter Lee Associates Equity Investors Report 2020. The performance supports the investment the business has made over prior periods. E&P continued to expand its targeted research offering, increasing the number of stocks under coverage by 19% compared to the pcp, to 127 companies as at 31 December 2020.

E&P Funds

In the six months to 31 December 2020, E&P Funds continued to implement the structural change initiatives and investment in our core equities platform as previously announced. Strong performance from the Company’s joint venture with CVC Limited, the CVC Emerging Companies Fund, delivering a 73.9% return in the six months to 31 December 2020. This produced mark-to-market gains on the Company’s cornerstone investment, offsetting the impacts of the wind-down in Dixon Projects. Net revenue was down 8% compared to the pcp to \$28.7 million, and Adjusted EBITDA of \$10.7 million was up 67%.

E&P Funds completed a number of structural improvements across its real asset portfolios to enhance value and liquidity for investors, including a major refinance of URF's debt facilities and progression of its asset sale program, initiated asset sales within New Energy Solar and completed the merger of the Fort Street Real Estate Capital fund series.

The Company invested in its core equities offering with dedicated distribution resources appointed to promote further external distribution, the Flagship series of funds rebranded to Orca Funds Management and the listed funds converted to unlisted unit trusts.

Other matters

360 Capital's unsolicited takeover offer

On Friday 19 February 2021, the Company released its Target's Statement in response to 360 Capital Group's unsolicited takeover offer dated 2 February 2021. The Board of Directors of EP1 unanimously recommended that shareholders reject the offer. The Target's Statement set out three key reasons why the Board believed shareholders should reject the 2 February offer:

1. The offer is essentially illusory given the ASIC Proceedings Condition imposed by 360 Capital has no realistic prospect of being met.
2. The offer consideration is fundamentally unattractive given it is predominantly 360 Capital Stapled Securities.
3. The offer materially undervalues EP1 given its medium-to long-term prospects.

The Target's Statement sets out in more detail the reasons for the Directors' unanimous recommendation to reject the 2 February offer.

EP1 shareholders who hold or control approximately 41.40% of EP1's Shares, including EP1's Directors, informed the Board in writing of their intention to reject the 2 February offer. This includes shareholders representing the top 40 employee shareholders of EP1 and 10 of the 25 largest non-employee EP1 shareholders (excluding 360 Capital). Importantly, senior executives across all of EP1's three operating segments have provided feedback to EP1's Directors confirming a fundamental lack of support on their part for the unsolicited 2 February offer.

After ASX market close on 24 February 2021, 360 Capital declared its offer unconditional and extended the offer period until 31 March 2021. The Board of EP1 will respond in due course.

ASIC proceedings against Dixon Advisory & Superannuation Services

Since the Company's 2020 AGM on 11 November 2020 there has been little progress to note with respect to ASIC's proceedings against Dixon Advisory & Superannuation Services Limited (**DASS**). A case management hearing is scheduled for 16 April 2021. As previously advised, DASS will be defending the proceedings; an outcome is not expected until 2022 at the earliest.

Outlook

Execution of the Company's refreshed strategy and further implementation of the divisional growth initiatives will remain the primary focus over the near term. In E&P Wealth this will be achieved through leveraging the scalable retail advice platform the Company has built to capitalise on the post-Hayne financial advice landscape. In E&P Capital, the Company will focus on strategic market positioning, continued recruitment to complement the existing platform and the division's recent expansion into Hong Kong. And in E&P Funds, the Company will seek to grow by expanding its distribution via platform listings and independent research ratings which are progressing well.

In 1H21 the Company commenced a series of second stage operational review initiatives. This second stage review, which applies greater focus to efficiency and financial improvements, will run concurrently with the implementation of growth initiatives. In addition, the review will progress several key long-term focusses of the Board, including a whole of firm ESG program, talent mapping and career development planning.

The solid group performance in 1H21 is an endorsement of the strategic changes and growth initiatives implemented over the past 18 months. We remain very confident that these changes will deliver good growth over the medium term. Whilst the near-term financial outlook of the company is encouraging, we acknowledge that the impacts of COVID-19 are not yet behind us, and that this presents ongoing uncertainty for our business. Moreover, as previously advised, we expect the contribution from E&P Funds to reduce as implementation of the structural change projects continues. As a result, and consistent with historical seasonality, the Group's financial performance in 2H21 is expected to be lower than in 1H21.

Further information regarding E&P Financial Group's results is set out in the Group's investor presentation for the half year ended 31 December 2020 and is available at www.eap.com.au.

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

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About E&P Financial Group Limited

E&P Financial Group is an Australian Securities Exchange listed financial services group. In E&P Wealth we service approximately 9,200 clients, representing \$21.7 billion in funds under advice. In E&P Capital we are an advisor to many leading Australian institutions through the provision of research, institutional sales and trading, corporate advisory, equity capital market and debt capital market services. In E&P Funds, we manage \$6.6 billion of assets across a diverse range of asset classes.