Equity Trustees

Issue Date: 23 February 2023

APPENDIX 4D

EQT Holdings Limited ABN 22 607 797 615

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

PERFORMANCE	31 DECEMBER 2022 $'000		31 DECEMBER 2021 $'000
Revenue from ordinary activities	62,754	Up 12.3% from	55,871
Profit after tax from ordinary activities attributable to members	7,645	Down 39.9% from	12,710
Net profit for the period attributable to members	7,645	Down 39.9% from	12,710
Earnings per share attributable to members (cents per share)[1]	31.21	Down 28.67 cents, or 47.9% from	59.88
DIVIDENDS	**31 DECEMBER 2022**		**31 DECEMBER 2021**
Interim Dividend (cents per share)	49	Up 1 cent, or 2.1% from	48
Franked percentage	100%		100%
KEY DATES			
Record date for determining entitlements to the Interim dividend			Thursday, 9 March
Last date for the receipt of an election notice for participation in the DRP			Friday, 10 March
Payment date for Interim dividend			Friday, 31 March

[1]Earnings per share for the prior period has been restated to reflect the rights issue in August/September 2022.

The Directors have declared a fully franked interim dividend of 49 cents per share. The Directors have also declared that the Dividend Reinvestment Plan (DRP) will operate for this dividend. The share price to be used for the DRP will be calculated based on the volume weighted average market price of EQT traded shares on the first five days of EQT share trading after the Record Date. A 1.25% discount will be applied.

ASX ADDITIONAL INFORMATION

Additional information, current as at 31 December 2022, and not shown elsewhere in this report, follows:

NET TANGIBLE ASSETS PER SHARE

NET TANGIBLE ASSETS PER SHARE[1]	31 DECEMBER 2022	31 DECEMBER 2021
Net tangible asset backing per share	$2.47	$3.27

[1]Based on shares on issue at 31 December 2022 of 26,427,325 (31 December 2021: 21,060,138). The calculation of NTA backing includes right of use assets recognised under AASB 16 *Leases* relating to the Group's premises leases.

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

HALF-YEAR ENDED 31 DECEMBER 2022

On 22 August 2022, the Group announced that it had acquired 100% of the ordinary equity of Australian Executor Trustees Limited, and its subsidiary, AET PAF Pty Ltd. The acquisition settled on 30 November 2022 and adds further scale and geographical breadth to the Group's Trustee & Wealth Services segment, along with a portfolio of Small APRA Fund clients for which the Superannuation Trustee Services will act as trustee.

Further detail on this acquisition is contained in the Directors' Report, and note 8 of the 31 December 2022 Financial Statements.

HALF-YEAR ENDED 31 DECEMBER 2021

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

AUDITOR'S REVIEW

A review of the condensed consolidated half-year financial statements has been completed with an unqualified conclusion expressed by the Auditor. A copy of the review report is attached.

COMMENTARY

Additional Appendix 4D disclosure requirements can be found in the half-year Report, which contains the Directors' Report and the 31 December 2022 Financial Statements and accompanying notes.

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

The EQT Holdings Limited Board has authorised that this document be given to the ASX

CONSOLIDATED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Equity Trustees

Issue Date: 23 February 2023
EQT Holdings Limited and Controlled Entities

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

We pay our respects to all Elders past and present.

CONTENTS

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors of EQT Holdings Limited (Equity Trustees, or the Company) present the financial report for EQT Holdings Limited and its subsidiaries (the Group) for the half-year ended 31 December 2022, and the independent auditor's review report.

BOARD OF DIRECTORS

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

CAROL SCHWARTZ AO	Independent Director	Appointed Director in March 2020, Chair in October 2020.
ANNE O'DONNELL	Independent Director	Appointed in September 2010. Retired October 2022.
KEVIN ELEY	Independent Director	Appointed Director in November 2011.
D GLENN SEDGWICK	Independent Director	Appointed Director in August 2016.
TIMOTHY (TIM) HAMMON	Independent Director	Appointed Director in December 2018.
CATHERINE ROBSON	Independent Director	Appointed Director in February 2020.
THE HON. KELLY O'DWYER	Independent Director	Appointed Director in March 2021.
MICHAEL (MICK) O'BRIEN	Managing Director	Appointed Director in July 2014, Executive Director in April 2016, Managing Director in July 2016.

COMPANY SECRETARY

SAMANTHA EINHART	Company Secretary	Appointed Company Secretary in January 2022.

OPERATING AND FINANCIAL REVIEW

OVERVIEW OF EQUITY TRUSTEES

INTRODUCTION

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

PURPOSE

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

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

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

STRATEGY

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

GROUP STRATEGY

BUSINESS GROWTH

- Capture opportunities from market demand for fiduciary independence
- Compete in additional lines of trusteeship to maximise our opportunity set
- Scale up areas of business that show greatest scope for growth
- Disciplined acquisitions in areas with greatest growth and/or synergy opportunities
- Maintain balance sheet discipline

CLIENT SERVICE

- Deliver seamless, tailored client service across our B2B and B2C clients
- Leverage technology solutions to improve client offering and streamline operations
- Provide expert market leading advice to clients.

CAPABILITY

- Resource our businesses with the best technical professionals in fiduciary services
- Build teams of committed, caring, skilled, resilient people
- Build technology and systems to drive operational efficiency and enhance client experience

COMMUNITY

- Efficient and effective management of clients' philanthropic funds
- Responsible corporate citizen with strong ESG practices
- Contribute to improving social and economic outcomes for Aboriginal and Torres Strait Islander peoples and communities
- Volunteering and supporting for-purpose organisations

Key strategic objectives include:

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

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

OPERATING BUSINESSES AND PRINCIPAL ACTIVITIES

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

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

- Build on its Australian leadership position in trustee services for fund managers.
- Accelerate growth in its corporate trust business.
- Improve scale and profitability in UK/Ireland.

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

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

For the half-year ended 31 December 2022, TWS also includes the large majority of business activities acquired as part of the Australian Executor Trustees Limited (AET) acquisition.

Superannuation Trustee Services (STS) – provides independent, outsourced Superannuation Trustee Services for corporate and retail superannuation funds. STS operates within Australia, with a strategy to:

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

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

For the half-year ended 31 December 2022, STS also includes the Small APRA Fund (SAF) trustee activities acquired as part of the AET acquisition.

ACQUISITION OF AUSTRALIAN EXECUTOR TRUSTEES LIMITED

On 22 August 2022 the Group announced the acquisition of Australian Executor Trustees Limited (AET), from Insignia Financial Limited (IFL). Following a well-supported capital raising process, the acquisition completed on 30 November 2022. Some of the key attributes of the AET business are as follows:

- Founded in 1879
- Headquartered in South Australia, with significant operations in South Australia and Western Australia, and to a lesser extent in Queensland, Victoria and New South Wales
- FY22 revenues of $38.1m
- Approximately 180 staff
- A particularly strong presence in Health & Personal Injury (HAPI) and Community Trust services.

AET represents a highly complementary acquisition for Equity Trustees. AET adds scale in the Group's core TWS business lines and enhances the Group's geographical footprint across the country. The Group's key strategic priorities relating to the AET business are:

- Complete the integration of the AET business with the existing TWS business (anticipated to take 18 months to two years).
- Realise anticipated expense and revenue synergies (progressively throughout integration period).
- Complete the previously advised restructure of the Platform Business (within the first 12-18 months of ownership).

GROUP FINANCIAL PERFORMANCE

Summary Financial Results and Value Creation Measures

FOR THE PERIOD ENDED FINANCIAL SUMMARY	1H23 $'000	2H22 $'000	1H22 $'000	1H23 v 2H22 $'000	1H23 v 2H22 %	1H23 v 1H22 $'000	1H23 v 1H22 %
Revenue	**62,754**	55,642	55,871	7,112	12.8%	6,883	12.3%
Total expenses	**(49,561)**	(38,208)	(36,102)	(11,353)	(29.7%)	(13,459)	(37.3%)
Net Profit Before Tax (NPBT)	**13,193**	17,434	19,769	(4,241)	(24.3%)	(6,576)	(33.3%)
Reconciliation to Underlying NPBT (UNPBT) [1]							
Technology/transformation initiatives	**1,373**	-	-	(1,373)	(100%)	(1,373)	(100%)
AET acquisition and integration expenses	**4,591**	-	-	(4,591)	(100%)	(4,591)	(100%)
Other M&A project costs	**-**	184	-	184	100%	-	-
Underlying NPBT	**19,157**	17,618	19,769	1,539	8.7%	(1,985)	(10.0%)
Net Profit After Tax (NPAT)	**6,965**	10,646	12,023	(3,681)	(34.6%)	(5,058)	(42.1%)
Loss attributable to non-controlling interest	**(680)**	(872)	(687)	192	(22.0%)	7	1.0%
NPAT attributable to equity holders of the Company	**7,645**	11,518	12,710	(3,873)	(33.6%)	(5,065)	(39.9%)
Reconciliation to Underlying NPAT (UNPAT) [1]							
Technology/transformation initiatives	**961**	-	-	(961)	(100%)	(961)	(100%)
AET acquisition and integration expenses	**4,416**	-	-	(4,416)	(100%)	(4,416)	(100%)
Other M&A project costs	**-**	183	-	183	100%	-	-
Underlying NPAT	**13,022**	11,701	12,710	1,321	11.3%	312	2.5%
VALUE CREATION MEASURES							
Earnings Per Share (EPS) (cents) [2]	**31.21**	54.06[3]	59.88[3]	(22.85)	(42.3%)	(28.67)	(47.9%)
Underlying Earnings Per Share (EPS) (cents) [2]	**53.17**	54.92[3]	59.88[3]	(1.75)	(3.2%)	(6.71)	(11.2%)
Dividends per share (cents) (paid and proposed)	**49**	49	48	-	-	1	2.1%
Return on equity using NPAT	**3.8%**	8.1%	9.0%	(4.3%)	-	(5.2)	N/A
FUMAS ($b)	**155.5**	148.9	151.8	6.6	4.4%	3.7	2.4%

[1] Underlying net profit after tax (UNPAT) excludes significant items. For 1H23, adjustments relate to M&A costs incurred during the period relating to the Group's acquisition and integration of AET, as well as technology & transformation projects currently being undertaken by the Group. In 2H22, UNPBT and UNPAT excludes M&A project costs incurred.
[2] The weighted average shares on issue during the period were 24,492,154 (period ended 30 June 2022: 21,263,918; period ended 31 December 2021: 21,226,146).
[3] Earnings per share for the prior periods have been restated to reflect the rights issue in August/September 2022.

The Directors of Equity Trustees are pleased to present the results of the Group for the half year ended 31 December 2022. The key themes for the results for the period are:

- Strong growth in revenue reflecting good organic growth and one month's contribution from AET.
- Balance sheet remains strong with low gearing and healthy levels of liquidity.
- Statutory NPAT down on the prior comparative period (PCP) primarily due to one-off acquisition / integration costs.
- Underlying NPAT up on both PCP and 2H22.
- Stable dividend reflecting solid underlying earnings.

The table presented above describes the key financial performance and financial value creation metrics of the Group for the half year ended 31 December 2022. Of particular focus are net profit before tax (NPBT), earnings per share, dividends and funds under management, administration, advice and supervision (FUMAS). Underlying NPBT and net profit after tax (NPAT) are also included in the above table to provide a comparative view of operating performance excluding one-off costs associated with the acquisition/integration of AET and one-off technology transformation costs.

Net profit before tax of $13.2m is down approximately 24.3% on 2H22, and 33.3% on the prior comparative period, while underlying net profit before tax of $19.2m is up 8.7% on 2H22, and down 10.0% on the prior comparative period. Acquisition and integration costs of approximately $4.6m have been incurred in relation to the acquisition of AET. This figure does not include any costs directly attributable to the equity raising process as these are set off against the increase in share capital. The Group has also incurred approximately $1.4m of costs associated with one-off technology transformation initiatives in the current period. Net profit after tax for the period was $7.6m, or $13.0m on an underlying basis. The result for the half is unfavourable to the prior comparative period by $5.1m on a statutory basis, but favourable to both 2H22 and the prior comparative period on an underlying basis.

With reference to UNPAT, compared to the prior comparative period, revenues are up, reflecting good organic growth, despite lower average investment market levels adversely affecting FUMAS based fees for the period. This is offset by higher expenses (excluding M&A project costs and one-off technology implementation costs) in the current period. The growth in expenses is predominantly driven by:

- The addition of the AET cost base.
- A substantial reduction in vacancies, relative to the prior comparative period, and generally higher replacement costs where roles have turned over.
- Investment in the Group's technology transformation programme.

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

REVENUE

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

The TWS Private Client revenue (including AET revenue lines) is 60%-70% linked to markets, as measured by the average daily performance of the ASX 200 Index. The Corporate Trustee Services revenue is 40%-50% linked to markets, as primarily measured by the performance of the average daily All-World MSCI Index. The Superannuation Trustee Services business has lower leverage to markets, at 20%-30% of the performance of the average daily ASX 200 Index, as its business model has a higher proportion of fixed fees.

For the half year ended 31 December 2022, FUMAS was up 4.4% on 2H22, and 2.4% on the PCP, to $155.5b. The average of the daily level of the ASX 200 index for 1H23, compared to 1H22 was down 6.43%. The average of the daily level of the MSCI All-World index was down 8.79%. The acquisition of AET has contributed a further $6.8b to FUMAS, although the Group only had the benefit of this and the related revenue since 1 December 2022.

Total revenue for 1H23 of $62.8m was up 12.3% on the prior comparative period predominantly reflecting strong organic growth, offset by the adverse market impact described above and one month's contribution from AET. All businesses contributed to top-line growth over the half-year, particularly TWS (adjusting for AET). An uplift in interest rates, seen across 1H23 has also contributed to revenue growth, although part of this relates to returns on the equity raising proceeds held to acquire AET, so is not anticipated to contribute as significantly in future periods.

EXPENSES

Total expenses for the year were up 29.7% on 2H22, and 37.3% on 1H22 to $49.6m. Total expenses include both operating and non-operating expenses. During the period, the Group incurred costs of $4.6m in relation to the acquisition and integration of AET along with $1.4m of one-off technology implementation costs. Transaction costs associated with the equity capital raising to facilitate the acquisition are not included in the above figure. These costs are shown net against the additional equity raised.

Total expenses (less the aforementioned one-offs) were $43.6m, an increase of 14.7% on 2H22, and 20.8% on the prior comparative period. This increase reflects several factors including:

- A substantial reduction in vacancies, and the addition of new staff to strengthen our front-line capability, adding needed capacity to meet the new business growth in the Group.
- Higher, on average, replacement costs for departed staff.
- The continued deployment of the Group's technology transformation programme, with significant milestones met on a number of technology/transformation projects this period.
- From 1 December, the addition of the AET cost base.

Expense growth is expected to moderate significantly following the integration of AET and completion of the key technology projects.

MARGINS

The Group's EBITDA margin, calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue, has declined to 25.9% compared with 39.4% for 2H22, and 41.5% for 1H22. On an underlying basis when adjusted for AET acquisition/integration costs and one-off technology implementation costs, the EBITDA margin is down more moderately to 35.4%, from 31.3% for 2H22, and 41.5% for 1H22. NPBT margins have similarly declined from the prior periods shown.

The decline in margins is an outworking of the higher expenses during the current period, offset to a lesser extent by revenue growth.

	1H23	2H22	1H22	1H23 v 2H22 %	1H23 v 1H22 %
EBITDA margin	**25.9%**	39.4%	41.5%	(16.1%)	(37.5%)
Underlying EBITDA margin	**35.4%**	31.3%	41.5%	13.2%	(14.6%)
NPBT margin	**21.0%**	31.3%	35.4%	(32.9%)	(40.6%)
Underlying NPBT margin	**30.5%**	31.7%	35.4%	(3.6%)	(13.7%)

SHAREHOLDER RETURNS AND DIVIDENDS

SHAREHOLDER RETURNS FOR THE PERIOD	1H23	2H22	1H22	1H23 v 2H22 %	1H23 v 1H22 %
Earnings Per Share on NPAT (cents)	**31.21**	54.06	59.88	(42.3%)	(47.9%)
Earnings Per Share (EPS) on Underlying NPAT (cents)	**53.17**	54.92	59.88	(3.2%)	(11.2%)
Annualised ROE on NPAT (%)	**3.8%**	8.1%	9.0%	(53.2%)	(58.0%)
Dividends for the period					
Fully franked dividends paid/payable ($'000)	**12,950**	12,916	10,109	0.3%	28.1%
Fully franked dividends per ordinary share (cents)	**49**	49	48	-	2.1%
Dividend payout ratio (%)	**169.4%**	112.1%	79.5%	51.1%	113.0%
Underlying dividend payout ratio (%)	**99.4%**	110.4%	79.5%	(9.9%)	25.0%

EARNINGS PER SHARE

The statutory earnings per share for 1H23 was 31.21 cents, a 47.9% decrease on the prior comparative period, and a 42.3% decrease on the prior half-year. Underlying earnings per share for 1H23 was 53.17 cents per share, compared with 59.88 cents per share for 1H22, and 54.92 cents per share for the prior half-year. Underlying earnings per share excludes the AET acquisition/integration costs and one-off technology implementation costs.

The weighted average shares on issue during the period of 24,551,449 (period ended 31 Dec 2021: 21,226,146), represents a 15.7% increase over the prior comparative period. This increase arises from shares issued in relation to:

- The equity capital raising to facilitate the acquisition of AET.
- Participation in the Dividend Reinvestment Plan (DRP) in relation to the 2022 interim and final dividends.
- Participation in employee share acquisition plans, share-based remuneration and salary sacrifice share schemes.

Weighted average shares for 31 December 2021 have been adjusted to reflect the rights issue associated with the equity raising during the current period.

DIVIDENDS

Subsequent to 31 December 2022, the Directors determined to pay a fully franked interim dividend of 49 cents per share.

During the prior corresponding period, a fully franked dividend of 48 cents per share was paid to ordinary shareholders of the Company in respect of the half-year ended 31 December 2021.

The interim dividend represents a dividend payout ratio of 169.4% on a statutory basis, and 99.4% on an underlying basis. The statutory dividend payout ratio in the current period has been influenced by one-off costs associated with the acquisition and integration of AET, as well as other Group transformation initiatives. Both statutory and underlying dividend payout ratios are influenced by the greater number of shares on issue following the equity raising associated with the AET acquisition.

The Dividend Reinvestment Plan will continue operating for the FY23 interim dividend, with a 1.25% discount. The interim dividend will be fully franked and payable on 31 March 2023.

GROUP FINANCIAL POSITION

SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER	1H23 $'000	FY22 $'000
Assets		
Cash and cash equivalents – corporate	**84,628**	77,311
Cash and cash equivalents – ORFR-related	**14,400**	31,005
Trade receivables and accrued income	**45,043**	30,852
Goodwill and intangible assets	**327,922**	205,249
Other assets (including managed fund investments)	**29,928**	26,733
Total Assets	**501,921**	371,150
Liabilities		
Trade payables and other current liabilities	**20,629**	16,614
Borrowings – corporate	**32,000**	10,000
Borrowings – ORFR-related	**14,400**	31,005
Other non-current liabilities	**35,171**	32,196
Total Liabilities	**102,200**	89,815
Equity		
Issued capital	**381,336**	257,558
Reserves	**2,609**	2,028
Retained earnings	**20,423**	25,688
Total Equity Attributable to Owners of the Company	**404,368**	285,274
Non-Controlling Interest	**(4,647)**	(3,939)
Total Equity	**399,721**	281,335

BALANCE SHEET ANALYSIS

Liquidity

The Group manages liquidity risk by:

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

In 1H23, cash and cash equivalents – corporate increased from $77.3m to $84.6m. During the same period corporate borrowings increased from $10m to $32m. Borrowings have been utilised to partially fund the acquisition and integration activities associated with the AET business.

Borrowings – Corporate

The Group has $48m of committed undrawn borrowing capacity across two $40m facilities with ANZ Bank. One of these facilities relates to general corporate purposes, while the other relates to the AET acquisition and integration.

Both facilities are unsecured and subject to the Group meeting certain financial covenants including minimum net tangible assets (NTA), a maximum ratio of gross debt to EBITDA and a minimum interest cover ratio. The Group complied with all financial covenants during the period.

Borrowings – ORFR facility loans

ORFR RELATED ASSETS AND LIABILITIES	1H23 $'000	FY22 $'000
Assets		
Cash and cash equivalents	**14,400**	31,005
Liabilities		
Borrowings	**14,400**	31,005

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

The ORFR facility loans outstanding have decreased during the period, following repayment of the facilities with Hub24 and Aracon. ORFR facility loans have differing maturities of between three and five years, and the arrangements provide for the replenishment of ORFR amounts in the case of an operational event resulting in a deduction to the reserves. Amounts borrowed are held as segregated cash in the respective trustee entities, the obligations are fully cash-backed, and the net interest cost is effectively neutral to Equity Trustees.

Net Assets and Net Tangible Assets

At 31 December 2022, net assets increased to $399.7m, up 42.1% from $281.3m at 30 June 2022. The movement is predominantly attributable to the addition of the AET business to the Group balance sheet. Net tangible asset backing per share has decreased by 27.2% to $2.47 from $3.39 at 30 June 2022.

Issued Capital

Issued capital increased by $123.8m during the year, due primarily to the $125m equity capital raising associated with the AET acquisition, net of share issuance costs. Shares on issue also grew as a result of the active Dividend Reinvestment Plan (DRP), Executive Long-Term Incentive Plan, Employee Salary Sacrifice Share Plan and Employee Share Acquisition Plan.

Capital Management

Equity Trustees' overarching capital management objectives are as follows:

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

Equity Trustees maintains a conservative balance sheet with low gearing. The Group's debt to equity ratio (excluding ORFR facility loans and their related cash) at 31 December 2022 is 8.0% (30 June 2022: 3.6%), or 11.6% including the ORFR facility loans (30 June 2022: 14.6%).

The Group continually reviews funding options to ensure it is optimising both the use and mix of its capital to achieve its capital management objectives.

CASH FLOW

Cash flow Analysis

Net operating cash flows are relatively neutral for the current period. This largely reflects timing of collections, as well as the impacts of a higher expense base, rather than issues with collectability. Operating cash flow generation remains strong and is anticipated to return to more normal levels in the period ahead.

The Group's total cash and cash equivalents have decreased by $1.2m or 1.2% on the prior half year. The decrease reflects a combination of additional corporate borrowings partly to fund AET related acquisition and integration activities, offset by the repayment of ORFR borrowings, and a relatively neutral contribution from operating activities.

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

Material non-operating cash flows during the period include:

- $125.8m net outflow associated with the acquisition of AET.
- $125m inflow associated with the equity capital raising for AET.
- $11.2m of dividend payments (net of DRP of $1.7m) to shareholders.
- $16.6m of ORFR facility repayments.

FOR PERIOD ENDED 31 DECEMBER	1H23 $'000	1H22 $'000
Cash from operating activities		
Receipts from customers	**63,792**	63,077
Payment to suppliers and employees	**(53,638)**	(40,178)
Operating cash flow before income tax	**10,154**	22,899
Income tax paid	**(8,403)**	(7,012)
Net cash from operating activities after income tax	**1,751**	15,887
Dividends paid in cash to members of the Company	**(11,225)**	(8,266)
Redemption of liquid investments	**-**	(5,000)
Proceeds from issuances of equity securities	**125,113**	-
Net payment for acquisition of AET	**(125,800)**	-
Net payments for assets	**(1,907)**	(1,314)
Repayment of borrowings – corporate facility	**22,000**	-
Net proceeds from borrowings – ORFR facilities	**(16,605)**	7,255
Payment of lease liabilities	**(720)**	(648)
Interest received	**1,839**	201
Other cash flows	**(3,670)**	(16)
Net (decrease)/increase in cash and cash equivalents	**(9,224)**	8,099
Cash and cash equivalents at the beginning of the half year	**108,316**	92,175
Exchange fluctuations on foreign cash balances	**(64)**	(9)
Cash and cash equivalents at the end of the half year	**99,028**	100,265
Additional liquid funds	**10,000**	5,000
Total liquid funds at the end of the half year	**109,028**	105,265

REVIEW OF BUSINESSES

BUSINESS UNIT PERFORMANCE – CORPORATE TRUSTEE SERVICES (CTS)

Key products and services include:

AUSTRALIA (CTS-A)

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

UNITED KINGDOM AND IRELAND (CTS-EU)

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

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

CTS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE	1H23 $'000	2H22 $'000	1H22 $'000	1H23 v 2H22 $'000	1H23 v 2H22 %	1H23 v 1H22 $'000	1H23 v 1H22 %
Revenue	**19,177**	20,212	18,719	(1,035)	(5.1%)	458	2.4%
Expenses	**(13,929)**	(12,487)	(11,036)	(1,442)	(11.5%)	(2,893)	(26.2%)
Business unit net profit before tax	**5,248**	7,725	7,683	(2,477)	(32.1%)	(2,435)	(31.7%)
Business unit profit margin (%)	**27.4%**	38.2%	41.0%	-	(28.4%)	-	(33.3%)
GROWTH IN KEY DRIVERS							
Funds under supervision (FUS) ($b)	**100.2**	105.1	106.7	(4.9)	(4.7%)	(6.5)	(6.1%)
Funds Manager Clients							
No. Clients	**135**	132	128	3	2.3%	7	5.5%
No. Funds	**354**	354	349	-	-	5	1.4%

Revenue

CTS revenues have increased by 2.4%, or $458k on the prior comparative period. CTS revenues are 40%-50% linked to prevailing market levels, particularly global markets. This result reflects a weaker contribution from equity markets relative to the prior comparative period, offset by strong organic growth.

Funds under supervision (FUS) have declined by 6.1% on 1H22, again, reflecting organic growth offset by weaker equity markets and some client mandate losses.

CTS's elevated new business activity has continued over 1H23, with 5.5% increase in new clients relative to PCP, and a 1.4% increase in the total number of funds operated. Most of this activity has related to CTS-A's Responsible Entity Services.

CTS-A's Custody and Debt & Securitisation Services team continues to grow strongly with revenues up approximately 43.8% on the prior comparative period, to $2.3m for 1H23. The Debt & Securitisation Services (DSS) team now has 86 appointments and the Custody Team now supervises approximately $16.5b of assets. The team continues to build their market presence and win an increasing share of new opportunities. The addressable market for Custody and Debt Securitisation Services remains very significant.

The CTS-EU team has continued to pursue new opportunities in 1H23. The team has expanded, providing increased capacity to grow and onboard new funds. The business now supervises 31 funds with approximately £3.0b worth of funds under supervision. The pipeline of opportunities remains healthy for the Group's overseas operations; however, launching new products is typically a time-consuming process, with long lead time for regulatory approvals.

During the current period, the exit of an existing manager and wind up of the associated funds, has caused a reduction in the number of clients and funds operated, however pleasingly the AUM associated with these funds transferred into a fund range also operated by CTS-EU.

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

Expenses

CTS expenses have increased by 26.2% or $2.9m on the prior comparative period. This reflects significant increases in resourcing to support the high levels of activity for each of the CTS-A Custody and Debt & Securitisation Services team, the CTS-EU team and CTS-A Responsible Entity Services, and a reduction in vacancies within the CTS team. A project to redesign and reengineer key CTS business processes is underway and is expected to materially improve productivity and enhance scale, although the benefits are not expected to arise until FY24.

Outlook

The outlook for CTS is positive with strong organic growth activity during the half. This looks set to continue in the period ahead with over 40 new funds expected to launch in the second half of FY23. Interest in listed funds is particularly strong and global fund managers continue to have an appetite to launch product in the Australian market. Key hires made are expected to support continued growth in new fund openings, along with increased transaction activity in the Australian Custody and Debt & Securitisation business.

In the period ahead, the business will further assess the regulatory developments and market dynamics in the Australian, UK and Ireland markets while considering how best to optimise its business model. In particular, we plan to explore strategic options for the CTS-EU business with the objective of improving profitability.

While occasionally clients can have significant mandate losses or wins which impacts FUMAS and revenues, the CTS portfolio is highly diversified. Rising interest rates and volatility in equity markets are seeing interest in fixed income, private equity and infrastructure products continuing to grow: the funds' management industry is highly innovative and new fund activity continues to be strong.

Equity markets have lifted since December, however they remain volatile. Notwithstanding more volatile markets and a less certain economic outlook, government-mandated superannuation, ongoing fund innovation and a leading CTS client proposition support an encouraging outlook over the medium to long term.

BUSINESS UNIT PERFORMANCE – TRUSTEE & WEALTH SERVICES (TWS)

Key products and services include:

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

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

- Private client trustee services.
- Other services.

Within each category, services with similar performance obligations have been grouped; the basis upon which revenues are measured is also similar.

TWS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE	1H23 $'000	2H22 $'000	1H22 $'000	1H23 v 2H22 $'000	1H23 v 2H22 %	1H23 v 1H22 $'000	1H23 v 1H22 %
Private Client Trustee Services revenue	**26,858**	23,427	23,339	3,431	14.6%	3,519	15.1%
Other services revenue	**3,195**	1,852	2,351	1,343	72.5%	844	35.9%
Total TWS revenue	**30,053**	25,279	25,690	4,774	18.9%	4,363	17.0%
Expenses	**(20,707)**	(17,173)	(17,098)	(3,534)	(20.6%)	(3,609)	(21.1%)
Business unit net profit before tax	**9,346**	8,106	8,592	1,240	15.3%	754	8.8%
Business unit profit margin (%)	**31.1%**	32.1%	33.4%	-	(3.0%)	-	(7.0%)
GROWTH IN KEY DRIVERS							
Funds under management, advice, administration and supervision (FUMAS) ($b)	**15.4**	9.1	9.7	6.3	69.2%	5.7	58.8%
Philanthropy ($b)	**2.9**	2.5	2.7	0.4	16.0%	0.2	7.4%
Asset Management ($b)	**5.6**	4.3	4.6	1.3	30.2%	1.0	21.7%
Trusts & Estates ($b)	**2.0**	1.5	1.7	0.5	33.3%	0.3	17.6%
Wealth Advice ($b)	**4.9**	0.8	0.7	4.1	512.5%	4.2	600.0%

Revenue

Equity Trustees is a leader in the provision of philanthropic, trustee executor and investment services. The TWS business unit contains the Group's foundational services and has been trusted by Australians to provide these services for over 140 years.

TWS revenues increased by 17.0% to $30.1m during the current period. This above trend growth was attributable to a range of factors including:

- Good underlying organic growth across core TWS services during the current period.
- A one-month contribution of TWS revenues associated with the AET business (contributing $2.9m to the 1H23 result).
- TWS is 60%-70% exposed to markets, as measured by the average daily performance of the ASX 200 index. Weaker average market levels during the current period relative to the prior comparative period, have partially offset organic growth gains. During the 1H23 the average daily ASX 200 was down 6.43% compared to the average daily ASX 200 for the prior comparative period.

FUMAS increased 69.2% to $15.4b principally reflecting the acquisition of AET (contributing approximately $5.9b), and good organic growth, offset by the adverse impact from markets.

Expenses

In the current period, expenses grew by 20.6% on 2H22, and 21.1% on the PCP. This increase is predominantly attributable to the addition of the AET cost base, as well as the filling of some existing vacancies during the half-year. TWS continues to be subject to a substantial technology transformation programme, also contributing to elevated expenses, which over time is expected to improve productivity.

Outlook

TWS has good momentum and the acquisition of AET has strengthened our capability in key growth segments. We are excited about the potential opportunities available from the combination of the two businesses in the years ahead. Integration is proceeding smoothly and we are incorporating the best attributes of both businesses.

A substantial investment in a new TWS platform and digital solutions including client portals is underway over the next 12 months. This is aimed at significantly enhancing the client and employee experience, while improving operational efficiency. Two new client portals went live during the first half. One was for the AFL Players Association which is a key client and the other was for the Equity Trustees Charitable Foundation enabling clients to manage and direct their own philanthropy. These portals are new in Australia and will materially strengthen TWS's proposition for both existing and prospective clients.

The pipeline of new business activity remains healthy, with the enhanced client experience from the new digital solutions expected to further support organic growth momentum over time.

Higher interest rates have led to improvements in cash management returns and increasing market dividend yields have seen dividend distribution fees returning to more normal levels.

While the economic outlook and the direction of equity markets remain uncertain, on a longer-term basis, the fundamentals underpinning the TWS business remain positive. We expect traditional trustee services will continue to benefit from an ageing demographic and increasing levels of intergenerational wealth transfer.

BUSINESS UNIT PERFORMANCE – SUPERANNUATION TRUSTEE SERVICES (STS)

Key products and services include:

- Superannuation Trustee Services to superannuation funds and members.

STS PERFORMANCE AND KEY DRIVERS FINANCIAL PERFORMANCE	1H23 $'000	2H22 $'000	1H22 $'000	1H23 v 2H22 $'000	1H23 v 2H22 %	1H23 v 1H22 $'000	1H23 v 1H22 %
Revenue	**11,336**	10,187	10,472	1,149	11.3%	864	8.3%
Expenses	**(8,794)**	(8,221)	(7,343)	(573)	(7.0%)	(1,451)	(19.8%)
Business unit net profit before tax	**2,542**	1,966	3,129	576	29.3%	(587)	(18.8%)
Business unit profit margin (%)	**22.4%**	19.3%	29.9%	-	16.2%	-	(25.0%)
GROWTH IN KEY DRIVERS							
Funds under supervision (FUS) ($b)	**39.9**	34.7	35.4	5.2	15.0%	4.5	12.7%

Revenue

Superannuation Trustee Services has had a solid start to the financial year, with revenue growth up 8.3% to $11.3m for 1H23. This was primarily driven by new appointments as trustee, a lesser contribution from FUS growth, as well as expense recoveries. STS now acts as trustee for the benefit of approximately 590,000 members.

Total FUS was up 12.7% to $39.9b when compared with the prior comparative period, and up 15.0% on 2H22. This figure reflected solid underlying net fund inflows (and includes approximately $0.9b attributable to the acquisition of AET), offset by weaker markets.

Expenses

Expenses were up 7.0% on 2H22, and 19.8% on the PCP, to $8.8m. This increase reflects a continued material investment in resourcing, ensuring the business can meet its new business pipeline, and continue to meet regulatory expectations in an increasingly complex regulatory environment.

Outlook

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

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

BUSINESS RISKS

The primary risks facing the EQT Group relate to the appropriate execution of our fiduciary responsibilities in the various contexts in which we act. Central to this is ensuring the interests of our investors, members and beneficiaries are put before all other interests. Failure to do so may lead to financial loss but much more damaging will be the reputational impact and erosion of trust and confidence that is at the heart of the Trustee role and the success of Equity Trustees' business.

The contexts in which we act can be complex. These typically involve the application of judgement, within the bounds of the governing documents, while balancing the needs of investors, members or beneficiaries, both current and future. As a result, there are times when the decisions made may be unpopular for some beneficiaries today. This is an inherent part of the role, but can increase the potential for reputational risk.

To ensure the application of trustee judgement in a considered and consistent manner requires strong governance processes, which are at the heart of Equity Trustees' operating model. A core element of these governance processes is the Risk Management Framework (RMF), comprising the totality of systems, processes, structures, polices and people involved in identifying, assessing, mitigating and monitoring risks. The key elements of the RMF are set out below.

RISK AND COMPLIANCE CULTURE

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

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

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

SUPPORT AND MONITORING OF THE RISK CULTURE

The EQT Group assesses and monitors its Risk Culture through:

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

THREE LINES OF DEFENCE

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

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

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

EQT GROUP BOARDS
Business Strategy, Risk Culture and Risk Appetite

Board Audit, Risk & Compliance Committees

Management Audit Risk and Compliance Committee

1ST LINE OF DEFENCE OWNERSHIP	2ND LINE OF DEFENCE OVERSIGHT, MONITOR & SUPPORT	3RD LINE OF DEFENCE INDEPENDENT ASSURANCE
BUSINESS OPERATIONS	**ENTERPRISE RISK TEAM**	**INTERNAL AUDIT**
• Risk and compliance ownership • Identify and assess risks • Own and operate controls • Day to day responsibility • Ongoing testing • Incident and complaints management	• Risk and compliance advice • Risk and compliance policies and frameworks • Independent oversight of 1st Line • Incident review and reporting • Report trends and themes	• Independent assurance to the Board in relation to the internal control environment • Assurance over 1st and 2nd Lines activities

REGULATORY DEVELOPMENTS

The past six months has seen a significant body of regulatory reform introduced or telegraphed and the ongoing elevation of supervisory intensity by the regulators. The regulatory reform includes:

- Changes to APRA's SPS530 – Investment Governance
- The introduction of APRA's CPS511 – Remuneration (and the pending Financial Accountability Regime)
- The introduction of APRA's CPS230 – Operational Risk Management
- The introduction of APRA's CPS190 – Recovery and Exit Planning
- Privacy Legislation Amendment (Enforcement and Other Measures) 2022
- The introduction of mandatory ESG reporting in Europe

APRA and ASIC's supervisory priorities are focused on:

- Continued focus on improved member outcomes, reducing unacceptable underperformance in the annual performance test and addressing substandard practices
- Examining trustees implementation of the retirement incomes covenant
- Improved cyber and operational resilience
- Poor design, pricing and distribution of financial products
- Misleading conduct in relation to sustainable finance including greenwashing
- Misconduct in the superannuation sector
- Misleading and deceptive conduct relating to the marketing of managed investment schemes

While Equity Trustees is supportive of measures designed to improve governance, and the outcomes for members, investors and beneficiaries, the reforms represent a complex and substantive body of work. The body of work is a significant impost that leads to higher industry costs to be borne by clients and shareholders. Similarly given the scale and nature of EQT's business, typically the majority of industry thematic review activities undertaken by the regulators will include EQT.

KEY RISKS

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

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
Strategic	There is a risk that the assumptions underlying the Group's strategic decisions are (or prove to be) incorrect or that the conditions underpinning those decisions may change. Also, one or more of the Group's strategic initiatives may prove to be too difficult or costly to execute. Opportunities that are pursued may change the Group's risk profile and/or capital structure. Of particular note in the current environment are risks arising that compromise the successful integration of AET and / or successful execution of the technology change programme	• Articulated Group strategy. • Dedicated Group Strategy Committee. • Regular reviews of the Group's business model. • Executive KPIs aligned to Group strategic objectives. • Dedicated business development and referral channels. Review of the risk profile following new or changed strategic initiatives. • Detailed programme and project management planning and execution • Clear project success measures
Operational	Operational risks are a core component of doing business, arising from the day-to-day operational activities of the Group as well as projects and business change activities. A substantial operational risk event may give rise to losses, including financial losses, fines, penalties, personal injuries, reputational damage, loss of market share, theft of property, customer redress and litigation.	• Detailed policies and procedures. • Defined roles and responsibilities for staff. • Information security policy and Group privacy framework. • Incident and breach management policy. • Business continuity management policy and annual testing program. • A Group controls-monitoring program, which includes quarterly attestations from external service providers, and targeted testing.
Financial	Financial risks encompass liquidity, foreign exchange, investment market, interest rate, credit and balance sheet management risks, which, if not managed well, could have a significant adverse impact on the Group. Financial risks also encompass the preparation of financial statements for the Group and the entities for which the Group acts as Responsible Entity or Trustee. Should the estimates and assumptions adopted in preparation of the financial statements be found to be incorrect, there could be an impact on the Group's performance, reputation and position.	• Forecasting and budgeting process. • Oversight by Board Audit Committees. • Annual business unit strategy and plan reviews. • Regular cost control and improvement initiatives. • Group capital management policy. • Detailed financial policies and procedures. • Independent audits by reputable accounting firms.

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
People	The success of Equity Trustees relies on its ability to attract, motivate and retain people who have the necessary skills and experience to help achieve the Group's goals. The loss of key personnel could disrupt our operations in the short term. While our incentives program is designed to align key personnel interests with the Group's goals, there is no guarantee of their continued employment.	• Succession planning for key roles. • Employee engagement monitoring and action plans. • Wellness program. • Remuneration benchmarking. • Risk Culture training and annual Risk Culture surveys. • Clearly articulated corporate values.
Outsourcing	Equity Trustees relies on several third-party service providers for various fund administration, investment management, accounting, custody, market data, market indices, promotion and other distribution and operational needs. The failure of one or more of those service providers to fulfil its obligations could lead to operational and regulatory impacts to the Group. Equity Trustees actively manages its key third-party service providers and vendor relationships.	• Outsourcing and vendor management framework. • Monitoring of third-party performance against service level agreements. • Use of standardised contracts wherever possible. • Partnering with reputable organisations. • Thorough legal and due diligence processes.
Investment	Equity Trustees' and its clients' investment portfolios are subject to normal market risks, such as interest rates and equity market volatility. These risks can affect investment valuations and income volatility. Equity Trustees actively manages its clients' investments and capital in line with our and their risk appetites, and Equity Trustees' investment and capital management policies.	• Oversight by management and Board sub-committees. • Detailed investment governance and selection frameworks. • Regular monitoring of mandate limits and investment performance.
Governance and Compliance	Entities controlled by Equity Trustees hold several licences and operate in a highly regulated environment. If the entities that hold those licences fail to comply with the general obligations and conditions, this could impact the ability to operate key parts of the Company's business, which could potentially lead to a material adverse effect on either business or financial performance.	• Maintenance of a Group obligations register. • Governance and compliance frameworks. • A Group controls-monitoring program, which includes quarterly attestations from external service providers, and targeted testing. • Regular compliance reporting to management and Board sub-committees. • Three lines of defence model.

OUTLOOK

The wealth management and superannuation sector in Australia is expected to continue to grow and play a significant role in the country's economy in the coming years. The sector which manages over $3 trillion in assets, is an important source of investment for the economy and a key contributor to the financial well-being of Australians. As a specialist trustee, Equity Trustees plays a key role in this sector serving the interests of a variety of beneficiaries, members, clients and investors.

The first half of FY23 has seen the acquisition of AET which is an important strategic step for Equity Trustees. The acquisition is highly complementary and materially strengthens Equity Trustees position in key growth segments and enhances our geographic footprint in important markets. Integration is on track, and we are delighted with the calibre of AET staff and the contribution they are making.

We are also undertaking a substantial investment in technology across each of our revenue businesses to modernise their platforms, create a stronger, more scalable foundation for growth and an improved client and employee experience. This combination of the strategic acquisition of AET and substantial technology investment is transforming Equity Trustees and ensuring the proposition we offer clients is contemporary, fit for purpose and flexible for the future.

Ultimately, this is fundamentally a people business and staff are our most important asset. The benefits of our specialist, independent trustee model along with the deep experience and capability of our staff are increasingly evident to clients and we are increasingly well positioned to pursue growth opportunities in all segments of our business.

With a predominance of asset-based fees our revenues are approximately 50-60% correlated with Australian and global equity markets. With significant inflationary pressure, heightened geo-political tensions and increasing economic uncertainty, equity market volatility will likely remain higher than usual.

Notwithstanding this less certain and more challenging economic outlook, the fundamentals of the Group's business are solid. Our balance sheet is strong, our client proposition is attractive, and we continue to see opportunities to grow across the broad spectrum of our trustee services.

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

Over the medium to longer term, Equity Trustees' 140-plus year fiduciary heritage, well capitalised balance sheet, favourable industry position, combined with a market-leading, specialist focus on trusteeship and targeted investment in our core trustee capabilities is expected to underpin a positive outlook for the year ahead, and beyond.

ADDITIONAL INFORMATION

EVENTS SUBSEQUENT TO THE HALF-YEAR

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

ROUNDING-OFF OF AMOUNTS

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 27 of the half-year financial report.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Carol Schwartz AO
Chair

Dated 23 February 2023

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

23 February 2023

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

Dear Board Members

Auditor's Independence Declaration to EQT Holdings Limited

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

As lead audit partner for the review of the half year financial report of EQT Holdings Limited for the year half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants

DIRECTORS' DECLARATION

EQT Holdings Limited
ABN 22 607 797 615

DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors declare that:

- in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.
On behalf of the Directors

Carol Schwartz AO
Chair

Dated 23 February 2023

FINANCIAL REPORT

FOR THE HALF-YEAR
ENDED 31 DECEMBER 2022

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	NOTE	31 DEC 22 $'000	31 DEC 21 $'000
Revenue and other income	2	62,754	55,871
Expenses	3	(46,494)	(32,702)
Finance costs		(1,159)	(937)
Depreciation and amortisation		(1,908)	(2,463)
Profit before income tax expense		13,193	19,769
Income tax expense	5	(6,228)	(7,746)
Profit for the period		6,965	12,023
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation differences for foreign operations		43	(66)
Total comprehensive income for the period		7,008	11,957
Profit for the period attributable to:			
Equity holders of the Company		7,645	12,710
Non-controlling interests		(680)	(687)
Profit for the period		6,965	12,023
Total comprehensive income attributable to:			
Equity holders of the Company		7,714	12,673
Non-controlling interests		(706)	(716)
Total comprehensive income for the period		7,008	11,957
Earnings per share			
Basic (cents per share)	6	31.21	59.88
Diluted (cents per share)	6	31.14	59.77

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

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	NOTE	31 DEC 22 $'000	30 JUN 22 $'000
Current assets			
Cash and cash equivalents		99,028	108,316
Trade and other receivables		23,758	15,036
Prepayments		4,519	3,139
Accrued income		15,484	11,908
Other financial assets	12	10,000	10,000
Current tax receivable		215	-
Total current assets		153,004	148,399
Non-current assets			
Trade and other receivables		1,067	769
Furniture, equipment and leasehold		5,383	5,440
Deferred tax assets		6,564	4,504
Right-of-use assets		7,981	6,789
Intangible assets		78,791	77,708
Goodwill	7	249,131	127,541
Total non-current assets		348,917	222,751
Total assets		501,921	371,150
Current liabilities			
Trade and other payables		3,714	2,442
Provisions		13,287	9,579
Other current liabilities		3,628	2,828
Current tax payable		-	1,765
Total current liabilities		20,629	16,614
Non-current liabilities			
Provisions		3,766	3,113
Borrowings	9	46,400	41,005
Other non-current liabilities		10,015	7,778
Deferred tax liabilities		21,390	21,305
Total non-current liabilities		81,571	73,201
Total liabilities		102,200	89,815
Net assets		399,721	281,335
Equity			
Issued capital	10	381,336	257,558
Reserves		2,609	2,028
Retained earnings		20,423	25,688
Equity attributable to owners of the Company		404,368	285,274
Non-controlling interest		(4,647)	(3,939)
Total equity		399,721	281,335

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

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	NOTE	FULLY PAID ORDINARY SHARES $'000	RETAINED EARNINGS $'000	OTHER RESERVES $'000	CURRENCY TRANSLATION $'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
Balance as at 1 July 2021		253,621	21,407	1,601	177	276,806	(2,555)	274,251
Profit/(loss) for the period		-	12,710	-	-	12,710	(687)	12,023
Foreign exchange translation differences for foreign operations		-	-	-	(37)	(37)	(29)	(66)
Total comprehensive income for the period		-	12,710	-	(37)	12,673	(716)	11,957
Foreign exchange translation differences for foreign operations		1	10	-	1	12	-	12
Shares issued under employee salary sacrifice share plan		66	-	-	-	66	-	66
Shares issued under dividend reinvestment plan		1,601	-	-	-	1,601	-	1,601
Shares issued under employee share acquisition plan		208	-	(208)	-	-	-	-
Shares issued under executive share scheme		357	-	(357)	-	-	-	-
Share issue costs		(16)	-	-	-	(16)	-	(16)
Related income tax		3	-	-	-	3	-	3
Provision for executive share entitlements		-	-	723	-	723	-	723
Provision for employee share acquisition plan		-	-	83	-	83	-	83
Payment of dividends		-	(9,869)	-	-	(9,869)	-	(9,869)
Balance as at 31 December 2021		255,841	24,258	1,842	141	282,082	(3,271)	278,811
Balance as at 1 July 2022		257,558	25,688	2,265	(237)	285,274	(3,939)	281,335
Profit/(loss) for the period		-	7,645	-	-	7,645	(680)	6,965
Foreign exchange translation differences for foreign operations		-	-	-	69	69	(26)	43
Total comprehensive income for the period		-	7,645	-	69	7,714	(706)	7,008
Foreign exchange translation differences for foreign operations		-	6	-	-	6	(2)	4
Shares issued under employee salary sacrifice share plan		48	-	-	-	48	-	48
Shares issued under dividend reinvestment plan		1,689	-	-	-	1,689	-	1,689
Shares issued under employee share acquisition plan		198	-	(198)	-	-	-	-
Shares issued under executive share scheme		344	-	(344)	-	-	-	-
Shares issued for Australian Executor Trustees (AET) acquisition		125,112	-	-	-	125,112	-	125,112
Share issue costs		(3,670)	-	-	-	(3,670)	-	(3,670)
Related income tax		57	-	-	-	57	-	57
Provision for executive share entitlements		-	-	899	-	899	-	899
Provision for employee share acquisition plan		-	-	155	-	155	-	155
Payment of dividends		-	(12,916)	-	-	(12,916)	-	(12,916)
Balance as at 31 December 2022		381,336	20,423	2,777	(168)	404,368	(4,647)	399,721

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

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	NOTE	31 DEC 22 $'000	31 DEC 21 $'000
Cash flows from operating activities			
Receipts from customers		63,792	63,077
Payments to suppliers and employees		(53,638)	(40,178)
Income tax paid		(8,403)	(7,012)
Net cash provided by operating activities		1,751	15,887
Cash flows from investing activities			
Investment in managed investment schemes		-	(5,000)
Interest and managed fund distributions received		1,839	201
Payment for furniture, equipment, leasehold and right-of-use assets		(482)	(1,044)
Payment for intangible assets		(1,425)	(270)
Payment for acquisition	8	(125,800)	-
Net cash used in investing activities		(125,868)	(6,113)
Cash flows from financing activities			
Proceeds from issues of equity securities		125,113	-
Net proceeds from borrowings - corporate facility		22,000	-
Net (repayment of) / proceeds from borrowings - operational risk financial requirement facilities		(16,605)	7,255
Repayment of lease liabilities		(720)	(648)
Payment for share issue costs		(3,670)	(16)
Dividends paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)		(11,225)	(8,266)
Net cash provided by / (used in) financing activities		114,893	(1,675)
Net (decrease) / increase in cash and cash equivalents		(9,224)	8,099
Cash and cash equivalents at the beginning of the half-year		108,316	92,175
Exchange rate fluctuations on foreign cash balances		(64)	(9)
Cash and cash equivalents at the end of the half-year		99,028	100,265

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

EQT HOLDINGS LIMITED
ABN 22 607 797 615
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

GENERAL INFORMATION

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

The Company's registered office and its principal place of business is Level 1, 575 Bourke St, Melbourne, Victoria 3000, Australia. EQT Holdings Limited and its subsidiaries are referred to as 'the Group' in the notes to the financial statements. The principal activities of the Group are described in note 4.

1 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

This half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue by the Directors on 23 February 2023.

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2022. These accounting policies comply with Australian Accounting Standards and the International Financial Reporting Standards. Further details on the adoption of new Accounting Standards are contained within note 15.

PERFORMANCE

2 REVENUE AND OTHER INCOME

	31 DEC 22 $'000	31 DEC 21 $'000
Revenue		
Private Client Trustee Services	26,858	23,339
Superannuation Trustee Services	10,651	10,472
Fund Governance and Trustee Services	19,177	18,719
Other Services	3,195	2,351
Revenue from service activities	59,881	54,881
Interest and managed fund distributions	1,980	247
	61,861	55,128
Other income		
Recoveries	881	671
Foreign currency gain	12	72
Total revenue and other income	62,754	55,871

ACCOUNTING POLICIES

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

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

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

3 EXPENSES

	31 DEC 22 $'000	31 DEC 21 $'000
Salaries and related employee expenses:		
Wages and salaries	26,253	21,480
Post-employment benefits	1,982	1,722
Equity-settled share-based payments	1,102	872
Other employment related expenses	1,832	690
Administrative and general expenses:		
Other administrative and general expenses	2,266	1,060
Information technology expenses	4,544	3,045
Occupancy expenses:		
Minimum lease payments (short term and low value leases)	195	191
Outgoings and other occupancy expenses	444	395
Legal, consulting and regulatory expenses	6,117	1,663
Audit and tax advice expenses	579	566
Insurance expenses	1,180	1,018
Total expenses	46,494	32,702

During the half-year ended 31 December 2022, the Group incurred $4,591k of costs in relation to the acquisition of the AET. These amounts are predominately recorded as Legal, consulting and regulatory expenses (Half-year ended 31 December 2021: the Group did not incur costs in relation to merger and acquisition activities).

4 SEGMENT PERFORMANCE

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

Information historically provided for the TWS and STS segments has been re-presented to reflect a client account moved in the second half of the prior year from STS to TWS. These prior year amounts have been amended to enhance comparability.

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

TRUSTEE & WEALTH SERVICES (TWS)

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

SUPERANNUATION TRUSTEE SERVICES (STS)

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

CORPORATE TRUSTEE SERVICES - AUSTRALIA (CTS-A)

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

CORPORATE TRUSTEE SERVICES UK/IRELAND (CTS-EU)

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

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

	31 DEC 22 $'000	31 DEC 21 $'000
Segment revenue		
Trustee & Wealth Services		
Private Client Trustee Services	26,858	23,339
Other services	3,195	2,351
	30,053	25,690
Superannuation Trustee Services	11,336	10,472
Corporate Trustee Services - Australia - Fund governance and trustee services	17,553	17,393
Corporate Trustee Services - UK/Ireland - Fund governance and trustee services	1,624	1,326
	60,566	54,881
Unallocated	2,188	990
Total revenue and other income per statement of profit or loss	62,754	55,871

Segment revenue includes expense recoveries that directly relate to the activities of each business unit.
The revenue reported above represents revenue generated from external customers. There were no inter-segment sales (31 December 2021: nil).
There were no discontinued operations (31 December 2021: nil).
No single customer accounts for 10% or more of the Group's revenue.

	31 DEC 22 $'000	31 DEC 21 $'000
Segment net profit/(loss) before tax		
Trustee & Wealth Services	9,346	8,592
Superannuation Trustee Services	2,542	3,129
Corporate Trustee Services - Australia	7,242	9,155
Corporate Trustee Services - UK/Ireland	(1,994)	(1,472)
	17,136	19,404
Unallocated	(3,943)	365
Total net profit before tax per statement of profit or loss	13,193	19,769

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

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

5 INCOME TAXES

	31 DEC 22 $'000	31 DEC 21 $'000
Income tax expense comprises:		
Current income tax expense	6,687	6,934
Prior period adjustments and other deferred tax adjustments relating to the origination and reversal of temporary differences	(459)	812
Total income tax expense	6,228	7,746
The income tax expense for the year can be reconciled to accounting profit as follows:		
Profit before tax from continuing operations	13,193	19,769
Income tax expense calculated at 30%	3,958	5,931
Effect of different tax rates of subsidiaries operating in other jurisdictions	814	525
Non-deductible expenses	1,350	248
Non-assessable income	(6)	(27)
	6,116	6,677
Prior year tax adjustments	112	1,069
Total income tax expense	6,228	7,746

6 EARNINGS PER SHARE

The company has one class of ordinary shares.

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	31 DEC 22 CENTS PER SHARE	31 DEC 21 CENTS PER SHARE
Basic earnings per share	31.21	59.88
Diluted earnings per share	31.14	59.77

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	31 DEC 22 $'000	31 DEC 21 $'000
Net profit after tax attributable to equity holders of the Company	7,645	12,710

	31 DEC 22 NO. '000	31 DEC 21 NO. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	24,492	21,226
Shares deemed to be issued for no consideration in respect to employee share entitlements	59	40
Weighted average number of ordinary shares for the purposes of diluted earnings per share	24,551	21,266

The weighted average number of shares for the basic and diluted earnings per share for the half year ended 31 December 2021 have been adjusted for the rights issue that occurred during the half year ended 31 December 2022.

OPERATING ASSETS

7 GOODWILL

	31 DEC 22 $'000	30 JUN 22 $'000
Cost	249,131	127,541
	249,131	127,541
Balance at the beginning of the period	127,541	127,622
Amounts recognised during the period	121,579	-
Effects of foreign currency exchange differences	11	(81)
	249,131	127,541

Amounts recognised during the period relate to the acquisition of AET. The initial accounting for the acquisition of AET has only been provisionally determined at the end of this reporting period with the excess of the purchase price allocated to goodwill.

8 BUSINESS COMBINATIONS

HALF YEAR ENDED 31 DECEMBER 2022

Acquisition of Australian Executor Trustees Limited (AET)

On 22 August 2022, the Group announced that it had agreed to acquire 100% of the shares of AET and its subsidiary AET PAF Pty Ltd from SFG Australia Limited, a subsidiary of Insignia Financial Limited (ASX: IFL). AET is a traditional trustee company, headquartered in Adelaide, South Australia, with operations in South Australia, Western Australia, and to a lesser extent in Victoria, Queensland and New South Wales. The acquisition adds further scale, expertise and geographic breadth to the TWS segment, with approximately $5.4 billion in funds under management, administration and supervision. The acquisition completed on 30 November 2022. AET forms part of the TWS and STS operating segments.

Given the proximity of the acquisition to the half-year reporting date, the acquisition accounting for AET has been determined on a provisional basis for the half-year ended 31 December 2022. The finalisation of the purchase price allocation may result in changes to the fair value measurement of the right of use assets and lease liabilities, identified intangibles and goodwill, as well as any associated tax consequences.

CONSIDERATION	AET $'000
Cash consideration in exchange for ordinary shares	135,000
Total cash	135,000

ASSETS ACQUIRED AND LIABILITIES ASSUMED AT THE DATE OF ACQUISITION (PROVISIONALLY DETERMINED)	AET $'000
Assets	
Cash and cash equivalents	9,200
Trade and other receivables	7,710
Prepayments	39
Accrued income	1,577
Furniture, equipment and leasehold	418
Right-of-use assets	1,758
Deferred tax assets	1,720
Liabilities	
Provisions	(5,029)
Other liabilities	(3,972)
Net assets	13,421

GOODWILL ARISING ON ACQUISITION	AET $'000
Consideration	135,000
Less fair value of identifiable net assets acquired	(13,421)
Goodwill arising on consolidation	121,579

Goodwill arose in relation to the acquisition of AET and this included a control premium. In addition, the consideration paid effectively includes amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of AET. These benefits are not recognised separately from goodwill because they do net meet the recognition criteria.

None of the goodwill acquired is expected to be deductible for income tax purposes.

NET CASH OUTFLOW ARISING ON ACQUISITION	AET $'000
Consideration paid in cash	135,000
Less cash and cash equivalent balances acquired	(9,200)
	125,800

IMPACT OF ACQUISITION ON THE RESULTS OF THE GROUP	AET $'000
Amounts included in revenue for the half year ended 31 December 2022	3,359
Amounts included in profit after tax for the half year ended 31 December 2022	2,257

During the half-year ended 31 December 2022, the Group incurred $4,591k of costs in relation to the acquisition of the AET (Half-year ended 31 December 2021: the Group did not incur costs in relation to merger and acquisition activities).

HALF YEAR ENDED 31 DECEMBER 2021

There were no business combinations during the period.

CAPITAL STRUCTURE

9 BORROWINGS

	31 DEC 22 $'000	30 JUN 22 $'000
Unsecured, at amortised cost		
Corporate facilities	32,000	10,000
Operational risk financial requirement (ORFR) facilities	14,400	31,005
	46,400	41,005

CORPORATE FACILITIES

LENDER	FACILITY TERM	FACILITY LIMIT $'000	AMOUNT USED $'000
31 December 2022			
Australian & New Zealand Banking Group Limited	3 Years	40,000	22,000
Australian & New Zealand Banking Group Limited	2 Years	40,000	10,000
		80,000	32,000
30 June 2022			
Australian & New Zealand Banking Group Limited	3 Years	40,000	10,000
		40,000	10,000

The weighted average effective interest rate on all drawn down loans is 4.7% per annum (30 June 2022: 2.6%).

OPERATIONAL RISK FINANCIAL REQUIREMENT (ORFR) FACILITIES

The Group enters into borrowing arrangements in relation to certain superannuation trustee activities. Some superannuation funds are configured such that some or all of the Operational Risk Financial Requirements (ORFR) (a superannuation prudential requirement) are held on the superannuation trustee balance sheets as tier 1 common equity, rather than within the superannuation funds themselves. Where it has been determined that an ORFR will be met via capital held on the trustee balance sheet, the Group may enter into special purpose, limited recourse borrowing arrangements to fund these requirements and appropriately capitalise the respective trustee entities. At 31 December 2022, of the total cash held of $99,028k, $14,400k was held for ORFR related purposes (30 June 2022: total cash of $108,316k, $31,005k held for ORFR purposes).

LENDER	FACILITY TERM	FACILITY LIMIT $'000	AMOUNT USED $'000
31 December 2022			
AMP Life	5 Years	6,600[1]	6,600
Centric	5 Years	5,000[1]	1,000
Colonial Mutual Life Assurance Society Limited (CMLA)	5 Years	9,000[1]	6,800
HUB24	3 Years	15,000	-
		35,600	14,400
30 June 2022			
Aracon	3 Years	1,000[1]	405
AMP Life	5 Years	6,600[1]	6,600
Centric	5 Years	5,000[1]	1,000
Colonial Mutual Life Assurance Society Limited (CMLA)	5 Years	9,000[1]	8,000
HUB24	3 Years	15,000	15,000
		36,600	31,005

[1]Amounts repaid in relation to these facilities cannot be reborrowed.

The weighted average effective interest rate on all drawn down loans is 5.5% per annum (30 June 2022: 6.6%).

10 ISSUED CAPITAL

	31 DEC 22		30 JUN 22	
	No. '000	$'000	No. '000	$'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	21,126	257,558	20,980	253,621
Shares issued under employee salary sacrifice share plan	2	48	7	209
Shares issued under executive share scheme	13	344	16	357
Shares issued under employee share acquisition plan	8	198	4	98
Shares issued under dividend reinvestment plan (DRP)	65	1,689	119	3,292
Shares issued for Australian Executor Trustees (AET) acquisition	5,213	125,112	-	-
Share issue costs net of tax	-	(3,613)	-	(19)
Closing balance as at the end of the period	26,427	381,336	21,126	257,558

11 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL $'000
Recognised amounts			
Final 2022 dividend (fully franked)	10 October 2022	49	12,916
Interim 2022 dividend (fully franked)	29 March 2022	48	10,109
Unrecognised amounts			
Interim 2023 dividend (fully franked)	31 March 2023	49	12,950

FINANCIAL RISK MANAGEMENT

12 FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets. The Group has no financial liabilities measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

	FAIR VALUE AS AT			
FINANCIAL ASSETS	31 DEC 22 $'000	30 JUN 22 $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE
EQT Wholesale Mortgage Income Fund	10,000	10,000	Level 2	Daily published prices

There are no significant unobservable inputs in relation to the fair value of EQT Wholesale Mortgage Income Fund in the half-year (30 June 2022: same).

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2022: nil).

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

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

CONTINGENCIES AND SUBSEQUENT EVENTS

13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are a small number of past matters that relate to third party fund service providers. It is possible that the Group may need to make payments in relation to these matters, but expects to recover these costs.

Other than as described above, there are no contingent liabilities (30 June 2022: nil).

There are no contingent assets (30 June 2022: nil).

14 SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the half year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years (31 December 2021: nil).

OTHER DISCLOSURES

15 NEW AND AMENDED ACCOUNTING STANDARDS

AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standard Board (the AASB) that are relevant to its operations and effective for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

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

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
This Standard amends:

• AASB 1 *First-time Adoption of Australian Accounting Standards* to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
• AASB 3 *Business Combinations* to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
• AASB 9 *Financial Instruments* to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
• AASB 116 *Property, Plant and Equipment* to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.
• AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to specify the costs that an entity includes when assessing whether a contract will be loss-making.
• AASB 141 *Agriculture* to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

This Standard applies to annual periods beginning on or after 1 January 2022. The application of AASB 2020-3 did not have an impact on the Group's condensed consolidated financial statements.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of EQT Holdings Limited

Conclusion

We have reviewed the half-year financial report of EQT Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 28 to 44.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants

Melbourne, 23 February 2023

AUDITOR
Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC 3000

SHARE REGISTRY
Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Telephone: (02) 8280 7100

REGISTERED OFFICE
Level 1
575 Bourke Street
Melbourne VIC 3000
Telephone: (03) 8623 5000
Facsimile: (03) 8623 5200
Email: enquiry@eqt.com.au

CORPORATE GOVERNANCE STATEMENT
Our Corporate Governance Statement is available on our website:
www.eqt.com.au/investor-centre/corporate-governance