Equity Trustees

Issue Date: 22 February 2024

APPENDIX 4D

EQT Holdings Limited ABN 22 607 797 615

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

PERFORMANCE	31 DECEMBER 2023 $'000		31 DECEMBER 2022 $'000
Revenue from ordinary activities	83,951	Up 37.3% from	61,144
Profit after tax from ordinary activities attributable to members	12,628	Up 65.2% from	7,645
Net profit for the period attributable to members	12,628	Up 65.2% from	7,645
Earnings per share (from continuing and discontinued operations) attributable to members (cents per share)	47.54	Up 16.33 cents, or 52.3% from	31.21

DIVIDENDS	31 DECEMBER 2023		31 DECEMBER 2022
Interim Dividend (cents per share)	51	Up 2 cents, or 4.1% from	49
Franked percentage	100%		100%

KEY DATES	
Record date for determining entitlements to the interim dividend	Thursday, 7 March
Last date for the receipt of an election notice for participation in the DRP	Friday, 8 March
Payment date for interim dividend	Wednesday, 3 April

The Directors have declared a fully franked interim dividend of 51 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 2023, and not shown elsewhere in this report, follows:

NET TANGIBLE ASSETS PER SHARE

NET TANGIBLE ASSETS PER SHARE[1]	31 DECEMBER 2023	31 DECEMBER 2022
Net tangible asset backing per share	$2.38	$2.47

[1]Based on shares on issue at 31 December 2023 of 26,626,837 (31 December 2022: 26,427,325). 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 2023

There were no material entities for which control was gained or lost 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 added 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 CSTS - Superannuation business was subsequently appointed to act as trustee.

Further details of this acquisition are available in the 30 June 2023 EQT Holdings Limited Annual Report.

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 2023 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 2023

Equity Trustees

Issue Date: 22 February 2024
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 2023

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 2023, 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.
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.
ROBERT DALTON	Independent Director	Appointed Director in September 2023.
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:

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 two core businesses complemented by shared technology and support services.

OPERATING BUSINESSES AND PRINCIPAL ACTIVITIES

In August 2023, the Group announced its intention to combine its Corporate Trustee Services (CTS) and Superannuation Trustee Services (STS) business units.

The rationale behind this change is that:

- There are considerable similarities between the businesses.
- There is clear alignment in the operating models of both businesses, as well as an opportunity to capitalise on the synergies and strengths of each business in a combined operating model.
- It simplifies EQT's wider business into two clear markets, the private client focused TWS and the wholesale/corporate focused CSTS.

Following this change, the Group is organised into two business units through which it offers services to corporate and private clients:

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

- Build on its Australian leadership position in trustee services for fund managers.
- Achieve further scale by securing new superannuation trustee appointments and growing funds.
- Accelerate growth in its corporate trust business.

On 14 August 2023 the Group announced its intention to exit its UK- and Ireland-based operations. Work continues on these exit activities as at 31 December 2023, and is expected to be largely complete by 30 June 2024.

Trustee & Wealth Services – Private Clients (TWS) – provides a range of Personal and Indigenous 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.

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.

Information presented throughout this half-year report conforms to the organisation of the Group set out above.

GROUP FINANCIAL PERFORMANCE

Summary Financial Results and Value Creation Measures

FOR THE PERIOD ENDED FINANCIAL SUMMARY	1H24 $'000	2H23 $'000	1H23 $'000	1H24 v 2H23 $'000	1H24 v 2H23 %	1H24 v 1H23 $'000	1H24 v 1H23 %
Revenue[1]	**83,951**	77,695	61,144	6,256	8.1%	22,807	37.3%
Total expenses[1]	**(62,274)**	(54,911)	(45,943)	(7,363)	(13.4%)	(16,331)	(35.5%)
Net Profit Before Tax (NPBT)[1]	**21,677**	22,784	15,201	(1,107)	(4.9%)	6,476	42.6%
Reconciliation to Underlying NPBT (UNPBT) [2]							
Technology/transformation initiatives	**941**	(109)	1,373				
AET acquisition and integration expenses	**2,824**	3,979	4,591				
Impact of AET platform business	**267**	184	13				
Impact of CSTS-EU	**494**	-	-				
Underlying NPBT[2]	**26,203**	26,838	21,178	(635)	(2.4%)	5,025	23.7%
Net Profit After Tax (NPAT)	**11,682**	10,352	6,965	1,330	12.8%	4,717	67.7%
Loss attributable to non-controlling interest	**(946)**	(836)	(680)	(110)	(13.2%)	(266)	(39.1%)
NPAT attributable to equity holders of the Company	**12,628**	11,188	7,645	1,440	12.9%	4,983	65.2%
Reconciliation to Underlying NPAT (UNPAT)[2]							
Technology/transformation initiatives	**827**	(76)	961				
AET acquisition and integration expenses	**1,992**	2,731	4,416				
Impact of AET platform business	**187**	129	9				
Impact of CSTS-EU	**2,291**	4,289	1,328				
Underlying NPAT[2]	**17,925**	18,261	14,359	(336)	(1.8%)	3,566	24.8%
VALUE CREATION MEASURES							
Earnings Per Share (EPS) (cents) – Continuing & Discontinued Operations[3]	**47.54**	42.73	31.21	4.81	11.3%	16.33	52.3%
Earnings Per Share (EPS) (cents) – Continuing Operations only[3]	**54.63**	51.00	36.64	3.63	7.1%	17.99	49.1%
Underlying Earnings Per Share (UEPS) (cents)[3]	**67.48**	69.43	58.63	(1.95)	(2.8%)	8.85	15.1%
Dividends per share (cents) (paid and proposed)	**51**	50	49	1	2.0%	2	4.1%
Return on equity using NPAT	**5.8%**	5.2%	3.5%		12.5%		67.3%
FUMAS ($b)	**183.5**	160.1	155.5	23.4	14.6%	28.0	18.0%

[1] Revenues, expenses, and net profit before tax exclude amounts associated with the CSTS-EU operating segment, which is now classified as a discontinued operation. Comparative figures have been restated to reflect this change in classification.
[2] Underlying net profit before tax (UNPBT) and underlying net profit after tax (UNPAT) exclude significant items. Items excluded from all years presented include M&A costs, revenues and costs (including selling costs) associated with the CSTS-EU segment which is now classified as a discontinued operation, revenue and costs associated with the AET platforms business, and costs associated with major technology and transformation projects including the AET integration.
[3] The weighted average shares for the half-year period were 26,563,947 (annual period ended 30 June 2023: 25,471,643; half-year period ended 31 December 2022: 24,492,154).

The Directors of Equity Trustees are pleased to present the results of the Group for the half year ended 31 December 2023. The key themes for the results for the period are:

- Strong growth in revenue reflecting strong organic growth in both TWS and CSTS.
- A full six-month contribution of revenues and expenses from the Australian Executor Trustees Limited (AET) acquisition, relative to the prior comparative period (PCP).
- Statutory NPAT up on both PCP and 2H23.
- Underlying NPAT up on the PCP, but slightly down on the prior half-year, reflecting historically low employee vacancy rates across the business and inflationary pressures.
- Balance sheet remains strong with low gearing and healthy levels of liquidity.
- Good progress on the significant major technology and transformation initiatives underway across the business.
- Increased dividend reflecting positive progress in major technology transformation and integration activities, and confidence in the outlook for the Group.

The Summary Financials Results table describes the key financial performance and financial value creation metrics of the Group for the half year ended 31 December 2023. 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.

Following the Group's announcement to exit its UK and Ireland operations (CSTS-EU) on 14 August 2023 and the sale processes underway since that time, CSTS-EU meets the criteria to be classified as a discontinued operation. This has resulted in the separate presentation of profit and earnings figures for continuing operations, and for continuing and discontinued operations. Assets and liabilities associated with CSTS-EU have also been classified as held for sale on the Group balance sheet. The accumulated losses and prior period impairments associated with CSTS-EU have also been excluded from measures of underlying profit and earnings. Prior period measures have been re-presented to facilitate comparison.

Net profit before tax of $21.7m is down 4.9% on 2H23, and up 42.6% on the prior comparative period, similarly underlying net profit before tax of $26.2m is down 2.4% on 2H23, and up 23.7% on the prior comparative period.

Integration costs of approximately $3.0m have been incurred in relation to AET during 1H24, bringing the total spend on acquisition and integration activities for AET to $11.6m pre-tax. 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 $0.9m of costs associated with major technology and transformation initiatives in the current period.

Net profit after tax for the period was $12.6m, or $17.9m on an underlying basis. The result for the half-year is favourable to the prior comparative period by $5.0m, or 65.2%, on a statutory basis, and $3.6m or 24.8% on an underlying basis.

With reference to UNPAT, compared to the prior comparative period, revenues are up, reflecting a six-month contribution from AET (relative to a single month in the PCP), plus good organic growth in both TWS and CSTS. Domestic investment markets have had an unfavourable to neutral impact on revenue growth during the current period (relative to the prior half-year), however CSTS has benefited from stronger growth from international markets, particularly impacting its Fund Governance and Trustee Services revenue. Expenses include a full six-month contribution from AET, plus the filling of existing vacancies in both AET and across EQT. Vacancy rates are now at historical lows for the Group and coupled with wage inflation over the past six months, people costs are driving the majority of the increase in Group expenses relative to both PCP and the prior half-year.

Underlying NPBT and Underlying NPAT are presented to provide readers with a normalised view of performance of the Group, adjusting for amounts that are significant, but are unique, or 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 materially influenced by the level of the Australian and global equity markets along with net organic growth.

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. CSTS Fund Governance and Trustee Services revenue is 40%-50% linked to markets, as primarily measured by the performance of the average daily All-World MSCI Index, while CSTS Superannuation Trustee Services revenue 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 2023, FUMAS was up 14.6% on 2H23, and 18.0% on the PCP, to $183.5b. The average of the daily level of the ASX 200 index for 1H24, compared to 2H23 was down 1.2%, and compared to 1H23 was up 3.6%. The average of the daily level of the MSCI All-World index for 1H24, compared to 2H23 was up 9.9%, and compared to 1H23 was up 16.5%.

Total revenue for 1H24 of $84.0m was up 8.1% on the prior half-year, reflecting strong organic growth, and 37.3% on the PCP reflecting strong organic growth, a relatively modest contribution from investment markets, and a full six-month contribution from AET, relative to the PCP's one-month. The current period is also benefitting from growth in AET related revenue synergies, which have contributed approximately $1.7m to TWS revenue in 1H24, relative to $0.3m in the prior half-year and nil in the PCP. Both business units contributed well to top-line organic growth over the half-year, particularly TWS (adjusting for AET). Elevated higher interest rates have also contributed to revenue growth, particularly relative to the PCP.

EXPENSES

Total expenses for the year were up 13.4% on 2H23, and 35.5% on the PCP to $62.3m. Total expenses include both operating and non-operating expenses. During the period, the Group incurred costs of $2.8m in relation to the integration of AET along with $0.9m of one-off technology implementation costs. The Group's total spend on major technology and transformation activities (including AET integration activities) continues to be elevated when considered in historical terms, and this is expected to remain so over the next twelve months.

The net loss associated with CSTS-EU continues to unfavourably impact Group performance, and now that the UK and Ireland businesses meet the definition of discontinued operations, the impact of this loss has been removed in arriving at the Group's underlying result. In the current year, the impact from CSTS-EU does not include any further impairment to the carrying value of assets relating to this segment, as goodwill, tangible fixed assets and intangible assets associated with these businesses have already been written down to nil. The Group anticipates completing the majority of exit activities by 30 June 2024.

Also excluded from the underlying result is the AET Platforms business. As previously announced to the market, and following the Group's acquisition of AET, the clients of this business are being transferred to other providers, after which the business will be closed.

Total expenses (less the aforementioned adjustments) were $57.7m, an increase of 13.5% on 2H23, and 44.5% on the prior comparative period. This increase reflects several factors including:

- Against the PCP, a further five-month impact of the AET cost base.
- Historically low employee vacancy rates across the business, particularly relative to the PCP, and the impact of wage inflation over the past twelve-months (and to a greater extent over the last six-months).
- Continued progress on the Group's technology transformation programme, with significant milestones met on a number of technology/transformation projects this period.

Expense growth is expected to moderate significantly following the integration of AET, completion of the major technology and transformation projects, and the exit of the CSTS-EU segment.

MARGINS

The Group's EBITDA margin, calculated as earnings before interest, tax, depreciation and amortisation, divided by total revenue, has declined to 32.4% compared with 35.8% for 2H23, and has increased on the 1H23 EBITDA margin of 29.7%. On an underlying basis when adjusted for AET acquisition/integration costs, major technology transformation costs, and losses associated with CSTS-EU, the EBITDA margin is down to 37.8%, from 41.0% for 2H23, and 39.5% for 1H23. NPBT margins have similarly declined from the prior periods shown.

The decline in margins is an outworking of higher expenses during the current period, driven by investment to support high levels of organic growth, very low employee vacancy rates, and wage inflation, offset to a lesser extent by revenue growth.

	1H24	2H23	1H23	1H24 v 2H23 %	1H24 v 1H23 %
EBITDA margin	**32.4%**	35.8%	29.7%	(9.6%)	8.9%
Underlying EBITDA margin	**37.8%**	41.0%	39.5%	(8.0%)	(4.4%)
NPBT margin	**25.8%**	29.3%	24.9%	(11.9%)	3.9%
Underlying NPBT margin	**31.2%**	34.5%	34.6%	(9.6%)	(9.9%)

SHAREHOLDER RETURNS AND DIVIDENDS

SHAREHOLDER RETURNS FOR THE PERIOD	1H24	2H23	1H23	1H24 v 2H23 %	1H24 v 1H23 %
Earnings Per Share on NPAT (cents) – continuing operations	**54.63**	51.00	36.64	7.1%	49.1%
Earnings Per Share on NPAT (cents) – continuing & discontinued operations	**47.54**	42.73	31.21	11.3%	52.3%
Earnings Per Share (EPS) on Underlying NPAT (cents)	**67.48**	69.43	58.63	(2.8%)	15.1%
Annualised ROE on NPAT (%)	**5.8%**	5.2%	3.5%	12.5%	67.3%
Dividends for the period					
Fully franked dividends paid/payable ($'000)	**13,580**	13,269	12,950	2.3%	4.9%
Fully franked dividends per ordinary share (cents)	**51**	50	49	2.0%	4.1%
Dividend payout ratio (%)	**107.5%**	118.6%	169.4%	(9.3%)	(36.5%)
Underlying dividend payout ratio (%)	**75.8%**	72.7%	90.2%	4.3%	(16.0%)

EARNINGS PER SHARE

The statutory earnings per share from continuing and discontinued operations for 1H24 was 47.54 cents, a 52.3% increase on the prior comparative period, and a 11.3% increase on the prior half-year. Statutory earnings from continuing operations only (i.e., excluding losses associated with CSTS-EU) was 54.63 cents, up 7.1% and 49.1% on the prior-half year and PCP respectively.

Underlying earnings per share for 1H23 was 67.48 cents per share, compared with 58.63 cents per share for the PCP, and 69.43 cents per share for the prior half-year. Underlying earnings per share excludes the AET acquisition/integration costs, major technology and transformation costs, and the losses associated with CSTS-EU, and the AET Platforms business.

The weighted average shares on issue during the period of 26,563,947 (half-year period ended 31 Dec 2022: 24,492,154), represents an 8.8% increase over the prior comparative period. This increase arises from shares issued in relation to:

- The full-period impact of the equity capital raising to facilitate the acquisition of AET in the current half, relative to the PCP.
- Participation in the Dividend Reinvestment Plan (DRP) in relation to the 2023 interim and final dividends.
- Participation in employee share acquisition plans, share-based remuneration and salary sacrifice share schemes.

DIVIDENDS

Subsequent to 31 December 2023, the Directors determined to pay a fully franked interim dividend of 51 cents per share.

During the prior corresponding period, a fully franked dividend of 49 cents per share was paid to ordinary shareholders of the Company in respect of the half-year ended 31 December 2022.

The interim dividend represents a dividend payout ratio of 107.5% on a statutory basis, and 75.8% 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 full period effect of the greater number of shares on issue following the equity raising associated with the AET acquisition when compared with the PCP, and to a lesser extent with the prior half-year.

The Dividend Reinvestment Plan will continue operating for the FY24 interim dividend, with a 1.25% discount. The interim dividend will be fully franked and payable on 3 April 2024.

GROUP FINANCIAL POSITION

SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER	1H24 $'000	FY23 $'000
Assets		
Cash and cash equivalents – corporate	**91,939**	86,490
Cash and cash equivalents – ORFR[1]-related	**14,300**	13,200
Trade receivables and accrued income	**46,279**	47,634
Goodwill and intangible assets	**330,101**	330,542
Other assets (including managed fund investments)	**35,676**	34,048
Assets classified as held for sale	**5,598**	-
Total Assets	**523,893**	511,914
Liabilities		
Trade payables and other current liabilities	**22,191**	22,722
Borrowings – corporate	**46,226**	37,207
Borrowings – ORFR[1]-related	**14,745**	13,412
Other non-current liabilities	**38,077**	39,043
Liabilities classified as held for sale	**1,879**	-
Total Liabilities	**123,118**	112,384
Equity		
Issued capital	**387,590**	384,336
Reserves	**2,024**	2,518
Retained earnings	**17,811**	18,532
Total Equity Attributable to Owners of the Company	**407,425**	405,386
Non-Controlling Interest	**(6,650)**	(5,856)
Total Equity	**400,775**	399,530

[1]Operational risk financial requirements are an APRA prudential requirement for Superannuation Funds. Refer to the below section for further information.

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 1H24, cash and cash equivalents – corporate increased from $86.5m at 30 June 2023 to $91.9m. During the same period corporate borrowings increased from $37.2m to $46.2m. Borrowings have been utilised during the period to assist in funding the ongoing integration activities associated with the AET business.

Borrowings – Corporate

The Group has $34m of committed undrawn borrowing capacity across two $40m facilities with ANZ Bank. One of these facilities relates to general corporate purposes, while the other principally 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	1H24 $'000	FY23 $'000
Assets		
Cash and cash equivalents	**14,300**	13,200
Liabilities		
Borrowings – principal	**14,300**	13,200
Borrowings – accrued interest	**445**	212
	14,745	13,412

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 increased slightly during the period, reflecting drawdowns on a small number of ORFR facilities. These drawdowns were necessitated due to increasing assets under management within the underlying superannuation funds relating to these facilities. 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 2023, net assets increased slightly to $400.8m, up 0.3% from $399.5m at 30 June 2023. Net tangible asset backing per share has increased by 3.3% to $2.38 from $2.31 at 30 June 2023.

Issued Capital

Issued capital increased by $3.2m during the period. Shares on issue 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 2023 is 11.5% (30 June 2023: 9.3%), or 15.0% including the ORFR facility loans (30 June 2023: 12.6%).

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

Pre-tax net operating cash flows were up 130.7% to $23.4m, relative to the prior comparative period. Operating cash flow generation remains strong and is anticipated to strengthen in the period ahead as the AET integration and major technology and transformation activities progress, and move towards their conclusion.

The Group's total cash and cash equivalents have increased by $7.2m or 7.3% on the prior comparative period. This increase reflects improved net positive operating cashflow generation, additional corporate borrowings to fund AET integration activities, and a small increase in ORFR borrowings, offset by dividends paid out to shareholders.

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:

- $10.9m of dividend payments (net of DRP of $2.4m) to shareholders.
- $9m of drawdowns on corporate borrowings. These borrowings have predominantly been used to fund the integration activities associated with the acquisition of AET.

FOR PERIOD ENDED 31 DECEMBER	1H24 $'000	1H23 $'000
Cash from operating activities		
Receipts from customers	**86,716**	63,792
Payment to suppliers and employees	**(63,293)**	(53,638)
Operating cash flow before income tax	**23,423**	10,154
Income tax paid	**(10,703)**	(8,403)
Net cash from operating activities after income tax	**12,720**	1,751
Dividends paid in cash to members of the Company	**(10,854)**	(11,225)
Proceeds from issuances of equity securities	**-**	125,113
Net payment for acquisition of AET	**-**	(125,800)
Net payments for assets	**(1,310)**	(1,907)
Net proceeds from borrowings – corporate facility	**9,000**	22,000
Net proceeds from borrowings – ORFR facilities	**1,100**	(16,605)
Payment of lease liabilities	**(1,270)**	(720)
Interest received	**2,117**	1,839
Other cash flows	**(18)**	(3,670)
Net (decrease)/increase in cash and cash equivalents	**11,485**	(9,224)
Cash and cash equivalents at the beginning of the half year	**99,690**	108,316
Exchange fluctuations on foreign cash balances	**(287)**	(64)
Reclassified to assets held for sale	**(4,649)**	-
Cash and cash equivalents at the end of the half year	**106,239**	99,028
Additional liquid funds	**10,000**	10,000
Total liquid funds at the end of the half year	**116,239**	109,028

REVIEW OF BUSINESSES

BUSINESS UNIT PERFORMANCE – CORPORATE & SUPERANNUATION TRUSTEE SERVICES (CSTS)

In August 2023, the Group announced its intention to combine its former Corporate Trustee Services (CTS) and Superannuation Trustee Services (STS) business units.

The rationale behind this change is that:

- There are considerable similarities between the businesses.
- There is clear alignment in the operating models of both businesses, as well as an opportunity to capitalise on the synergies and strengths of each business in a combined operating model.

This change simplifies EQT's wider business into two clear markets, the private client focused TWS and the wholesale/corporate focused CSTS.

CSTS' key products and services include:

AUSTRALIA (CSTS-A)

- Trustee services to superannuation funds and members.
- 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 (CSTS-EU)

- Authorised Corporate Director (ACD) services 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.

Following the decision to exit its CSTS-EU segment, and its subsequent classification as discontinued operations, the results of this segment have been excluded from the CSTS information presented below (i.e., the below information relates only to CSTS-A).

FINANCIAL PERFORMANCE	1H24 $'000	2H23 $'000	1H23 $'000	1H24v 2H23 $'000	1H24 v 2H23 %	1H24 v 1H23 $'000	1H24 v 1H23 %
Fund governance & trustee services	**18,766**	17,865	17,553	901	5.0%	1,213	6.9%
Superannuation trustee services	**13,436**	12,346	10,651	1,090	8.8%	2,785	26.1%
Other income	**2,314**	1,600	2,029	714	44.6%	285	14.0%
Total CSTS revenue	**34,516**	31,811	30,233	2,705	8.5%	4,283	14.2%
Expenses	**(24,255)**	(21,329)	(18,663)	(2,926)	(13.7%)	(5,592)	(30.0%)
Business unit net profit before tax	**10,261**	10,482	11,570	(221)	(2.1%)	(1,309)	(11.3%)
Business unit profit margin (%)	**29.7%**	33.0%	38.3%	-	(9.8%)	-	(22.3%)
GROWTH IN KEY DRIVERS							
Funds under supervision (FUS) ($b)	**166.2**	143.8	140.1	22.4	15.6%	26.1	18.6%
Superannuation ($b)	**59.8**	44.8	39.9	15.0	33.5%	19.9	49.9%
Fund Services, and Custody & Debt Securitisation Services ($b)	**106.4**	99.0	100.2	7.4	7.5%	6.2	6.2%
Clients and Schemes							
No. Clients	**150**	146	149	4	2.7%	1	0.7%
No. Schemes	**390**	375	368	15	4.0%	22	6.0%

Revenue

CSTS revenues increased by 8.5%, or $2,705k on 2H23, and 14.2%, or $4,283k on the prior comparative period.

Fund Governance and Trustee Services revenue has increased by 5.0% on the prior half-year, and 6.9% on the PCP. This reflects good organic growth across these revenue streams, a reasonably strong contribution from global investment markets (refer below), offset by the loss of a significant mandate within one supervised fund. While this mandate loss has resulted in a $784k reduction in revenue relative to the PCP, the portfolio is now less exposed to significant client concentration risk.

Fund Governance and Trustee Services revenues are 40%-50% linked to prevailing market levels, particularly global markets. During the period the average of the daily level of the MSCI All-World index was up 16.5% on the PCP. This has provided an approximate $1m contribution to revenue during the period. It should be noted however that global investment market performance, under the influence of continued significant geopolitical tension, is likely to remain highly volatile in the period ahead.

Funds under supervision (FUS) relating to Fund Governance and Trustee Services have increased by 6.2% on 1H23, reflecting organic growth and healthy new business activity, offset by the aforementioned large mandate loss.

CSTS has continued to process a strong new business pipeline, with 6.0% increase in the total number of schemes operated relative to the PCP. New business activity has been pronounced over the past twelve months and pleasingly the impacts of this are starting to positively impact revenue growth.

Superannuation Trustee Services revenue increased by 8.8% on the prior-half, and 26.1% on the PCP to $13.4m. On the prior half-year revenue growth was primarily driven by new appointments as trustee, which have predominantly occurred towards the latter months in 1H24, as well as the completed re-pricing of the Group's Small APRA Fund (SAF) offering. The current period also includes a full six-months of revenue associated with the AET SAF business, relative to the PCP's one-month. Superannuation Trustee Services revenue is approximately 20%-30% linked to the performance of the average daily ASX 200 Index, so the market has had a relatively modest impact on these revenues during the period.

Total Superannuation Trustee Services FUS was up 49.9% to $59.8b when compared with the prior comparative period, and up 33.5% on 2H23. FUS growth reflects solid underlying net fund inflows, new appointments, plus a relatively modest contribution from investment markets.

Expenses

CSTS-A expenses have increased by 13.7% or $2,926k on the prior half-year, and 30.0% or $5,592k on the PCP. This increase reflects a full six-months of operating expenses for the SAF business relative to the PCP. Expense growth is also driven by the aforementioned wage inflation impacting the wider Group, and continued investments in resourcing and technology necessary to capture the significant pipeline of opportunity across all revenue lines along with the addition of the SAF business.

It has been necessary to ensure that investment keeps pace with the increasingly complex regulatory environment. Excellence in governance, particularly in relation to regulatory matters is critical to underpinning the long-term sustainability and success of the CSTS business.

Following the combination of the former CTS and STS business units, a transformation project is underway to develop a single operating model. Key objectives of this project are to improve productivity and ensure that the business' operations are scalable as the size and complexity of the business increases. The benefits of this project are not anticipated to arise until FY25.

Outlook

The outlook for CSTS is positive with strong organic growth activity during the half, and evidence of this effort flowing into top-line growth for the period. New business opportunity, particularly as it relates to Fund Governance and Trustee Services revenue continues to be very strong. Thirty-two new schemes are contracted agreed to launch in the second half of FY24, and the pipeline beyond this is also encouraging. Superannuation trustee services revenue over the second half of FY24 will benefit from a full six-month contribution from the Guild Retirement Fund and Clearview Retirement Plan appointments, as well as organic flows into existing products, while the team also concentrates on other large significant opportunities in the market.

CSTS continues to enjoy leadership positions in its key lines of business. For Fund Governance and Trustee Services, interest in listed funds continues to be strong and global fund managers continue to have an appetite to launch product in the Australian market. CSTS' Superannuation Trustee Services business 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, evidenced by recent appointments to The Guild Retirement Fund and the Clearview Retirement Plan, although long lead times are typically required for due diligence and to finalise appointments, and the regulatory load is expected to continue to increase.

During the period one fund manager client experienced a material mandate loss, resulting in a one-off impact to Fund Governance and Trustee Services revenue. While mandate losses such as this, or conversely, mandate wins, can have a short-term impact on business performance, the underlying portfolio is highly diversified both in terms of client concentration risk as well as sector and geographic exposure. The business is selective about which appointments it will take on, and which strategies it will support, which also contributes to the overall health of the portfolio.

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.

At the time of writing, 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 CSTS 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.

FINANCIAL PERFORMANCE	1H24 $'000	2H23 $'000	1H23 $'000	1H24 v 2H23 $'000	1H24 v 2H23 %	1H24 v 1H23 $'000	1H24 v 1H23 %
Private Client Trustee Services revenue	**42,498**	37,818	26,858	4,680	12.4%	15,640	58.2%
Other services revenue	**6,184**	6,722	3,195	(538)	(8.0%)	2,989	93.6%
Other income	**797**	699	752	98	14.0%	45	6.0%
Total TWS revenue	**49,479**	45,239	30,805	4,240	9.4%	18,674	60.6%
Expenses	**(33,758)**	(29,771)	(20,465)	(3,987)	(13.4%)	(13,293)	(65.0%)
Business unit net profit before tax	**15,721**	15,468	10,340	253	1.6%	5,381	52.0%
Business unit profit margin (%)	**31.8%**	34.2%	33.6%		(7.1%)		(5.3%)
GROWTH IN KEY DRIVERS							
Funds under management, advice, administration and supervision (FUMAS) ($b)	**17.3**	16.3	15.4	1.0	6.1%	1.9	12.3%
Philanthropy ($b)	**4.0**	3.7	2.9	0.3	8.1%	1.1	37.9%
Asset Management ($b)	**5.2**	4.8	4.9	0.4	8.3%	0.3	6.1%
Trusts & Estates ($b)	**6.5**	5.8	5.6	0.7	12.1%	0.9	16.1%
Wealth Advice ($b)	**1.6**	2.0	2.0	(0.4)	(20.0%)	(0.4)	(20.0%)

Revenue

Equity Trustees is a market leader in the provision of Personal and Indigenous Trustee 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 9.4% on the prior half-year, and 60.6% on the PCP, to $49.5m 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 full six-month contribution of TWS revenues associated with the AET business (relative to one-month in the PCP).
- Revenue synergies arising from the AET acquisition contributing $1,724k in the period, relative to $349k in the prior-half, and nil in the PCP.

TWS revenues are approximately 60%-70% exposed to prevailing domestic equity market levels, as measured by the average daily performance of the ASX 200 index. During the period the average daily level of the ASX 200 was a moderately unfavourable 1.2% below the prior half-year, and a favourable 3.6% above the PCP.

TWS FUMAS increased 6.1% on the prior half-year, and 12.3% on the PCP, to $17.3b, reflecting the aforementioned organic growth, offset by the moderately adverse equity market impacts against the prior half-year, and favourable equity markets against the PCP.

Expenses

In the current period, expenses grew by 13.4% on 2H23, and 65.0% on the PCP. The increase against PCP is predominantly attributable to the addition of the AET cost base, while the increase against the prior half-year reflects the unit's historically low employee vacancy rate, as well as wage inflation. TWS continues to be subject to a significant technology transformation programme, also contributing to elevated expenses, which over time is expected to materially improve productivity.

Outlook

Following the acquisition of AET the TWS business has continued to consolidate its market leading position as a specialist provider of philanthropic, trustee, executor and investment services. TWS has good momentum and the acquisition of AET has strengthened the TWS business in terms of geographic reach and breadth of services.

The integration of AET is proceeding smoothly and the programme to replace the business' core client portfolio management system is progressing well. It is anticipated that these two initiatives will complete in the FY25 financial year, as previously foreshadowed.

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 post-pandemic 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 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.

RISK AND COMPLIANCE: ROLES AND RESPONSIBILITIES

BUSINESS RISKS

As described above the primary risk for a trustee is the appropriate execution of our fiduciary responsibilities. In order to do so it is important the organisation continues to attract high quality employees with the skills and experience to exercise judgement. Significant management attention is focussed on ensuring that complex operational issues, that may occur from time to time, within the funds, schemes and trusts for which we are responsible, are navigated in the best interests of our investors, members and beneficiaries. Beyond this the major risks navigated by the business during the first half of the financial year have centred on:

1) Ensuring the operational and cultural integration of the AET business into the Group post completion of the acquisition on 30 November 2022.
2) Ensuring the execution of the decision to exit the UK and Ireland businesses is managed effectively and efficiently.
3) Managing and responding to increasing regulatory demands.
4) Ensuring our information management and cyber security controls continue to keep pace in a rapidly evolving environment.

EQT strives to both recognise the risks within the business early and ensure they are managed in a structured and systematic manner within the Board's risk appetite. This includes taking risk in a considered manner where we believe the opportunity presents for appropriate return. We continue to invest in our people, systems and processes to evolve and mature our risk management practice.

REGULATORY DEVELOPMENTS

A significant body of regulatory reform is currently in progress along with the ongoing elevation of supervisory intensity by the regulators. The regulatory reform includes:

- 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.
- The introduction of APRA's CPS900 – Resolution Planning.
- Privacy Legislation Amendment (Enforcement and Other Measures) 2022.
- The introduction of mandatory ESG reporting in Europe, with Australia soon to follow suit.

In addition there are currently Government reviews focused on the regulatory framework for managed investment schemes by Treasury and the future foundations of giving by the Productivity Commission which will potentially impact EQT's business. 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.
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.

RISK CATEGORY	DESCRIPTION	KEY CONTROLS AND MITIGANTS
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.

During the previous financial year EQT completed the acquisition of AET and there has been considerable focus over the last 12 months on integration. 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 proceeding well. The front office teams are fully integrated, client activity is strong, and we are delighted with the calibre of AET staff and the contribution they are making. We remain confident that this acquisition will enable EQT to improve scale and enhance the breadth and attractiveness of its trustee product offering.

We are approximately two years into a three period of elevated investment across several major technology systems for both our revenue businesses and support functions. The purpose of this investment is to modernise 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 aimed at transforming Equity Trustees to ensure that 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 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. While equity markets are currently trading near their historic highs, significant inflationary pressures remain, heightened geo-political tensions continue and equity market volatility in the period ahead could well be higher than usual.

Notwithstanding a less certain and mixed 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, we believe that 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 underpins 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 28 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 22 February 2024

Deloitte.

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22 February 2024

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 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the 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 2023

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 22 February 2024

FINANCIAL REPORT

FOR THE HALF-YEAR
ENDED 31 DECEMBER 2023

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 2023

	NOTE	31 DEC 23 $'000	RESTATED[1] 31 DEC 22 $'000
Continuing operations			
Revenue and other income	2	**83,951**	61,144
Expenses	3	**(56,765)**	(42,954)
Finance costs		**(1,949)**	(1,151)
Depreciation and amortisation		**(3,560)**	(1,838)
Profit before income tax expense		**21,677**	15,201
Income tax expense	5	**(7,164)**	(6,228)
Profit for the period from continuing operations		**14,513**	8,973
Discontinued operations			
Profit or loss for the period from discontinued operations, net of tax	9	**(2,831)**	(2,008)
Profit for the period		**11,682**	6,965
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation differences for foreign operations		**(75)**	43
Total comprehensive income for the period		**11,607**	7,008
Profit for the period attributable to:			
Equity holders of the Company		**12,628**	7,645
Non-controlling interests		**(946)**	(680)
Profit for the period		**11,682**	6,965
Total comprehensive income attributable to:			
Equity holders of the Company		**12,419**	7,714
Non-controlling interests		**(812)**	(706)
Total comprehensive income for the period		**11,607**	7,008
Earnings per share			
From continuing operations:			
Basic (cents per share)	6	**54.63**	36.64
Diluted (cents per share)	6	**54.51**	36.55
From continuing and discontinued operations:			
Basic (cents per share)	6	**47.54**	31.21
Diluted (cents per share)	6	**47.43**	31.14

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

[1] 31 December 2022 amounts have been restated following the classification of the CSTS-EU segment as a discontinued operation. Refer to note 9 for further details.

EQT HOLDINGS LIMITED
ABN 22 607 797 615
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTE	31 DEC 23 $'000	30 JUN 23 $'000
Current assets			
Cash and cash equivalents		**106,239**	99,690
Trade and other receivables		**24,069**	20,601
Prepayments		**3,917**	4,871
Accrued income		**17,967**	20,437
Other financial assets	13	**10,000**	10,000
Current tax receivable		**7,888**	3,815
		170,080	159,414
Assets classified as held for sale	9	**5,598**	-
Total current assets		**175,678**	159,414
Non-current assets			
Trade and other receivables		**326**	1,725
Furniture, equipment and leasehold		**4,373**	4,991
Deferred tax assets		**7,181**	7,831
Right-of-use assets		**6,234**	7,411
Intangible assets		**148,790**	149,231
Goodwill	7	**181,311**	181,311
Total non-current assets		**348,215**	352,500
Total assets		**523,893**	511,914
Current liabilities			
Trade and other payables		**9,413**	4,260
Provisions		**10,504**	13,587
Borrowings		**671**	419
Other current liabilities		**2,274**	4,875
		22,862	23,141
Liabilities associated with assets classified as held for sale	9	**1,879**	-
Total current liabilities		**24,741**	23,141
Non-current liabilities			
Provisions		**5,674**	5,513
Borrowings	10	**60,300**	50,200
Other non-current liabilities		**5,954**	7,076
Deferred tax liabilities		**26,449**	26,454
Total non-current liabilities		**98,377**	89,243
Total liabilities		**123,118**	112,384
Net assets		**400,775**	399,530
Equity			
Issued capital	11	**387,590**	384,336
Reserves		**2,024**	2,518
Retained earnings		**17,811**	18,532
Equity attributable to owners of the Company		**407,425**	405,386
Non-controlling interest		**(6,650)**	(5,856)
Total equity		**400,775**	399,530

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 2023

	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 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
Balance as at 1 July 2023		384,336	18,532	2,057	461	405,386	(5,856)	399,530
Profit/(loss) for the period		-	12,628	-	-	12,628	(946)	11,682
Foreign exchange translation differences for foreign operations		-	-	-	(209)	(209)	134	(75)
Total comprehensive income for the period		-	12,628	-	(209)	12,419	(812)	11,607
Foreign exchange translation differences for foreign operations		-	(80)	-	(1)	(81)	18	(63)
Shares issued under employee salary sacrifice share plan		33	-	-	-	33	-	33
Shares issued under dividend reinvestment plan		2,414	-	-	-	2,414	-	2,414
Shares issued under employee share acquisition plan		437	-	(437)	-	-	-	-
Shares issued under executive share scheme		382	-	(382)	-	-	-	-
Share issue costs		(18)	-	-	-	(18)	-	(18)
Related income tax		6	-	-	-	6	-	6
Provision for executive share entitlements		-	-	305	-	305	-	305
Provision for employee share acquisition plan		-	-	230	-	230	-	230
Payment of dividends		-	(13,269)	-	-	(13,269)	-	(13,269)
Balance as at 31 December 2023		**387,590**	**17,811**	**1,773**	**251**	**407,425**	**(6,650)**	**400,775**

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 2023

	NOTE	31 DEC 23 $'000	31 DEC 22 $'000
Cash flows from operating activities			
Receipts from customers		**86,716**	63,792
Payments to suppliers and employees		**(63,293)**	(53,638)
Income tax paid		**(10,703)**	(8,403)
Net cash provided by operating activities		**12,720**	1,751
Cash flows from investing activities			
Interest and managed fund distributions received		**2,117**	1,839
Payment for furniture, equipment, leasehold and right-of-use assets		**(345)**	(482)
Payment for intangible assets		**(965)**	(1,425)
Payment for acquisition	8	**-**	(125,800)
Net cash provided by / (used in) investing activities		**807**	(125,868)
Cash flows from financing activities			
Proceeds from issues of equity securities		**-**	125,113
Net proceeds from borrowings - corporate facility		**9,000**	22,000
Net proceeds from / (repayment of) borrowings - operational risk financial requirement facilities		**1,100**	(16,605)
Repayment of lease liabilities		**(1,270)**	(720)
Payment for share issue costs		**(18)**	(3,670)
Dividends paid to members of the parent entity (net of shares issued under the dividend reinvestment plan)		**(10,854)**	(11,225)
Net cash (used in) / provided by financing activities		**(2,042)**	114,893
Net increase / (decrease) in cash and cash equivalents		**11,485**	(9,224)
Cash and cash equivalents at the beginning of the half-year		**99,690**	108,316
Exchange rate fluctuations on foreign cash balances		**(287)**	(64)
Reclassified to assets held for sale		**(4,649)**	-
Cash and cash equivalents at the end of the half-year		**106,239**	99,028

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 2023

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 22 February 2024.

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 2023. 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 16.

PERFORMANCE

2 REVENUE AND OTHER INCOME

	31 DEC 23 $'000	RESTATED[1] 31 DEC 22 $'000
Revenue		
Private Client Trustee Services	**42,498**	26,858
Superannuation Trustee Services	**13,436**	10,651
Fund Governance and Trustee Services	**18,766**	17,553
Other Services	**6,184**	3,195
Revenue from service activities	**80,884**	58,257
Interest and managed fund distributions	**2,290**	1,980
	83,174	60,237
Other income		
Recoveries	**821**	881
Foreign currency gain	**(44)**	26
Total revenue and other income	**83,951**	61,144

[1] 31 December 2022 amounts have been restated following the classification of the CSTS-EU segment as a discontinued operation. Refer to note 9 for further details.

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 23 $'000	RESTATED[1] 31 DEC 22 $'000
Salaries and related employee expenses:		
Wages and salaries	**36,670**	24,308
Post-employment benefits	**3,285**	1,902
Equity-settled share-based payments	**535**	1,054
Other employment related expenses	**1,609**	1,589
Administrative and general expenses:		
Other administrative and general expenses	**3,550**	2,010
Information technology expenses	**5,379**	4,351
Occupancy expenses:		
Minimum lease payments (short term and low value leases)	**157**	148
Outgoings and other occupancy expenses	**586**	423
Legal, consulting and regulatory expenses	**2,255**	5,655
Audit and tax advice expenses	**1,809**	441
Insurance expenses	**930**	1,073
Total expenses	**56,765**	42,954

[1] 31 December 2022 amounts have been restated following the classification of the CSTS-EU segment as a discontinued operation. Refer to note 9 for further details.

No acquisition related costs were incurred during the half-year ended 31 December 2023 (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).

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 and Corporate & Superannuation Trustee Services. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Information historically provided for the Superannuation Trustee Services (STS) and Corporate Trustee Service (CTS) segments has been combined into the Corporate & Superannuation Trustee Services (CSTS) segment to reflect the merging of these two businesses. The 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.

CORPORATE & SUPERANNUATION TRUSTEE SERVICES (CSTS)

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. Provides trustee, custody and investment management services for superannuation funds. CSTS presently operates within Australia (CSTS-A), and the UK and Ireland (together, CSTS-EU).

On 14 August, the Group announced its decision to exit its UK and Ireland operations - represented by the CSTS-EU segment. As of 31 December 2023, this segment is disclosed as a discontinued operation. Refer to note 9 for additional information (31 December 2022: nil).

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 23 $'000	31 DEC 22 $'000
Segment revenue		
Trustee & Wealth Services		
Private Client Trustee Services	**42,498**	26,858
Other services	**6,184**	3,195
Interest and managed fund distributions	**763**	659
Recoveries	**34**	93
	49,479	30,805
Corporate & Superannuation Trustee Services		
Fund governance and trustee services	**18,766**	17,553
Superannuation Trustee Services	**13,436**	10,651
Interest and managed fund distributions	**1,527**	1,318
Recoveries	**787**	711
	34,516	30,233
	83,995	61,038
Unallocated	**(44)**	106
Total revenue and other income per statement of profit or loss	**83,951**	61,144

In the current period interest and managed fund distribution revenue has been attributed to each operating segment. Previously these amounts were treated as 'unallocated' for the purposes of segment reporting. These revenues are earned on regulatory and transactional cash held for and in these businesses and hence it is appropriate that they be allocated to the relevant segments. Prior year amounts have been amended to enhance comparability.

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 2022: nil).

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

	31 DEC 23 $'000	31 DEC 22 $'000
Segment net profit/(loss) before tax		
Trustee & Wealth Services	**15,721**	10,340
Corporate & Superannuation Trustee Services	**10,261**	11,570
	25,982	21,910
Unallocated	**(4,305)**	(6,709)
Total net profit before tax per statement of profit or loss	**21,677**	15,201

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 23 $'000	RESTATED[1] 31 DEC 22 $'000
Income tax expense comprises:		
Current income tax expense	**7,674**	6,687
Prior period adjustments and other deferred tax adjustments relating to the origination and reversal of temporary differences	**(510)**	(459)
Total income tax expense	**7,164**	6,228
The income tax expense for the year can be reconciled to accounting profit as follows:		
Profit before tax from continuing operations	**21,677**	15,201
Income tax expense calculated at 30%	**6,503**	4,560
Effect of different tax rates of subsidiaries operating in other jurisdictions	**206**	212
Non-deductible expenses	**493**	1,350
Non-assessable income	**22**	(6)
	7,224	6,116
Prior year tax adjustments	**(60)**	112
Total income tax expense	**7,164**	6,228

[1] 31 December 2022 amounts have been restated following the classification of the CSTS-EU segment as a discontinued operation. Refer to note 9 for further details.

6 EARNINGS PER SHARE

The company has one class of ordinary shares.

FROM CONTINUING AND DISCONTINUED OPERATIONS

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	31 DEC 23 CENTS PER SHARE	31 DEC 22 CENTS PER SHARE
Basic earnings per share	**47.54**	31.21
Diluted earnings per share	**47.43**	31.14

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	31 DEC 23 $'000	31 DEC 22 $'000
Net profit after tax attributable to equity holders of the Company	**12,628**	7,645

	31 DEC 23 NO. '000	31 DEC 22 NO. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	**26,564**	24,492
Shares deemed to be issued for no consideration in respect to employee share entitlements	**62**	59
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**26,626**	24,551

FROM CONTINUING OPERATIONS

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	31 DEC 23 CENTS PER SHARE	31 DEC 22 CENTS PER SHARE
Basic earnings per share	**54.63**	36.64
Diluted earnings per share	**54.51**	36.55

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

OPERATING ASSETS

7 GOODWILL

	31 DEC 23 $'000	30 JUN 23 $'000
Cost	**183,252**	183,252
Accumulated impairment losses	**(1,941)**	(1,941)
	181,311	181,311
Balance at the beginning of the period	**181,311**	127,541
Amounts recognised during the period	**-**	55,563
Impairment losses for the year	**-**	(1,941)
Effects of foreign currency exchange differences	**-**	148
	181,311	181,311

8 BUSINESS COMBINATIONS

HALF YEAR ENDED 31 DECEMBER 2023

There were no business combinations during the period.

During the half-year ended 31 December 2023, the Group did not incur any costs associated with potential merger and acquisition activities.

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 added further scale, expertise and geographic breadth to the TWS segment, with approximately $7 billion in funds under management, administration and supervision. The acquisition completed on 30 November 2022. AET forms part of the TWS and CSTS operating segments (Refer to the financial statements for the year ended 30 June 2023 for further information).

9 ASSETS AND LIABILITIES HELD FOR SALE, AND DISCONTINUED OPERATIONS

On 14 August, the Group formally announced its decision to exit its UK and Ireland based businesses.

On 17 October 2023, the Group announced the sale of Equity Trustees Fund Services (Ireland) Ltd, its Irish business. This sale is subject to various conditions precedent, including approval from local regulatory authorities. These conditions remain partially unfulfilled as at 31 December 2023.

As at 31 December 2023, the Group continues to pursue the sale or managed exit of Equity Trustees Fund Services Ltd, its UK business.

Both businesses, which collectively form the Group's CSTS-EU operating segment, and CSTS-EU cash generating unit, are expected to be disposed of within a 12-month period, have been classified as discontinued operations as at 31 December 2023, and their related assets and liabilities have been reclassified as assets or liabilities held for sale.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	31 DEC 23 $'000	31 DEC 22 $'000
Revenue	**1,675**	1,610
Expenses	**4,506**	3,618
Profit before tax	**(2,831)**	(2,008)
Attributable tax expense	**-**	-
Net loss attributable to discontinued operations (attributable to owners of the parent company)	**(2,831)**	(2,008)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 DEC 23 $'000
Assets	
Cash and cash equivalents	**4,649**
Trade and other receivables	**580**
Prepayments	**253**
Accrued income	**116**
Total assets classified as held for sale	**5,598**
Liabilities	
Trade and other payables	**76**
Provisions	**1,463**
Other current liabilities	**340**
Total liabilities associated with assets classified as held for sale	**1,879**
Net assets of disposal group	**3,719**

Accounting Standard AASB 5 *Non Current Assets Classified as Held for Sale and Discontinued Operations* requires that upon classification as held for sale, non-current assets must be measured at their fair value less selling costs. Financial assets, such as those held by the Group's UK and Ireland operations, and as set out in the above table, are excluded from the measurement requirements of AASB 5. The Group has made an accounting policy choice to continue measuring the abovementioned assets at their prevailing carrying values, and as determined under other applicable accounting standards.

At the time of writing, the Group's Ireland operations have been sold, subject to various conditions precedent. The Ireland operations have been sold for a nominal sum, and as part of the sale, the minimum cash regulatory capital amount required by the business will be transferred to the buyer. It is therefore anticipated that the loss on disposal of the Ireland operations will be in the order of $1.1m. The final loss will not be known until the transaction completes, the prevailing minimum regulatory capital amount is known and any other required completion adjustments are determined. During the period, a provision of $292k has been recognised for selling costs associated with this transaction. It is anticipated that the sale of the Ireland operations will complete prior to 30 June 2024. Executive management of the Ireland operations are expected to retain a minority interest in the Ireland operations following completion of the sale.

At the time of writing, the Group's UK operations are yet to be sold, hence the terms of sale are presently unknown, and any potential loss on disposal is unestimable.

CAPITAL STRUCTURE

10 BORROWINGS

	31 DEC 23 $'000	30 JUN 23 $'000
Unsecured, at amortised cost		
Corporate facilities	**46,226**	37,207
Operational risk financial requirement (ORFR) facilities	**14,745**	13,412
	60,971	50,619

CORPORATE FACILITIES

LENDER	FACILITY TERM	FACILITY LIMIT $'000	AMOUNT USED $'000
31 December 2023			
Australian & New Zealand Banking Group Limited	3 Years	40,000	22,000
Australian & New Zealand Banking Group Limited	3 Years	40,000	24,000
		80,000	**46,000**
30 June 2023			
Australian & New Zealand Banking Group Limited	2 Years	40,000	22,000
Australian & New Zealand Banking Group Limited	3 Years	40,000	15,000
		80,000	37,000

The weighted average effective interest rate on all drawn down loans is 6.0% per annum (30 June 2023: 5.6%).

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. 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. At 31 December 2023, of the total cash held of $106,239k, $14,300k was held for ORFR related purposes (30 June 2023: total cash of $99,690k, $13,200k held for ORFR purposes).

LENDER	FACILITY TERM	FACILITY LIMIT $'000	AMOUNT USED $'000
31 December 2023			
Resolution Life Australasia Facility 1 (formerly AMP Life)[1]	5 Years	6,600	5,400
Centric[1]	5 Years	5,000	1,500
Resolution Life Australasia Facility 2 (formerly Colonial Mutual Life Assurance Society Limited (CMLA))[1]	5 Years	9,000	6,800
Platformplus	3 Years	2,000	600
ClearView	3 Years	3,500	-
HUB24	3 Years	15,000	-
		41,100	**14,300**
30 June 2023			
Resolution Life Australasia Facility 1 (formerly AMP Life)[1]	5 Years	6,600	5,400
Centric[1]	5 Years	5,000	1,000
Resolution Life Australasia Facility 2 (formerly Colonial Mutual Life Assurance Society Limited (CMLA))[1]	5 Years	9,000	6,800
HUB24	3 Years	15,000	-
		35,600	13,200

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

The weighted average effective interest rate on all drawn down loans is 6.5% per annum (30 June 2023: 5.7%).

11 ISSUED CAPITAL

	31 DEC 23 No. '000	31 DEC 23 $'000	30 JUN 23 No. '000	30 JUN 23 $'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	**26,506**	**384,336**	21,126	257,558
Shares issued under employee salary sacrifice share plan	**1**	**33**	8	198
Shares issued under executive share scheme	**14**	**382**	12	344
Shares issued under employee share acquisition plan	**17**	**437**	3	75
Shares issued under dividend reinvestment plan (DRP)	**89**	**2,414**	144	3,625
Shares issued for Australian Executor Trustees (AET) acquisition	**-**	**-**	5,213	125,113
Share issue costs net of tax	**-**	**(12)**	-	(2,577)
Closing balance as at the end of the period	**26,627**	**387,590**	26,506	384,336

12 DIVIDENDS

FULLY PAID ORDINARY SHARES	DATE OF PAYMENT	CENTS PER SHARE	TOTAL $'000
Recognised amounts			
Final 2023 dividend (fully franked)	9 October 2023	50	13,269
Interim 2023 dividend (fully franked)	31 March 2023	49	12,950
Unrecognised amounts			
Interim 2024 dividend (fully franked)	3 April 2024	51	13,580

FINANCIAL RISK MANAGEMENT

13 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

FINANCIAL ASSETS	FAIR VALUE AS AT 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 2023: same).

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2023: 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

14 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 2023: nil).

There are no contingent assets (30 June 2023: nil).

15 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 2022: nil).

OTHER DISCLOSURES

16 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.

No new and revised Standards, amendments and Interpretations have been adopted in the half year.

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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 2023, 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 to the financial statements, including material accounting policies and other explanatory information, and the directors' declaration as set out on pages 29 to 46.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2023 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the 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 2023 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, 22 February 2024

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