

# Annual Report 2022

The logo for Netwealth, featuring the word "netwealth" in a dark blue, lowercase sans-serif font. To the left of the text is a blue square icon with a white horizontal line extending to the right, resembling a stylized 'N' or a network symbol.

netwealth

For the year ended  
30 June 2022

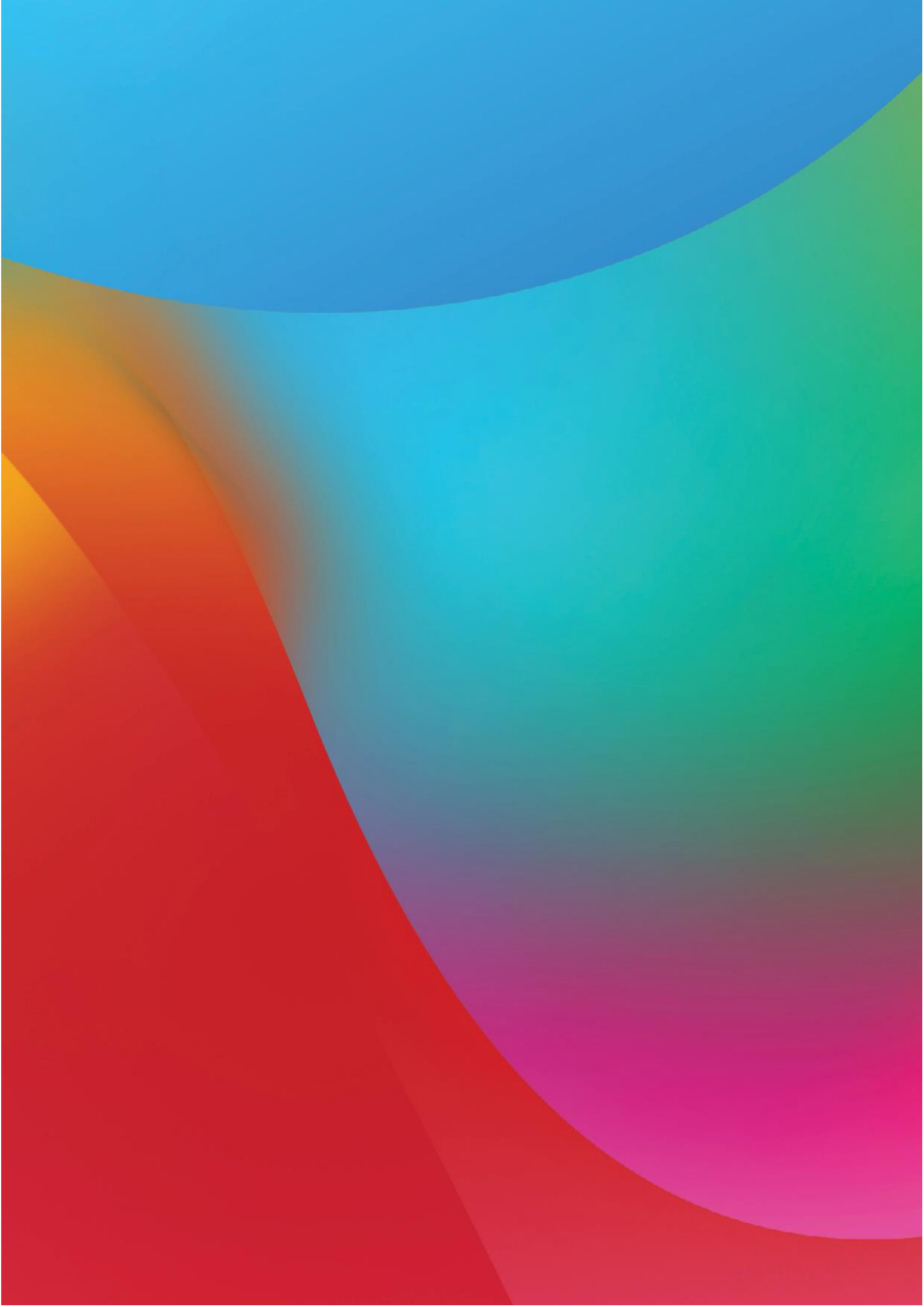
Netwealth Group Limited  
ACN: 620 145 404

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**Our purpose is**

**To enable people to  
see wealth differently  
and discover a  
brighter future**



## Appendix 4E

Report for the year ended 30 June 2022.

Netwealth Group Limited  
ABN: 84 620 145 404

### 1. Details of the reporting period

Report for the year ended 30 June 2022 (FY2022).

Previous corresponding period year ended 30 June 2021 (FY2021).

### 2. Results for announcement to the market

	FY2022 \$'000	FY2021 \$'000	Increase/ (Decrease)	Var %
Revenue from ordinary activities	173,305	144,880	28,425	19.6%
Profit from ordinary activities before tax attributable to members	81,110	77,231	3,879	5.0%
Net profit for the period attributable to members	55,552	54,103	1,449	2.7%

Refer to the attached Annual Report (Directors' report – Review of operations section), for further commentary on the full year results.

### 3. Net tangible assets per ordinary security

	FY2022	FY2021
Net tangible assets as per ordinary security	41.8 cents	37.9 cents



## 4. Dividends information

	Amount per Share (cents)	Franked Amount per Share (cents)	% Franked	Tax rate for Franking Credit
Final 2021 dividend per share (paid 24 Sep 2021)	9.50	4.07	100%	30%
Interim 2022 dividend per share (paid 24 Mar 2022)	10.00	4.28	100%	30%
Final 2022 dividend per share (to be paid 29 Sep 2022)	10.00	4.28	100%	30%

### Final dividend dates

Ex-dividend date	30 August 2022
Record date	31 August 2022
Payment date	29 September 2022

There is no dividend reinvestment plan.

## 5. Control gained/loss over entities

Not applicable.

## 6. Details of associates and joint venture entities

Netwealth currently owns 25% of total outstanding shares in Xeppo Pty Ltd (Xeppo), a specialist fintech data solution provider. Netwealth has an option to acquire remaining shares over the next four years.

Xeppo specialises in connecting, matching and reconciling data from a wide range of sources to support the wealth management, accounting and mortgage industries.

## 7. Compliance statement

This report is based on the consolidated financial statements for the year ended 30 June 2022 which have been audited by Netwealth Group Limited's auditors, Deloitte Touche Tohmatsu, with the review report attached.



**Michael Heine**  
Joint Managing Director  
24 August 2022

## About Netwealth

Netwealth Group Limited (Netwealth, "NWL" or the Group) is a financial services company listed on the Australian Securities Exchange (ASX: NWL). Netwealth was created with an entrepreneurial spirit to challenge the conventions of Australia's financial services.

We are a technology company, a superannuation fund trustee and a wealth administration business. Above all we exist to inspire people to see wealth differently and discover a brighter future.

Founded in 1999, Netwealth is one of the fastest growing wealth management businesses in Australia.

Our financial products are:

- superannuation including accumulation and retirement income products;
- investor directed portfolio services for self-managed super and non-super investments;
- managed accounts;
- managed funds;
- self-managed superannuation funds administration; and
- non-custodial administration and reporting services

Netwealth's digital platform supports how our financial products are delivered to market. Financial intermediaries and clients can invest and manage a wide array of domestic and international products through the platform.

The platform is built, developed and maintained by our technology team. It is continuously enhanced using feedback from financial intermediaries, clients and other users and receives wide industry recognition as having market-leading functionality.

Supporting our financial products and technology platform is a significant investment in our people and resources to administer support, execute our custodial services and manage risk and governance.

## Chairman's Letter

On behalf of the Board of Directors (the Board) of Netwealth Group Limited (Netwealth) I am pleased to present the Annual Report for the year ended 30 June 2022.

FY2022 proved to be a challenging year for financial markets. The world has made significant progress in living with COVID-19, however, the combination of international geopolitical events and the emergence of mid to high single digit inflation caused substantial dislocation in markets in the second half of FY2022 as financial assets repriced and the economic outlook for FY2023 and beyond became less predictable.

Despite this more challenging backdrop, Netwealth's achieved record annual FUA net inflows of \$13 billion for the financial year, taking total FUA at 30 June 2022 to \$55.7 billion. Netwealth's total income in FY2022 increased by 19.6% to \$173.3 million, enabling the Board to execute on its strategic plan of continuing to invest in our leading platform capability and service levels while delivering record NPAT of \$55.6 million.

The Australian wealth management platform market is estimated to have grown 8.7% in the 12 months to March 2022 to \$995.3 billion. Over this same period Netwealth was again recognised as the fastest growing platform, growing its market share by 1.2% to 5.8%. Netwealth continues to be well positioned to increase its market share over the medium term and our pipeline of opportunities remains very positive.

During FY2022, the Board decided, as previously announced, to strategically reinvest a substantial part of the increasing revenues into the platform's capability and offering to deliver greater functionality and service levels to both existing and new clients. The decision was made to ensure we can continue to capitalise on the significant market opportunity and provide ongoing and sustainable profit growth from our core services as well as our diversified product and service offerings. Netwealth's market leading position was again recognised in FY2022 with many awards including rating 1st by Investment Trends December 2021 Competitive Analysis and Benchmarking.

This success can only be achieved through the continued dedication and outstanding capability of the Executive and the wider Netwealth team. Our people remain the key to our success, and we continue to invest, support and ensure the right talent is developed and retained. We expanded our wide range of learning and development programmes, including leadership and industry training with a focus on regulatory and risk management and successfully refreshed our policies and practices which resulted in Netwealth achieving certification as a Family Inclusive Workplace.

The new Melbourne office was opened in November 2021 and we have formalised hybrid working arrangements including enabling a mix of in-person and virtual meetings that empowers our people as we aim to get the right balance between maximising team productivity, collaboration and innovation while ensuring the health and wellbeing of our people.

Environmental, social and governance matters are an increasing area of focus of the Board who understand its significance to our people, clients, shareholders and communities.



**Timothy Antonie**  
Independent  
Non-Executive  
Chairman

Netwealth operates in a highly regulated superannuation and investment sectors of the financial services industry with FY2022 once again providing significant regulatory changes. Sound governance is fundamental to the ongoing success and growth of Netwealth and we actively manage and enhance our systems, risk management framework and corporate governance practices in response to business operations and regulatory changes to meet the expectations of our regulators and stakeholders.

Our new Corporate Sustainability Committee was established during the year to provide oversight and support to Netwealth's corporate sustainable initiatives. We continue to focus on four key areas that are important to our stakeholders; enhancing our core business; be ethical, genuine and transparent in our dealings; foster diversity, talent, and wellbeing; and partner with and financially support organisations that create lasting positive social and environmental impacts.

In July 2021, Netwealth Superannuation Services Pty Ltd (NSS), a fully owned subsidiary of the Group with a separate board of directors, commenced operations as Trustee of the Netwealth Superannuation Master Fund with the single purpose of administering our superannuation activities to enhance our governance structures.

Jack Diamond, a Non-Executive Director of NSS sadly passed away in February 2022. The Board is extremely grateful for Jack's significant contribution to the establishment and governance of NSS. His knowledge and incredibly warm personality are greatly missed by his fellow directors, and all that worked with him.

On behalf of the Board, I am pleased to welcome Lewis Bearman to the Board of NSS and thank him for his immediate contribution.

Michael Heine and Matt Heine have been Joint Managing Directors (JMDs) since 2015. In recent years, the transition of day-to-day responsibility for Netwealth's operations between our two Joint Managing Directors has been gradual and seamless with all but two of the direct reports now reporting to Matt Heine. After discussions at the Board, it is now appropriate that effective 1 October 2022, Matt will be appointed Managing Director and Michael Executive Director. Importantly Michael will remain a key member of the Executive and be involved in all matters of importance.

On behalf of the Board, I congratulate Matt on this well-deserved appointment and am very appreciative of Michael Heine's continued executive involvement in ensuring the sustainable success of Netwealth. Netwealth is well placed to evolve its existing strategy which has been so successful. The Executive have worked together for many years and are committed to continuing to grow Netwealth.

On behalf of the Board, the Executive, all team members and clients I would like to thank Michael for his vision and energy as the Founder of Netwealth. While Michael will remain key to Netwealth's future success I take this opportunity to recognise his commitment and passion to an idea he formulated over 20 years ago which has revolutionised the wealth management industry and has led to Netwealth being externally recognised as a leading player with over 500 employees.

The Board resolved to pay a final full franked ordinary dividend of 10.0 cents per share. This results in total ordinary dividend for the year ended 30 June 2022 of 20.0 cents per share, an increase of 8%

dividend per share from prior year. The Group continues to retain a strong balance sheet with significant cash reserves to meet our capital requirements.

I would like to thank my Board colleagues for their dedication and hard work and for the diverse perspectives they bring to our discussions.

Finally, on behalf of the Board, I would like to thank our clients and shareholders and we look forward to working with you in FY2023 for what we hope is another very successful year for all.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Antonie', with a stylized flourish at the end.

**Timothy Antonie**  
Chairman  
24 August 2022

## Joint Managing Directors' Letter

We have delivered another strong financial performance and continued to receive recognition from the industry by winning key awards in FY2022.

### Financial Year in Review

Despite experiencing high volatility in global equity markets and uncertainty in the Australian economy from higher inflation and cash interest rates during the year, Netwealth outperformed the platform market by increasing our market share to nearly 6%, growing revenue by nearly 20% and remaining highly profitable with \$55.6 million NPAT in FY2022.

We are extremely proud of our team's efforts and success in maintaining a market leading platform both in terms of technology and client service. In the latest industry analysis, we were the fastest growing platform provider by net funds flows in Australia, accounting for 48% of industry net funds flows for the 12 months to 31 March 2022.

As the leader in highest FUA net inflows and with the large financial institutions presently holding 67% recording a decline in market share, we remain optimistic on the significant opportunity for future growth.

We have seen continued growth momentum across our key metrics of FUA, FUM and number of accounts to drive market share gains. For FY2022, Funds Under Administration (FUA) increased by \$8.5 billion to \$55.7 billion at 30 June 2022 as a result of record annual FUA net inflows of \$13.0 billion despite negative market movement of \$4.5 billion.

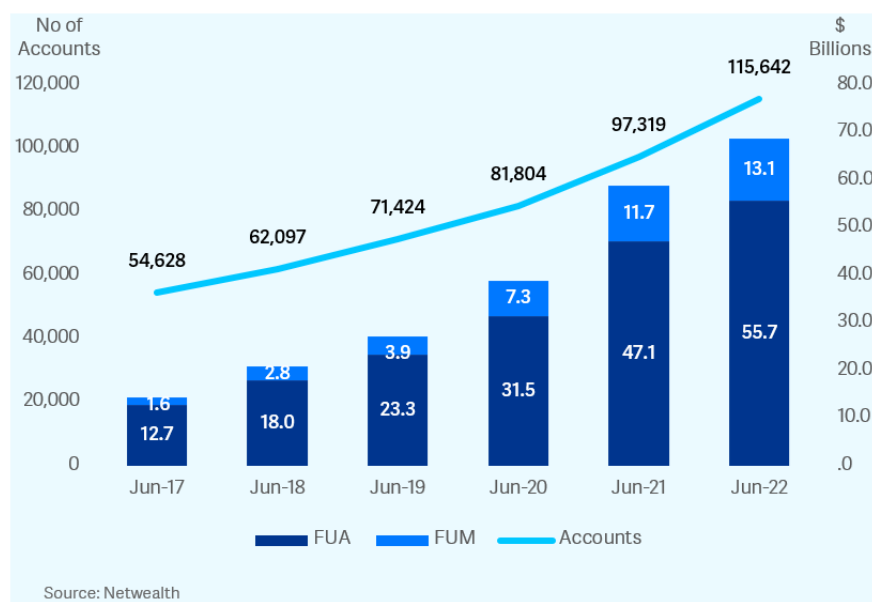


**Michael Heine**  
Joint Managing Director



**Matthew Heine**  
Joint Managing Director

### Growth in FUA, FUM and Accounts





The success of our Managed Account has driven much of our growth and is expected to continue in the future. The Managed Account industry is expected to continue to grow rapidly as the number of Advisors adopting Managed Accounts and the portion of assets being allocated to Managed Portfolios is increasing as advisers increasingly recognise the benefits of using them to access professional investment management for their clients.

We see a world of opportunities for our “Whole of Wealth” strategy which is a key pillar of our ongoing strategy. We are optimistic of the success on Multi Asset Portfolio Service (MAPS), our new non-custodial and custodial administration service that we recently launched.

### **Investing for Sustainable Growth**

We have continued to invest in IT infrastructure to maintain our market leadership position and ensure growth remains sustainable in line with our long-term strategy. This investment is expected to continue to increase efficiency and productivity across our systems and processes as we move fully into the cloud, achieving improved customer engagement and satisfaction.

We continue to maintain a focus on securing and maintaining key talent. We launched Netwealth’s first graduate program in two business units and established a mentorship program for female members of the team. Despite a tight labour market particularly for IT talent resulting in a challenging hiring environment, our headcount has increased by almost 30% to 515 FTE during the year. New IT headcount alone accounted for almost 50% of this increase placing us in good stead to achieve our strategic objectives over the coming year. Pleasingly, the results from the annual employee engagement survey once again scored highly with 79% of respondents responding positively helping to position us as the employer of choice.

Enhancing the core platform functionality and the addition of new sophisticated features for our advisors and clients will continue to increase our penetration of financial intermediaries and attract new clients from the affluent, high net-worth and private wealth group sectors. The continuing shift in the adviser market to being independent from the large financial institutions results in the contestable market for us has increased significantly since the Royal Commission in 2017. As we develop our platform capabilities, we will be able to better support the unique needs for different segments of the market.

We have recently agreed to provide growth funding of up to \$2.5 million to Xeppo. This accelerates their ongoing development and expansion in data analytics and business management platform which aligns with Netwealth’s “Whole of Wealth” strategy. We intend to unlock and leverage data for advisers, licensees and model managers to provide them with new insights to identify opportunities, drive their efficiency and expanding our client portal for advisers to improve interaction with clients.

### **Community and Sustainability Initiatives**

During the year, we placed a strong emphasis on our Impact Fund initiatives by launching its Communications Strategy, introduced Employee Giving to facilitate an easy mechanism for our people wishing to contribute and we continued to support Banqer in providing free financial education to primary schools.

### **Acknowledgement**

We would like to thank the Board of Directors for their continued oversight, expertise and guidance throughout the year. Together with the Executive team, we acknowledge their valuable contribution, leadership and commitment.

We also would like to thank and remember Jack Diamond, a former Non-Executive Director of NSS who sadly passed away during the year. In his short tenure as Director his experience and knowledge were invaluable to Netwealth and is sadly missed by us all.

We would like to warmly welcome Damian Holland as a new member of the Executive team. He brings with him his years of experience within the industry and in a short period of time has contributed significantly to our team.

We would like to thank our fellow Executives and staff for their hard work and ongoing commitment to the company and our clients. We would like to thank all our existing clients for their ongoing support and welcome our new clients.

We look forward to working with our staff, our loyal clients and our valued shareholders now and into the future.

### **Managing Director Succession - note from Michael**


As you are aware, I have advised the Board that in accordance with the company's succession plan, I intend to step back from the day to day management of Netwealth. I believe it is an appropriate time to pass the baton to my fellow Joint Managing Director (JMD) and son, Matt Heine. Effective 1 October 2022 Matt Heine, the current Joint Managing Director, will be appointed sole Managing Director and I will continue as an Executive Director.

My succession plan has been in place for a considerable length of time and this change is just one of the planned phases. I have great confidence that the Executive team under the leadership of Matt are very well placed to continue to lead and grow the company and build on the existing strategy which has been so successful to date.

Yours sincerely



**Michael Heine**  
Joint Managing Director  
24 August 2022



**Matt Heine**  
Joint Managing Director  
24 August 2022

## Corporate highlights

Netwealth has continued to experience significant growth in FY2022. Some highlights for the year were (comparative period being FY2021):



**\$173.3M**

Total Income  
Growth \$27.6M (+19.4%)



**\$85.1M<sup>1</sup>**

EBITDA  
Growth \$5.2M (+6.6%)



**49.1%<sup>1</sup>**

EBITDA margin



**22.7 cents<sup>1,2</sup>**

EPS



**\$83.7M<sup>1</sup>**

Operating net cash flow pre tax



**Dividend 20.0 cps**

Interim dividend 10.0 cps  
Final dividend 10.0 cps



**\$55.7B FUA**

Growth \$8.5B (+18.1%)



**\$13.0B**

FUA net inflows



**115,642 Clients**

Growth 18,323 (+18.8%)



**\$13.1B FUM**

Growth \$1.3B (+11.3%)



**\$2.6B**

FUM net inflows



**#1 Platform<sup>3</sup>**

Rated by Investment Trends: Overall platform functionality on Dec 21

<sup>1</sup> Excludes non-recurring transactions.

<sup>2</sup> EPS has been calculated on the basis all options currently on issue will vest in full.

<sup>3</sup> Investment Trends, December 2021 Platform Competitive Analysis and Benchmarking Report

EPS – Earnings per share; CPS – Cents per share

## Operating and Financial Review

### Operational performance

Set out in the below table is a summary of key platform statistics for FY2022 and FY2021.

	Consolidated Group for Year Ended			
	30 June 2022	30 June 2021	Variance	Variance %
FUA (EOP*) (\$ million)	55,652	47,138	8,514	18.1%
FUA net inflows (\$ million)	12,989	9,811	3,178	32.4%
FUA Market Movement (\$ million)	(4,476)	5,825	-	-
Fee Paying FUA % (EOP)	65.4%	65.6%	-	-
Platform revenue/average FUA (bps)	31.4 bps	36.8 bps	(5.4 bps)	(14.8%)
FUM (EOP*) (\$ million)	13,079	11,746	1,333	11.3%
FUM net inflows (\$ million)	2,585	3,247	(662)	(20.4%)
Managed Account (EOP*) (\$ million)	11,170	9,835	1,335	13.6%
Managed Account net inflows (\$ million)	2,321	2,964	(643)	(21.7%)
Managed Funds (EOP*) (\$ million)	1,908	1,911	(3)	(0.1%)
Managed Funds net inflows (\$ million)	264	283	(19)	(6.8%)
Cash transaction account as % of FUA (EOP*) (\$ million)	7.9%	6.9%	-	-
Accounts (EOP*) (number)	115,642	97,319	18,323	18.8%
Financial intermediaries (EOP*) (number)	3,327	3,130	197	6.3%
Average FUA per average number of Accounts (\$ thousands)	507	437	70	16.0%
Platform revenue/average number of accounts (\$)	1,590	1,607	(17)	(1.1%)

\* EOP=End of Period

Netwealth achieved record annual FUA net inflows of \$13 billion for FY2022, an increase of \$3.2 billion (32.4%) to FY2021. This was despite net inflows in the last quarter of the financial year being impacted by difficult trading conditions including higher market volatility and the increase in adviser regulatory requirements coming into effect from 1 July 2022.

Funds Under Administration (FUA) at 30 June 2022 were \$55.7 billion, an increase of \$8.5 billion (18.1% increase) for FY2022 after negative market movement of \$4.5 billion.

Funds Under Management (FUM) at 30 June 2022 of \$13.1 billion, an increase of \$1.3 billion (11.3%) for FY2022 after negative market movement of \$1.3 billion.

Managed Account balance at 30 June 2022 of \$11.2 billion, an increase of \$1.3 billion (13.6%) for FY2022. The increase for FY2022 included Managed Account net inflows of \$2.3 billion and negative market movement of \$0.9 billion.

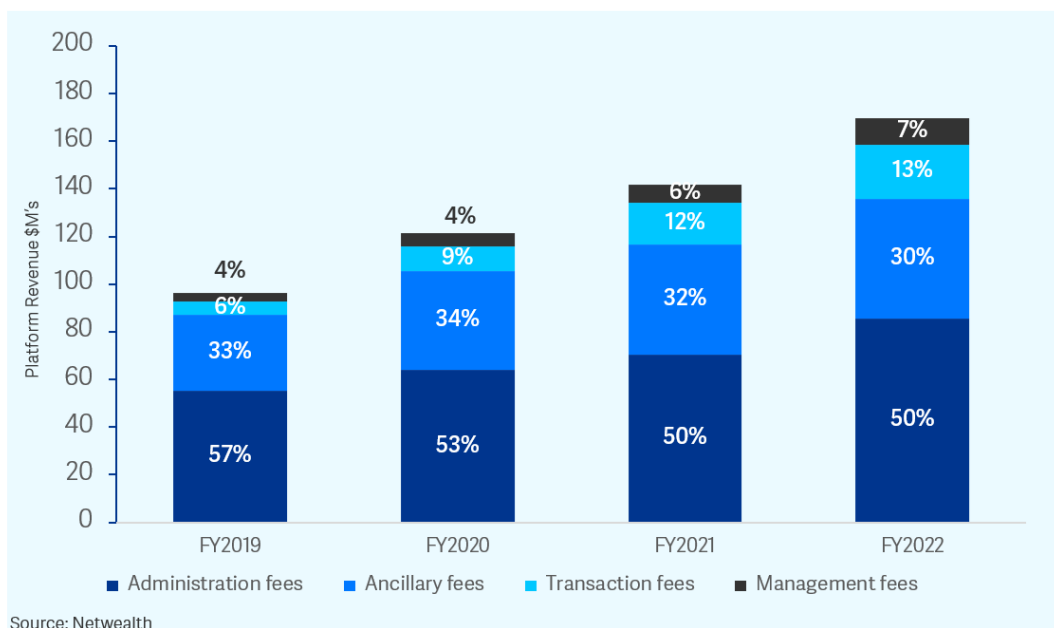
Average account size increased to \$507,000 for FY2022, up from \$437,000 for FY2021.

Platform revenue per account of \$1,590 for FY2022 maintained at FY2021 levels despite lower revenues from cash resulting from short term interest rate headwinds in FY2022. The lower cash margin was partially offset by an increase in platform revenue per account across other revenue streams such as increasing average account size and net transaction fees.

Netwealth remains focused on diversification of its revenue. Net transaction fees increased to 13% reflecting benefits of scale and improved margins on net transaction fees. The average volumes for domestic and international trades continue to increase assisting the revenue diversification strategy.

Platform revenue/average FUA of 31.4 bps for FY2022, decreased by 5.4bps compared to FY2021, primarily due to lower pooled cash margin rate, lower average cash ratio and higher average account sizes. Excluding pooled cash, the average bps earned in 2H 2022 was higher than 1H 2022.

### Platform revenue split FY2019 to FY2022



## Financial performance

Key Highlights and Commentary for FY2022:

- Total income of \$173.3 million for FY2022 achieved a 19.6% growth from prior year. Platform income increased by \$27.6 million (19.4%) to \$169.5 million for FY2022 due to strong FUA net inflows and increased transactional revenue and other ancillaries.
- EBITDA of \$84.6 million for FY2022 increased by \$5.2 million (6.6%) versus FY2021 with an EBITDA margin of 48.8%.
- Netwealth's NPAT of \$55.6 million for FY2022 increased by \$1.4 million or 2.7% versus FY2021 with an NPAT margin of 32.1% for FY2022. EPS of 22.7 cents for FY2022, increased by 0.6 cents versus FY2021.
- Total operating expenses of \$88.7 million for FY2022, increased by \$23.2 million or 35.4% compared to FY2021.
- Employee benefits expense (excluding share-based payment expense) includes inhouse technology development and product development. The increase of \$13.7 million, a 27.4% increase to FY2021 reflects the FY2022 headcount increase of 113 roles; headcount increase of 55 roles in 1H2022 and 58 roles in 2H2022 and the full year impact of FY2021 headcount increase of 63 roles. Technology headcount accounted for approximately 50% of FY2022 new hires.
- Share based payment expense increased by \$2.7 million to \$3.1 million for FY2022. The increase is predominantly from new options granted to key employees during the financial year under the Group's LTI scheme. There were no options issued in FY2021.
- The acceleration of investment in operations and IT infrastructure, resulted in an increase in IT and communicating operating expenses of \$2.7 million to \$8.6 million for FY2022 and a further \$1.9 million capital investment spend for initiatives directed at improving market leading customer service and scaling in the cloud, including implementing a new workflow management system in November 2021.
- There was a step up in occupancy costs including depreciation and interest expense on leases following the commencement of the new Melbourne office during the financial year.



### Results of profit or loss for FY2022

Set out in the table below is the consolidated statement of profit or loss and other comprehensive income for FY2022 presented in full to reflect other financial metrics.

	Consolidated Group for Year Ended			
	30 June 2022 \$'000	30 June 2021 \$'000	Variance \$'000	Variance %
<b>Income</b>				
Platform revenue	169,538	141,982	27,556	19.4%
Other income	3,767	2,898	869	30.0%
<b>Total income</b>	<b>173,305</b>	<b>144,880</b>	<b>28,425</b>	<b>19.6%</b>
<b>Expenses</b>				
Employee benefits expenses	(63,840)	(50,097)	13,743	27.4%
Share-based payment expense	(3,053)	(402)	2,651	659.7%
Other costs and expenses	(21,821)	(15,032)	6,789	45.2%
<b>Total operating expenses</b>	<b>(88,714)</b>	<b>(65,531)</b>	<b>23,183</b>	<b>35.4%</b>
<b>EBITDA</b>	<b>84,591</b>	<b>79,349</b>	<b>5,242</b>	<b>6.6%</b>
<b>EBITDA margin</b>	<b>48.8%</b>	<b>54.8%</b>	<b>(6.0%)</b>	<b>-</b>
Interest on leases	(497)	(64)	433	674.7%
Depreciation and amortisation	(2,984)	(2,054)	930	45.3%
<b>NPBT</b>	<b>81,110</b>	<b>77,231</b>	<b>3,879</b>	<b>5.0%</b>
Income tax expense	(25,558)	(23,128)	2,430	10.5%
<b>NPAT</b>	<b>55,552</b>	<b>54,103</b>	<b>1,449</b>	<b>2.7%</b>
<b>NPAT margin</b>	<b>32.1%</b>	<b>37.3%</b>	<b>(5.2%)</b>	<b>-</b>
EPS (cents per share)#	22.7	22.1	0.6	2.7%

# EPS has been calculated on the basis all options and rights currently on issue has vested and converted to ordinary shares as at the beginning of the period.

### Underlying profit or loss for FY2022

Set out in the table below is the reconciliation from EBITDA to underlying EBITDA and NPAT for FY2022 to reflect an adjustment on non-recurring costs.

	Consolidated Group for Period Ended			
	30 June 2022 \$'000	30 June 2021 \$'000	Variance \$'000	Variance %
<b>EBITDA</b>	<b>84,591</b>	<b>79,349</b>	<b>5,242</b>	<b>6.6%</b>
Add back: Non-recurring expense*	501	-	501	100.0%
<b>Underlying EBITDA</b>	<b>85,092</b>	<b>79,349</b>	<b>5,743</b>	<b>7.2%</b>
<b>Underlying EBITDA margin</b>	<b>49.1%</b>	<b>54.8%</b>	<b>(5.7%)</b>	<b>-</b>
Interest on leases	(497)	(64)	433	674.7%
Depreciation and amortisation	(2,984)	(2,054)	930	45.3%
Income tax expense	(25,558)	(23,128)	2,430	10.5%
Addback: Tax impact from non-recurring expense*	(150)	-	150	100.0%
<b>Underlying NPAT</b>	<b>55,903</b>	<b>54,103</b>	<b>1,800</b>	<b>3.3%</b>
<b>Underlying NPAT margin</b>	<b>32.3%</b>	<b>37.3%</b>	<b>(5.0%)</b>	<b>-</b>
Underlying EPS (cents per share)*	22.7	22.1	0.6	2.7%

\*Netwealth incurred \$0.5 million of legal and consulting costs which are not recurring in nature as they relate to acquisitions no longer pursued. It has a tax impact of (\$0.15 million).

#EPS has been calculated on the basis all options and rights currently on issue have vested and converted to ordinary shares as at the beginning of the period

### Underlying cash flow statement (pre-tax) FY2022

The table below sets out the summary of the underlying consolidated statement of cash flows for FY2022 and FY2021.

	Consolidated Group for Period Ended			
	30 June 2022 \$'000	30 June 2021 \$'000	Variance \$'000	Variance %
Receipts from customers	186,387	151,211	35,176	23.3%
Operating cash flows	(96,096)	(80,056)	(16,040)	(20.0%)
Adjustment for (proceeds)/payment in relation to leasehold*	(3,080)	2,982	(6,062)	(203.3%)
Adjustment for (proceeds)/payment of non- recurring deposit	(4,000)	4,000	(8,000)	200.0%
Adjustment for legal and consulting costs**	501	-	501	100.0%
<b>Operating net cash flows before taxation and interest</b>	<b>83,712</b>	<b>78,137</b>	<b>5,575</b>	<b>7.1%</b>
Investing activities	(3,695)	(3,221)	(474)	14.7%
Adjustment for acquisitions	-	2,521	(2,521)	(100.0%)
Adjustment for seed funding for Managed Funds	1,000	1,500	(500)	(33.3%)
<b>Free cash flows</b>	<b>81,017</b>	<b>78,937</b>	<b>2,080</b>	<b>2.6%</b>

\*Adjusted to exclude net cash received on leasehold incentives in FY2022 and net cash paid on leasehold fittings in FY2021.

\*\*Adjusted to exclude \$0.5 million of non-recurring legal and consulting costs as they relate to acquisitions no longer actively being pursued.

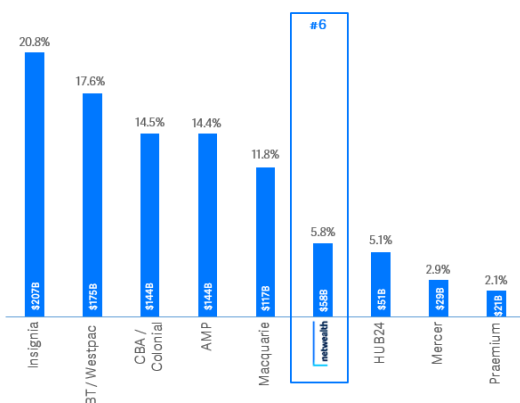
The Directors consider it appropriate to include certain non-International Financial Reporting Standard (IFRS) financial information as this assists users of this financial report to understand key financial metrics relevant to the operations of the Group. The tables above provide the reconciliation to IFRS financial information in this financial report audited in accordance with Australian Auditing Standards.

## Industry recognition

Netwealth has again outperformed the platform market, recognised as a market leader for service, innovation and growth.

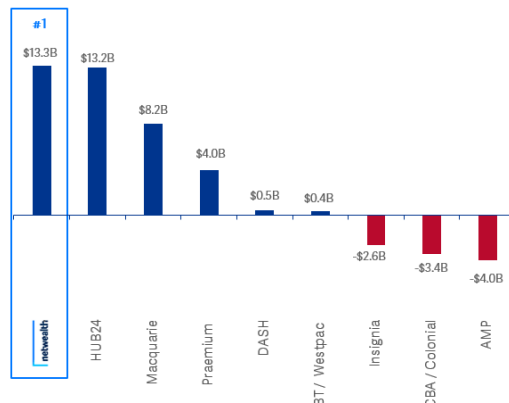
- Rated 1st by Investment Trends December 2021 Competitive Analysis and Benchmarking Report for “Best Overall Platform”. Netwealth also rated 1st for the important categories of “Reporting” and “Transaction Tools”.
- Rated 1st by Investment Trends May 2022 Adviser Technology Needs Report for “Overall Satisfaction” for the 10th consecutive year. Netwealth was also rated 1st for “Adviser Satisfaction” with Mobile Access for Clients.
- Our Super Accelerator product won the Chant West “Best Advised Product of the year” for the fifth year in a row.
- Awarded “Best Client Experience”, “Best Overall Functionality” and “Best for Ease of Onboarding” in the Advisor Ratings 2022 Australian Financial Advice Landscape Report.
- In the latest Plan for Life quarterly platform market update:
  - Netwealth was the fastest growing platform provider by net funds flows in Australia, accounting for 48% of industry net funds flows for the 12 months to 31 March 2022.
  - Netwealth continues to lead the industry for FUA net inflows, as reported in the Plan for Life March 2022 quarter platform market update, recording the largest FUA net inflows of \$13.3 billion for the 12-month rolling period to 31 March 2022.
  - Netwealth’s market share increased to 5.8% as at 31 March 2022 up 1.2% for the 12 months to 31 March 2022.

Platform providers by FUA market share % market share (Mar 2022)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2022  
Total industry retail FUA of \$995.3B (as at Mar 22)

Platform provider net funds flows \$ Billions (12 months to Mar 2022)



Source: Plan For Life, Analysis of Wrap, Platform and Master Trust Managed Funds as at Mar 2022  
Total net flows of +\$27.8B (Not included above: Others of -\$1.7B)

## FY2022 Key Platform and Technology Enhancements:

- Helping advisers and investors obtain a better picture of investors' 'whole of wealth' by enhancing our online platform and mobile application.
- Added 3rd party data feeds including Bank account data and property information and estimates in August 2022.
- Enhanced client and business reporting.
- Introduced new service channels including the ability to co-browse with clients and advisers.
- Our first clients commenced using our new "Multi Asset Portfolio & Non-custodial administration service" ("MAPs") The product consolidates custodial and non-custodial services for investors looking for a centralised account and reporting solution.
- Launched a new investment menu to support sophisticated investors and provide access to a range of funds offered via Information Memorandums;
- Enhanced security, including an upgrade to our multi-factor authentication functionality; and
- Implemented and supported the new fee consent processes.

## FY2023 Key Initiatives

- Upgrading functionality to enhance our award-winning feature-set to better support managed discretionary accounts, high net worth advisers/licensees & their clients and mid-market institutional investors.
- Providing market leading client portal to expand our client portal for advisers to interact online with all of their clients – both Netwealth and non-Netwealth account holders via mobile and desktop.
- Unlocking and leveraging data for clients, advisers, licensees and model managers to drive their efficiency and new insights & opportunities including data integration with Xeppo to unlock its full potential.
- Enhancing our core platform functionality by investing and rolling out new features that support platform functionality on investing, reporting and fee management.
- With our progressive move to the cloud, we are enhancing our IT tooling so we can continue to scale (build, deploy, host, monitor & support the Netwealth platform).
- Netwealth seeks to be the market leader in service and technology, viewing this as a key differentiator to maintain its market leading position.
- Making Netwealth the employer of choice by positioning us as a preferred employer through an engaging employee experience.
- Corporate sustainability as a core strategy to develop/deliver initiatives that ensure that we are genuine & transparent in our dealings, and we create meaningful environmental & social impact.

## FY2023 Outlook

- We continue to focus on profitable growth, revenue diversification, growing our clients and market share.
- Net Inflows growth has continued to accelerate in FY2022 and we expect to benefit from ongoing industry consolidation and change.
- The proportion of advisers that have their own AFSL or are Majority Independent increased from 45% of the market to 76% since the Royal Commission and Netwealth now wins business across all segments of this Advisor market. Furthermore, 81% of funds under advice per client among financial advisors was reported to be in the high net worth and mass affluent segments<sup>1</sup>.
- Netwealth expects to benefit from growth in its affluent, high net-worth and private wealth groups as its platform functionality supports and enables the unique and differentiated needs of the segment.
- Our pipeline and win rate for new business remains very strong across all key market segments including mid-market & small institutions with a number of large endowment funds and trusts transitioning to our platform.
- We are optimistic about the success of our new non-custodial administration service (MAPs) and we expect this service to grow through FY2023.
- Recent increases in the cash margin rate will positively impact cash revenue for FY2023 and beyond.
- We will continue to invest in our people and technology to enable us to grow rapidly in the future, however our head count growth is expected to slow in FY2023.
- We have recently agreed to provide growth funding of up to \$2.5 million to Xeppo. This accelerates their ongoing development and expansion in data analytics and business management platform which aligns with Netwealth's "Whole of Wealth" strategy. We intend to unlock and leverage data for advisers, licensees and model managers to provide them with new insights to identify opportunities, drive their efficiency and expanding our client portal for advisers to improve interaction with clients. Under the arrangement, Netwealth, which currently own 25%, has an option to buy 100% of Xeppo over the next 4 years.

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<sup>1</sup> Netwealth 2022 The Advisable Australian



## Risk Management on Material Business Risks

An investment in Netwealth shares is subject to risk factors, some of which are specific to Netwealth's business activities and others that are of a more general nature. Any single risk, or a combination of these risks, may have a material adverse impact on Netwealth's business, financial performance, and operations. This section represents the potential material risks investors should consider.

This section does not purport to list risks that may be associated with an investment in a Netwealth product (please refer to the product disclosure document(s) for risks associated with a Netwealth product).

While Netwealth seeks to manage risks to prevent adverse outcomes, many of these risks are outside the control of Netwealth, the Board, the Managing Directors, and the Executive.

Risk type	Description	Managing the risk
Cyber, data & privacy risk	<p>The risk that measures taken by Netwealth to prevent loss, misuse, theft, corruption, or destruction of data are inadequate which could result in a privacy breach, financial loss or business continuity event.</p> <p>The risk that systems that support data are compromised.</p>	<ul style="list-style-type: none"> <li>Dedicated infrastructure, security, and data governance functions manage Netwealth's technology and security requirements.</li> <li>Cross team security and threat meetings across business and the Executive.</li> <li>Regular upskilling of employees, the Executive, and Board on cyber and data risks including reporting.</li> <li>External audit and assessment of security frameworks and application of process and policy to identify and mitigate emerging cyber risks.</li> <li>Data governance policy to identify, classify, and understand data sensitivity and ownership, including supplier assessments.</li> </ul>
Development & technology risk	The risk that system design issues or coding errors lead to financial loss or breach of legislation.	<ul style="list-style-type: none"> <li>Training, frameworks, and processes which reduce likelihood of risk.</li> <li>Business continuity and disaster recovery policies and programs detailing Netwealth's plans for responding to various disruption scenarios.</li> <li>Insurance to protect the financial interests of Netwealth.</li> </ul>
Environmental, social & governance (ESG) risk	The risk that we are unable to deliver sustainable long-term outcomes for our clients, investors, and the community leading to reputation damage or financial loss.	<ul style="list-style-type: none"> <li>Regular monitoring and oversight of the annual Corporate Sustainability Framework by the Corporate Sustainability Committee and the Board.</li> <li>Publication of our annual strategy and quarterly updates of our progress to clients, investors, and the community on the Netwealth public website.</li> <li>Questionnaires and workshops with clients, investors, and the community as applicable to test strategy and direction.</li> </ul>
Governance risk	The risk that the Board fails to consider all risks, including management of conflicts in executing its	<ul style="list-style-type: none"> <li>Promoting open and transparent communication between shareholders and Netwealth, through direct contact, Netwealth's Corporate Sustainability channel, 'Contact Us'</li> </ul>

Risk type	Description	Managing the risk
	duties. This includes the risk that the interests of stakeholders may differ.	<p>form on the website and direct contact for whistleblowing disclosures.</p> <ul style="list-style-type: none"> <li>• Appropriate policies, delegations and controls in place to manage governance risk, including conflicts management.</li> <li>• Annual General Meetings which enable shareholders to raise questions and express concerns directly to the Board.</li> </ul>
Compliance and legal risk	<p>The risk of financial loss and/or non-compliance with legislation, regulation, policies, and standards.</p> <p>The risk that should an action be brought against Netwealth, Netwealth is unable to defend the action, resulting in financial loss</p>	<ul style="list-style-type: none"> <li>• Oversight of compliance and regulatory matters by the Group Risk and Compliance function and the Office of the Trustee for Netwealth's superannuation business.</li> <li>• Monitoring regulatory change and implementing appropriate controls.</li> <li>• Oversight of regulatory and compliance matters to Board Committees.</li> <li>• Internal and external legal advisors available if required.</li> </ul>
Liquidity risk	The risk that Netwealth is unable to meet its financial obligations resulting from insufficient liquid assets.	<ul style="list-style-type: none"> <li>• The Finance team regularly monitors and projects cash flow requirements. The Board reviews these projections and approves the 18 month cash flow on a regular basis.</li> <li>• Netwealth holds an allocation of capital as appropriate to enable flexibility to deal with unanticipated business conditions.</li> </ul>
Market performance risk	The risk that the operating and financial performance of Netwealth is influenced by a variety of general domestic and international economic and business conditions, including financial markets performance, interest rates or foreign exchange rates and Government policies.	<ul style="list-style-type: none"> <li>• Regular monitoring by the Managing Directors, the Executive and the Board of possible outcomes, the likely timeframe and the likelihood of the outcome occurring</li> <li>• Diversification of revenue streams which act in different ways with market performance, for example fees on funds under administration may decrease in a depressed market, however trading and holdings in cash may increase, generating fees for these services.</li> </ul>
Operational & fraud risk	<p>The risk that inadequate or failed internal processes, people, systems or external events may give rise to failure or disruptions (e.g. fraud).</p> <p>The risk that Netwealth is impacted as a result of an error, which may occur as a result of human error, supplier error, or system design error which gives rise to financial losses.</p>	<ul style="list-style-type: none"> <li>• Regular monitoring of systems and controls as part of the risk management framework</li> <li>• Business continuity policies and controls in place, including regular testing of continuity with management, oversight of results by the Board and independent audit of capability.</li> <li>• Clear training, policies, controls, and approval processes in place for all high-risk functions.</li> <li>• Reconciliations, peer review, and testing performed to identify potential errors.</li> <li>• Policies and controls, such as identity access management, segregation of duties, alerts, audits, and reconciliations to reduce risk of fraud.</li> </ul>

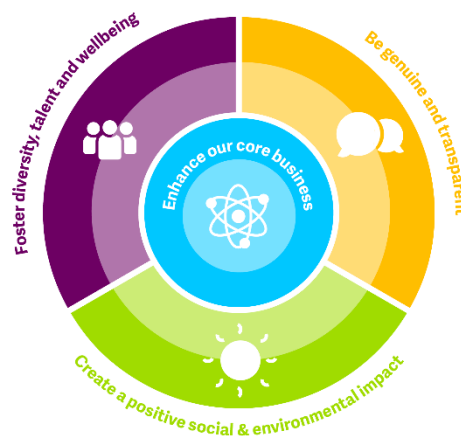
Risk type	Description	Managing the risk
		<ul style="list-style-type: none"> <li>Whistleblowing policy encourages staff and the community to raise concerns to Netwealth.</li> </ul>
People & culture risk	The risk that Netwealth suffers from a loss of key personnel, sustained underperformance by key personnel and/or fail to attract people that share Netwealth's cultural values.	<ul style="list-style-type: none"> <li>Oversight of policies and processes by the People and Culture team which outline Netwealth's employee guidelines and benefits, particularly around the succession planning and remuneration / incentive management for key employees, along with standard employee policies on employment process, induction, and performance.</li> </ul>
Reputation & brand risk	<p>The risk that certain issues or events may adversely affect Netwealth's reputation, including through:</p> <ul style="list-style-type: none"> <li>Negative publicity;</li> <li>Disputes; and</li> <li>Negative client experiences.</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of media to understand external perceptions of Netwealth's reputation / brand.</li> <li>Regular monitoring of operational risks to understand and mitigate impact of any control failure (if applicable).</li> <li>Existence of a Complaints Policy and a Whistleblowing Policy to ensure open and transparent interactions with clients and employees.</li> <li>Application of a Code of Conduct which all Netwealth employees, and directors are expected to abide by.</li> <li>Application of a code of conduct for suppliers.</li> </ul>
Strategic risk	The risk that Netwealth fails to continue to be a leader in technology and service, resulting in a loss of our competitive position.	<ul style="list-style-type: none"> <li>Netwealth's Executive and Board regularly discuss strategic direction to remain abreast of competitive market dynamics.</li> <li>Strategic planning process considers multiple factors including competitors, external opportunities, technology opportunities, new products and services, profitability, and adviser / client demand.</li> </ul>

## Corporate Sustainability

Over the past year a significant amount of work has been undertaken to continue to shape Netwealth's approach to corporate sustainability and our overarching corporate sustainability framework. Netwealth's annual Corporate Sustainability Report outlines the initiatives that have been undertaken over the year to achieve the goals that were committed to in FY2021, as well to provide guidance and on future goals.

Netwealth continued to focus on four key areas that are important to both the company and stakeholders: enhancing our core business; being genuine and transparent; fostering diversity, talent, and wellbeing; and creating a positive social and environmental impact.

Reflecting on FY2022, these are some of the highlights in each of the four key areas:



### 1. Enhance our core business

This year there was a continued focus on migrating our infrastructure to the cloud and implementing new diagnostic tools to further strengthen Netwealth's service disruption risk mitigation strategy. A new workflow management system was launched in November 2021 that enables Netwealth to create efficiency in processing and in the future to increase workflow transparency to clients and financial advisers. Our online platform and mobile application continue to be upgraded to expand the platform's use as a single source of wealth reporting and we have developed a Data Governance Policy creating a clear process to identify, assess, manage, and monitor data assets.

### 2. Be genuine and transparent

A Corporate Sustainability Board Committee has been established to provide oversight and support to Netwealth's initiatives. We significantly improved Corporate Sustainability reporting and communications throughout FY2022, including the creation of a corporate sustainability website page and publishing quarterly sustainability reports. All Netwealth products now have a Target Market Determination (TMD) accessible on the website to comply with the new design and distribution obligations (DDO). New policies, codes and reports have been made available through the website to promote transparency with stakeholders.

### 3. Foster diversity, talent, and wellbeing

This year Netwealth launched its first graduate program with the aim of expanding the program in the future. A mentorship program was established for 15 outstanding female employees in partnership with Financial Executive Women, a new Employee Assistance Program (EAP) was launched providing a broad range of services to our employees including professional coaches, counsellors, and psychologists. We updated policies and practices resulted in Netwealth receiving certification as a Family Inclusive Workplace.

The new Melbourne office was opened in November 2021 with a Welcome to Country and smoking ceremony conducted by Indigenous Elder Ronald Terrick (Uncle Ringo) of the Wurundjeri Tribe. Netwealth encourages hybrid working arrangements including a mix of in-person and virtual meetings as part of the evolving culture of work. This empowers our people to manage their work and time to achieve both company objectives and personal goals whilst ensuring the health and wellbeing of our people, clients and business partners remain a priority.

Other initiatives introduced throughout the year to support employee physical and mental wellbeing, included lockdown hampers, online personal training, employee connection social nights, health and resilience activities, physical wellbeing with the Corporate Triathlon and Health and Wellness Week, financial wellbeing workshops, gifting staff with a 'recharge' annual leave day in September 2021 and introducing bonus leave to encourage employees to take a break.

In the annual employee survey completed, Netwealth continued to achieve high satisfaction from employees with an overall 79% score and among the top quartile of comparable businesses. Netwealth embraces the principles of the Workplace Gender Equality Agency report and rewards everyone equally by paying the same regardless of gender when performing the same job and having equivalent experience. We remain committed to working towards our targets for gender balance. Gender diversity indicators for the year to 31 March 2022:

	Gender diversity %	
	FY2022 Actual	FY2022 Target
Board	33%	30%
Senior Executive (excluding Executive Directors)	29%	30%
Managers	36%	40%
All Employees (excluding Non-Executive Directors)	43%	45%

Netwealth remains committed to the investment in our people, their well-being and fostering diversity in our workplace with various ongoing initiatives initiated by Netwealth and our people.

#### 4. Create a positive social and environmental impact

Netwealth's charity partners this year included Live4Life, People & Parks and Food for Change Foundation and a total of \$24,000 was donated to these three organisations. This year a volunteer leave day was introduced, and a result, employees volunteered for 520 volunteer hours at a variety of organisations. Additionally, Netwealth continued to provide financial support to Banqer to provide financial education to 20,583 primary school students across 485 schools in Australia for free.

The full **Netwealth's Corporate Sustainability Report** is available now on our Corporate Shareholder website and is designed to be read alongside this Annual Report for FY2022. The above initiatives touch on what Netwealth has done this year, we encourage stakeholders that are interested in what we are doing in FY2023 and the future to download the Report. We aim to share with our stakeholders how we grow and develop our initiatives and performance indicators and welcome your feedback.

Our annual corporate sustainability report, quarterly progress report and latest initiatives are available on the Company's website at

<https://www.netwealth.com.au/web/about-netwealth/corporate-sustainability/>

Please share your feedback with us through [CSR@netwealth.com.au](mailto:CSR@netwealth.com.au)

## Corporate Governance

Netwealth operates in the highly regulated superannuation and investment sectors of the financial services industry. The Netwealth Board believes that sound governance is fundamental to the ongoing success and growth of Netwealth. Accordingly, the Board has created a framework of governance, culture, and accountability for managing Netwealth, including adopting relevant internal controls, risk management processes and corporate governance policies and practices to meet the Group's trustee, IDPS operator and responsible entity obligations to the users of its financial products and services and to achieve high level of corporate governance for the benefit of its shareholders and other stakeholders.

Below is a key summary from the Annual Corporate Governance Statement.

Shareholders can access full information about Netwealth's governance framework from Netwealth's public website. Information including the Annual Report, the full annual Corporate Governance Statement, ASX announcements, shareholder meeting details, Corporate Sustainability Report, and Netwealth's governance policies can be located at

<https://www.netwealth.com.au/web/about-netwealth/shareholders/>.

## Board of Directors

A high performing, effective Board is essential for the proper governance of Netwealth. The Board has the following responsibilities:

- Represent and serve the interests of shareholders by overseeing and appraising Netwealth's strategies, values, policies, and performance.
- Select, appoint, and evaluate the performance of the Managing Directors, the Executive Committee and other key employees.
- Approve the Remuneration Policy, in accordance with Netwealth's purpose, values, strategic objectives and risk appetite.
- Determine the remuneration of the Managing Directors, the Executive Committee and other key employees.
- Define Netwealth's purpose and develop and approve Netwealth's corporate strategy, including to establish performance objectives, operating budgets, and corporate sustainability targets.
- Approve the risk management framework, including Netwealth's appetite for risk and the implementation of appropriate systems to manage those risks.
- Review, ratify, and monitor the systems of risk management, internal control, and legal compliance.
- Develop and review Netwealth's values, code of conduct and corporate governance policies.
- Approve and oversee major capital expenditure, acquisitions, divestitures and capital management.
- Monitor and review management processes aimed at ensuring the integrity of financial and other reporting.
- Approve financial reports, forward looking statements, and other reports required by law.
- Satisfy itself that appropriate frameworks exist for relevant information to be reported to the Board and where required, challenge the recommendations of the Executive.
- Communicate to shareholders, stakeholders and the market generally on Netwealth's performance and other material matters, as required.



The responsibilities of the Board are detailed in Netwealth’s Board Charter, including setting out the role and responsibility of the Chair.

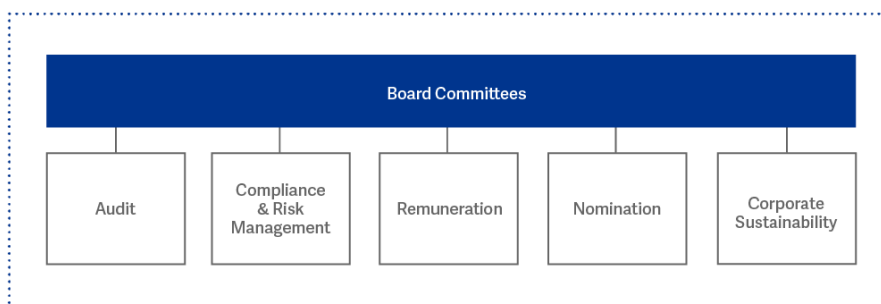
Directors are expected to attend all board meetings where possible, either in person or via teleconference link. Details of Director attendance at Board meetings up to 30 June 2022 are included set out on page 40, which is published on Netwealth’s shareholder information website.

## Board committees

The Board has established committees to assist the Board in discharging its duties. The Board has five committees: the Audit Committee, the Compliance and Risk Management Committee (CRMC), the Remuneration Committee, the Nomination Committee, and the Corporate Sustainability Committee (which held its first meeting in November 2021).

All Directors have access to agendas and papers of all committee meetings through Netwealth’s board portal. All Directors who are not members of a committee have an open invitation to attend the meeting. The signed minutes of each committee are also tabled at a subsequent board meeting. The chair of each committee is invited by the Chair to report any relevant matters to the Board at each scheduled board meeting. If required, matters can be escalated to the Board at any time, and board meetings can be called if required to consider a matter that requires consideration before the next scheduled board meeting.

Netwealth Group Limited Board



## Director nomination and appointment

The Board is currently comprised of six Directors, comprising of an independent Chairman, two Joint Managing Directors and three Non-Executive Directors (all of whom are independent). Netwealth’s Board Renewal Performance Policy requires that the Chair of the Board will at all times be a Non-Executive Director. The majority of Netwealth’s Board are independent.

When considering an appointment to the Board, the Board has regard to the candidate’s skill, judgement, diversity, and experience. A skills matrix is used to assist the Nomination Committee and the Board in its assessment of the current Board and to identify any gaps in the collective skills of the Board.

Each year the Board considers the Board skills matrix (see below) to ensure the skills and experience on the Board will provide the judgement, experience and diversity that will best enable Netwealth to achieve its strategic objectives.

The Board has authorised the Nomination Committee to assess a candidate’s independence having regard to any previous employment and personal interests of the candidate. The Nomination Committee must put this assessment to the Board for approval along with comprehensive reference checks, an assessment of independence and the ability for the candidate to have sufficient time to meet their responsibilities to Netwealth. New directors are required to make statements that they are not a disqualified person and that they are fit and proper for the position. All directors make an annual declaration to this effect.

Non-Executive Directors are generally appointed for a term of three years and will stand for election at the Annual General Meeting (AGM) which occurs three years after their last appointment date. At the AGM held in October 2021, Kate Temby stood for election and was elected for three years. Sally Freeman and Davyd Lewis are due to stand for re-election in October 2022. For each Director that is put forward for election, Netwealth will ensure that information about the director is made available to shareholders so that they can make an informed decision.

## Board skills matrix

Category	Explanation
Product and strategy	<ul style="list-style-type: none"> <li>• Understanding of Netwealth’s products and clients, including product basics of Superannuation, IDPS and other financial products</li> <li>• Ability to contribute to and challenge the strategic direction of Netwealth, including assessing and debating the strategic business plans, and contributing to achieving Netwealth’s strategic objectives.</li> </ul>
Financial acumen	<ul style="list-style-type: none"> <li>• Understanding of key administration and accounting controls, financial records, statements and presentations</li> <li>• Strong financial literacy and analytical thinking skills</li> </ul>
People and change management	<ul style="list-style-type: none"> <li>• Understanding of people management, Service agreements – terms, conditions and monitoring</li> <li>• Knowledge of remuneration plans, including Fixed, STI and LTI.</li> </ul>
Legal, regulatory and governance	<ul style="list-style-type: none"> <li>• Knowledge of a Director’s legal requirements and understanding of Board responsibilities, composition and the Director appointment and removal process</li> <li>• Understanding of applicable legal affairs and regulation, including basic principles of Corporation and Trust law and governing documentation such as the Constitution</li> <li>• Ability to understand and contribute to debate on law as applicable to Netwealth’s Products and Services</li> <li>• Understanding of the requirements applicable to an ASX listed company</li> <li>• Ability to participate in debate as to the content of Netwealth’s Board policies and to the delegation of duties to Netwealth’s Joint Managing Directors and Executive</li> </ul>
Risk management and audit	<ul style="list-style-type: none"> <li>• Understanding of Netwealth’s Risk Management Framework</li> <li>• Ability to understand and contribute to debate on the Netwealth’s risk and control framework</li> <li>• Understanding of investment risk management and monitoring</li> <li>• Understanding of the role of Netwealth’s internal and external auditors</li> <li>• Awareness of fraud, corruption issues</li> </ul>

Category	Explanation
Investments	<ul style="list-style-type: none"> <li>• Ability to debate management proposals, issues and policies relating to investments</li> <li>• Understanding of and ability to debate investment issues and recommendations</li> </ul>
Cyber Security and technology	<ul style="list-style-type: none"> <li>• Ability to contribute to debate on the strategic direction of Netwealth's information technology</li> <li>• Understanding of cyber protection, cyber risk management and principles of business continuity</li> <li>• High level knowledge of IT infrastructures, systems, processes and growth requirement</li> <li>• Understanding of principles of business continuity</li> </ul>
Corporate Sustainability	<ul style="list-style-type: none"> <li>• Understanding of how Netwealth can provide sustainable solutions to its products and services</li> <li>• Understanding of social, environmental and governance implication in decision making</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Competent in dealing with media</li> <li>• Commitment to Netwealth's company values</li> <li>• Meets the Netwealth Investments Limited's Fit and Proper Person requirements</li> </ul>

## Integrity of financial reporting

The Audit Committee assists the Board in reviewing and monitoring the integrity of Netwealth's financial reports and statements. The Audit Committee reviews the financial reports and statements with the Chief Financial Officer (CFO), the Joint Managing Directors and Netwealth's external auditor to ensure their accuracy, compliance with accounting standards and compliance with other policies and laws.

Netwealth's external auditor, Deloitte Australia, appointed since April 2017, is invited regularly to Netwealth's Audit Committee meetings and at least annually presents to the Audit Committee without the Joint Managing Directors or members of the Executive present. The Audit Committee conducts a formal annual performance assessment of the external auditor, oversees regular rotation of the external audit partner and may consider whether to commence an external tender for the audit.

After considering relevant factors including tenure, audit quality, capability and experience and independence, the Board Audit Committee resolved to reappoint Deloitte for the 30 June 2022 financial year audit. The Deloitte Lead Audit Engagement Partner for the Group appointed for the financial year ended 30 June 2022 replaced the previous Lead Audit Engagement partner who had been in the role since 30 June 2017 financial year.




Deloitte Australia is scheduled to attend Netwealth's Annual General Meeting in October 2022 to address any queries from shareholders in relation to the annual report.

## Director shareholding requirements

To align with shareholder's interests, it is a condition of employment that Non-Executive Directors of the NGL Group Board are expected to acquire shares in Netwealth with a total value equal to at least one year's remuneration. It is expected that a Non-Executive Director will acquire the shares within 3 years of their appointment. Non-Executive Directors must abide by Netwealth's Trading Policy and seek approval and disclose any trading in Netwealth shares.

## Directors Information and Experience

The Directors bring to the Board a breadth of expertise and skills, including industry and business knowledge, financial management skills and corporate governance experience.

Name and title	Profile
 <p><b>Timothy Antonie</b> Independent Non-Executive Director Chairman</p>	<ul style="list-style-type: none"> <li>• Timothy has been a Director of Netwealth since November 2015 and was appointed as the independent Chairman of Netwealth (and its related entities) from 17 February 2021.</li> <li>• Timothy commenced his career at Price Waterhouse (now PricewaterhouseCoopers) and qualified as a chartered accountant. He subsequently worked at several investment banks, including at UBS Investment Bank as a Managing Director, where he advised major Australian companies in large scale mergers, acquisitions, sales and restructures and equity transactions, as well as day-to-day equity market facing matters. Timothy is now a principal of Stratford Advisory Group providing independent financial advice to Australian and international corporations.</li> <li>• Timothy holds a Bachelor of Economics (majoring in Accounting) from Monash University.</li> <li>• Timothy is currently the chairman of Breville Group Limited and a director of Premier Investments Limited. Timothy was previously a director of Village Roadshow Limited until December 2019.</li> <li>• Timothy is a member of the Group Remuneration Committee, and the Netwealth Investments Limited (NIL) Investment Committee and the chair of the Group Nomination Committee.</li> </ul>
 <p><b>Michael Heine</b> Joint Managing Director</p>	<ul style="list-style-type: none"> <li>• Michael has been a Director of Netwealth since its establishment in 1999.</li> <li>• Michael was instrumental in the establishment of Netwealth in 1999. Michael acted as sole Managing Director from 1999 to 2014 and has acted as Joint Managing Director together with his son Matthew since January 2015.</li> <li>• Michael has experience in Australian and European financial markets, including commodity trading, international financing, mortgage lending and property development. Michael was instrumental in the establishment of the Heine Brothers funds management business in 1982 and was its Managing Director from 1982 to 1999 when the company was acquired by ING (then Mercantile Mutual).</li> <li>• Michael is a member of NIL Investment Committee, NSS Audit Risk and Compliance Committee and NSS Superannuation Investment Committee.</li> </ul>
 <p><b>Matthew Heine</b> Joint Managing Director</p>	<ul style="list-style-type: none"> <li>• Matthew joined Netwealth in July 2001 and was appointed a Director in March 2004. He was appointed Joint Managing Director in January 2015.</li> <li>• Matthew has been instrumental in the development of the Netwealth platform and products as well as the distribution, branding and marketing of the Group. Matthew's role and experience in the sales, marketing and strategy field brings a firsthand understanding of the industry and client base.</li> <li>• Matthew holds a Diploma of Financial Services and an Advanced Diploma of Management.</li> <li>• Matthew is a member of the Group Corporate Sustainability Committee.</li> </ul>

## Name and title

## Profile



**Davyd Lewis**  
Independent  
Non-Executive  
Director

- Davyd has been a Director of Netwealth since July 2009.
- Davyd was a partner of Mallesons Stephen Jaques for 20 years until his retirement in 2008. Davyd's role included Partner in Charge of the Melbourne centre, Managing Partner Practice of Mergers & Acquisitions, Property and Construction, Dispute Resolution and Intellectual Property, National Practice Team Leader of the Mergers & Acquisitions Group and was responsible for supervising the relationship with 50 of the firm's biggest clients.
- Davyd holds a Bachelor of Economics, a Bachelor of Laws and a Master of Laws (majoring in securities markets and takeovers).
- Davyd is a member of the Group Audit Committee and Group Nomination Committee. Davyd is the Chair of the Group Compliance and Risk Management Committee, the Group Remuneration Committee and the NSS Audit Risk and Compliance Committee.



**Sally Freeman**  
Independent  
Non-Executive  
Director

- Sally joined Netwealth as a director in October 2019.
- Sally's executive career comprised over 30 years' experience in the accounting and consultancy industries culminating in a number of leadership roles with KPMG: Global Executive - Risk Consulting Services, Australia Managing Partner Risk Consulting, Partner in Charge Board Advisory and Managing Partner Internal Audit.
- Sally holds a Bachelor of Commerce, is a member of the Australian Institute of Company Directors, the Institute of Chartered Accountants and of Chief Executive Women.
- Sally is currently a director of Regional Investment Corporation, Eastern Health, Melbourne Football Club and Regis Aged Care.
- Sally is a member of the Group Compliance and Risk Management Committee, Group Remuneration Committee, Group Nomination Committee, NSS Audit Risk and Compliance Committee and NSS Superannuation Investment Committee. Sally is the Chair of the Group Audit Committee.







**Kate Temby**  
Independent  
Non-Executive  
Director

- Kate joined Netwealth as a director on 1 February 2021.
- Kate is a partner with Affirmative Investment Management that manages over \$1.5bn of global impact fixed income portfolios on behalf of clients globally. Kate is a member of the Investment Committee for Conscious Investment Management, a private equity impact fund, and was a Board member of Melbourne Girls Grammar and Chair of the Marketing Committee from January 2016 to September 2020.
- Kate holds a Bachelor of Commerce, is a member of the Australian Institute of Company Directors and the Institute of Chartered Accountants
- Kate was formerly a Managing Director at Goldman Sachs and Co-Head of Asia Pacific Ex-Japan Asset Management Institutional Sales. Prior to this, Kate was a Consultant in Financial Risk Management at PricewaterhouseCoopers.
- Kate is currently a director at Affirmative Investment Management.
- Kate is a member of the Group Audit Committee, Group Compliance and Risk Management Committee, Group Remuneration Committee and the Group Nomination Committee. Kate is the Chair of the Group Corporate Sustainability Committee and NIL Investment Committee.

## Executive Leadership Information and Experience

Profiles of Netwealth's senior management team are set out below.

Name and title	Profile
 <p><b>Michael Heine</b> Joint Managing Director</p>	<ul style="list-style-type: none"> <li>Refer to Board of Directors section</li> </ul>
 <p><b>Matthew Heine</b> Joint Managing Director</p>	<ul style="list-style-type: none"> <li>Refer to Board of Directors section</li> </ul>
 <p><b>Grant Boyle</b> Chief Financial Officer and Joint Company Secretary</p>	<ul style="list-style-type: none"> <li>Grant joined Netwealth in May 2017.</li> <li>Grant has more than 30 years' experience in financial services and the accounting profession. Most recently the Chief Financial Officer of EMR Capital, Grant has held several Chief Financial Officer and Chief Operating Officer roles within financial services, including at BlackRock, Powerwrap and Phillip Capital.</li> <li>Prior to entering the funds/Platform space, Grant was a finance manager with ANZ Group Finance and a manager in the Corporate Recovery and Insolvency division of Ernst &amp; Young.</li> <li>Grant holds a Bachelor of Business (Accounting) from Latrobe University and a member of Chartered Accountants Australia &amp; New Zealand.</li> </ul>
 <p><b>Rachel Axton</b> Chief Governance Officer and Joint Company Secretary</p>	<ul style="list-style-type: none"> <li>Rachel joined Netwealth in February 2016.</li> <li>Rachel has over 20 years of experience in financial services working across a range of wealth management providers, specialising in superannuation and investment services. Prior to joining Netwealth, Rachel managed the Colonial First State Custom Solutions Risk and Compliance team. Rachel contributes to Netwealth's strategic direction as part of the Executive team.</li> <li>Rachel is a Fellow of the Association of Super Funds of Australia. Rachel holds a Graduate Diploma in Superannuation Management and a Bachelor of Business (Economics).</li> </ul>





**Philip Coldwell**  
General Manager,  
Product

- Philip joined Netwealth in November 2011.
- Philip has over 30 years' experience in the financial services industry including positions in the management of financial planning operations, technical services, product development and marketing. From 2000 to 2011 Philip was an owner and director of Integrity Financial Planners Pty Ltd.
- Philip holds a Bachelor of Business from Swinburne and a Diploma of Financial Planning.



**Alistair Densley**  
General Manager,  
Operations

- Alistair joined Netwealth in May 2002.
- Having previously held a leadership role within Netwealth's IT Development Team, he has been Netwealth's General Manager, Operations, since September 2010.
- Alistair has over 20 years' experience in the financial services industry and has played an important role in establishing and achieving scalability for many administrative processes across Netwealth's Platform.
- Alistair holds a Bachelor of Commerce.



**John Hanrahan**  
Chief Information  
Officer

- John joined Netwealth in May 2012.
- John has responsibility for application development, technology infrastructure, business analysis, project management and technology vendor management. John has more than 30 years of experience in financial services technology. Prior to joining Netwealth, John led the Australian technology team for BlackRock.
- John holds a Bachelor of Business (Banking and Finance) from Monash University.



**Amanda Atkinson**  
General Manager,  
Service Delivery and  
Support

- Amanda joined Netwealth in February 2004.
- Amanda is Head of Investor Services. Her other responsibilities include designing and improving the scalability of the administrative processes and procedures across the Netwealth platform.
- Amanda has over 15 years' experience in the financial services industry.



**Damian Holland**  
General Manager, Sales  
& Distributions

- Damian joined Netwealth in October 2019 and is responsible for managing Netwealth's National Sales & Distribution Team.
- He brings more than 25 years of financial services experience working with major global and Australian wealth management firms in range of executive leadership roles.
- Damian holds a Bachelor of Finance from the University of Illinois and an MBA from Bond University.

## Netwealth's values

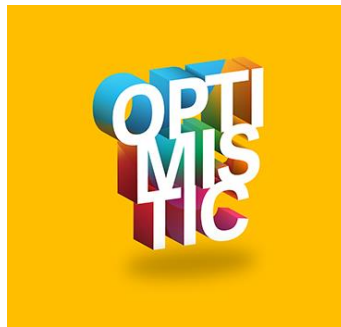
At Netwealth the Board, Executive and employees pride ourselves on living our shared values, which impact the way we work and communicate.

Netwealth's values were formulated by Netwealth Board, Executive and employees and captures the unique point of difference that we bring to the market. The values were approved by the Board and form part of the Group Strategic Plan. We believe the values strongly represent why Netwealth was successful in the past and encourage our team to embrace these values as we believe they will ensure Netwealth's continued success.

During induction, new staff are introduced to the values and team members as are publicly recognised across the business where they demonstrate exceptional alignment to one or more values as part of Netwealth's value awards. The performance review process is aligned to providing our team continual feedback and measurement of overall performance against our values. Netwealth's values are to be:



We are curious and look to challenge assumptions, explore new possibilities, and enthusiastically learn.



We are optimistic and look to be positive, drive for solutions and demonstrate passion and pride.



We are courageous and look to act, overcome barriers, and stand up for the right outcomes.



We are collaborative and look to consider other's priorities, share knowledge, help others, and communicate effectively and respectfully.



We are agile and look to adapt to change, focus on agreed priorities, and execute quickly and efficiently.



We are genuine and look to be open, honest, and transparent, act with integrity, ensure compliance with regulations, and demonstrate professionalism consistently.



## Directors' Report

The Directors present their report on Netwealth Group Limited "the Company" and its controlled entities for the year ended 30 June 2022 (FY2022). The consolidated entity is referred to as "the Group or Netwealth". In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The Directors (unless stated otherwise) in office since the start of the financial year to the date of this report are:

#### Non-Executive Directors:

- Timothy Antonie (Chairman)
- Davyd Lewis
- Sally Freeman
- Kate Temby

#### Executive Directors:

- Michael Heine
- Matthew Heine

Details of the qualifications, experience and special responsibilities of the Directors and qualifications and experience of the Company Secretaries at the date of this report are set out on pages 32 to 34 of this Annual Report.

### Principal Activities

The principal activities of the Group are to provide Financial Intermediaries and clients with wealth administration and management services including managed funds, investor directed portfolio services, a superannuation master fund, managed accounts service, self-managed superannuation and non-custodial administration services. There were no significant changes to the principal activities of the Group during the financial year that are not otherwise disclosed in this Annual Report.

### State of affairs

There were no other significant changes in the state of affairs during the year that are not otherwise disclosed in this Annual Report.

### Dividends

On 24 September 2021, the Company paid a fully franked final ordinary dividend of 9.5 cents per share (total dividend of \$23,161,252) for the financial year ended 30 June 2021.

On 16 February 2022, the Company declared an interim dividend and paid on 24 March 2022 a fully franked dividend of 10.0 cents per share, representing a total dividend of \$24,381,000.

On 24 August 2022, subsequent to the financial year ended on 30 June 2022, the Company declared a fully franked final dividend for FY2022 of 10.0 cents per share (total dividend of \$24,381,369). The final dividend has an ex-dividend date of 30 August 2022 and payable on 29 September 2022.

The Company does not have a Dividend Reinvestment Plan.

### Operating and Financial Review

Information on the operating and financial performance of the Group, its strategic and sustainability initiatives, risks and outlook are set out on pages 14 to 22 of this annual report.

### COVID-19 impact and External Outlook

During the financial year, the world continued to emerge from the COVID-19 pandemic. The conflict in Ukraine and high inflationary pressures have resulted in substantial market volatility in the second half of FY2022. Coupled with a tight labour market and rising interest rates, the macro-economic environment continues to impact the business environment and the broader community.

Despite this backdrop, Netwealth remains very well positioned for sustained shareholder value creation with its pipeline of new and existing business and growing market share. The Directors are continually assessing the impacts of extraneous factors to the operations on an ongoing basis.

### Subsequent Events to Reporting Date

Netwealth has agreed to provide Xeppo with growth funding of up to \$2.5 million with a new option to purchase 100% of Xeppo over the next 4 years. The agreement was signed on 11 August 2022.

In the opinion of the Board, there are no other matters or circumstances which have arisen between 30 June 2022 and the date of this Report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs for the Group in subsequent financial periods.

### Directors' meetings

During the financial year, 22 Board of Director meetings were held. Attendances by each Director during the year of Board meetings and Committee meeting where the Director is a member were as follows:

	Board of Directors' meetings		Audit Committee		Remuneration Committee		Nomination Committee <sup>1</sup>		Compliance & Risk Committee		Corporate Sustainability Committee <sup>2</sup>	
	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
<b>Directors</b>												
Timothy Antonie	22	22	-	-	11	10	2	2	-	-	-	-
Davyd Lewis	22	22	12	12	11	11	2	2	10	10	-	-
Sally Freeman	22	21	12	12	11	11	2	2	10	10	-	-
Kate Temby	22	21	12	12	11	11	2	2	10	9	3	3
Michael Heine	22	21	-	-	-	-	-	-	-	-	-	-
Matthew Heine	22	22	-	-	-	-	-	-	-	-	3	2

(A) Number of meetings held during the time the director held office and was eligible to attend as a member

(B) Number of meetings attended as a member

<sup>1</sup> Meetings called on an as needed basis

<sup>2</sup> Corporate Sustainability Committee was approved and created by the Board on 24 November 2021

### Indemnification of Directors and Officers

It is the Group's policy that its employees should be protected from any liability they incur as a result of acting in the course of their employment in their respective capacities, subject to appropriate conditions.

During the financial year, the Company has paid premiums for insurance for the benefit of the Directors and Executive team. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

### Key Management Personnel (KMPs) and Employee Share and Option Plans

Information about the remuneration of KMPs is set out in the remuneration report section of this Directors' report.

During the year, eligible employees who had served 3 or more years were offered ordinary shares valued at \$1,000 as a gift for no consideration resulting in 10,143 new ordinary shares issued at \$15.74 and 890 new ordinary shares issued at \$11.21.

A number of employees were granted ordinary share options and performance rights as part of the Group's long-term incentive plan during the year. This resulted in the Group issuing 2,270,000 options at an exercise price of \$15.74 per share and 60,913 performance rights at an exercise price of \$nil during the year.

Shares, options and performance rights granted to directors and KMPs during the year:

Issuing entity	Type	Number	Class of shares
<b>Executive Directors</b>			
Matthew Heine	Options	75,000	Ordinary
	Rights	23,825	Ordinary
<b>Senior Executive</b>			
Grant Boyle	Shares	89	Ordinary
	Options	75,000	Ordinary
	Rights	6,353	Ordinary

Details of unvested options or rights as at the date of this report are:

Issuing entity	Type	Number	Class of shares	Exercise price of the equity	Expiry date of equity
Netwealth Group Limited	Options	2,270,000	Ordinary	\$15.74	30 Jun 26
Netwealth Group Limited	Rights	60,913	Ordinary	nil	30 Jun 26

Details of vested options but not yet exercised as at the date of this report are:

Issuing entity	Type	Number	Class of shares	Exercise price of the equity	Expiry date of equity
Netwealth Group Limited	Options	576,379	Ordinary	\$7.5544	30 Jun 37

### Environmental Regulations

The Group does not believe that its operations are subject to any other particular and significant environmental regulation under a law of the Commonwealth of Australia or of an Australian State or Territory. To the best of the Directors' knowledge, the Group has not incurred any material environmental liability during the year.

The Group recognises the expectations of its stakeholders (customers, shareholders, our people and the community) to operate in a way that both reduces and mitigates its environmental impact and is committed to corporate sustainability. Netwealth has in place a comprehensive corporate sustainability framework which reflects our core values of being genuine, agile, collaborative, curious, courageous and optimistic.

A summary of our corporate sustainability initiatives are set out in pages 26 to 27 of this report. The full annual Corporate Sustainability, quarterly progress report and latest initiatives are available on the Company's website at

<https://www.netwealth.com.au/web/about-netwealth/corporate-sustainability/>

### Corporate governance

Netwealth is committed to being ethical, transparent and accountable. We believe this is essential for the long-term performance and sustainability of our Company and supports the interests of our shareholders, clients and other stakeholders.

A summary of the corporate governance statement are set out in pages 28 to 31. For the full corporate governance statement and disclosure policies, please visit our website below.

<https://www.netwealth.com.au/web/about-netwealth/shareholders/>

### Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a part for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

### **Non-audit services**

During the year, Deloitte Touche Tohmatsu, the Group's auditor has performed internal controls assurance services in addition to its statutory duties. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in Note 27 to the financial statements.

The Directors, in accordance with advice received from the Audit Committee, are satisfied that the provision of those non-audit services during the year did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been approved in accordance with the Company's non-audit services policy to ensure that they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

### **Rounding of amounts**

The Group is of a kind referred to in the Australian Securities and Investments Commissions Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is set out on page 57.

Signed in accordance with a resolution of the Board of Directors:



**Timothy Antonie**

Chairman

24 August 2022

## Remuneration report (audited)

Letter from the Remuneration Committee Chair

On behalf of the Board, I am pleased to present Netwealth's FY2022 Remuneration Report.

With the world continuing to open up and adapt to living with the impact of COVID-19, Netwealth has successfully implemented a hybrid working culture to ensure that the well-being of staff is prioritised, while allowing collaboration between teams to flourish and maintaining exceptional client service.

It was pleasing to observe how our staff, led by the Executive team have once again responded exceptionally well in this challenging environment, showing resilience, and adapting quickly to repeated changes in working conditions, while ensuring operations continued to run smoothly. We have been successful in retaining key staff in a very competitive labour market and in recruitment of new talented employees.

### Netwealth's performance in FY2022

The Group's strong risk management framework and culture positions us well to respond and adapt to both short and long-term disruptions. Despite the uncertain and volatile environment from geopolitical events, market volatility and the continuing impact from COVID-19, Netwealth encountered no major disruptions and continued to grow with NPAT increasing by 2.7%. This was driven principally by the growth in FUA of 18.1% and FUM of 11.3%.

### Review of the Remuneration framework

Netwealth's remuneration framework is targeted at driving excellence in client service and solutions, values and a performance-based culture and the Board recognises the importance of suitably incentivising our staff. The objective for our remuneration framework is not only to recruit and retain talent and motivate our team to be innovative and creative, but also to be accountable for all their decisions in order to maintain our high level of compliance, governance, innovation and client satisfaction.

The Remuneration Committee (the Committee) continues to focus on both financial and non-financial metrics to ensure senior management are accountable for their decisions, their behaviours, risk management and customer and reputational consequences.

At the start of the year, the Committee reviewed all executive remuneration and benchmarked it against comparable financial services companies. Outcome from this review included an increase in the fixed remuneration of Key Management Personnel Matt Heine (JMD) and Grant Boyle (CFO).

### FY2022 Short term incentives (STIs)

In assessing Executive team performance, the Board determined that, overall, they had performed strongly. The Board sets aggressive strategic targets and, while substantial progress was made, the strategic targets were not fully met due in part to resources having to be redirected to comply regulatory changes and the difficulty of recruiting in a tight labour market.

For FY2022, JMD Matt Heine and most of the Executive team were eligible for STIs in the form of cash bonuses under the Group's remuneration framework. For Matt Heine, the maximum STI was equal to 50% of fixed remuneration. For the members of the Executive team, the maximum STI was equal to 25% of fixed remuneration. The STIs had personal behavioural and performance gateways and a

corporate performance gateway that required that the Company achieve at least 95% of budget net profit after tax (NPAT). These gateways were all achieved. The STIs also had three personal and corporate performance conditions that determined the proportion of the STI that was payable. The first condition had a 50% weighting based for most participants on FY2022 NPAT compared to budget NPAT. Under this condition, 17.5% of the STI was payable to most participants. The second condition had a 25% weighting and was based on individual values and performance ratings. The full 25% was payable under this condition for all participants. The third condition had a 25% weighting and was based on the individual's contribution to strategic initiatives. Under this condition, 16.25% of the STI was payable to all participants. The sales and distribution team were entitled to cash bonuses based on financial and qualitative metrics.

Cash bonuses were also provided to a number of employees, at the Board's discretion, based on exceptional performance. From FY2023 it is intended to introduce a bonus system based on Group profitability and individual performance and values ratings.

#### **FY2022 LTIs**

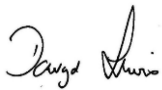
During the year, options were granted to Matt Heine, the Executive team and a number of key staff under the remuneration framework. In the case of Matt Heine, this grant was approved by shareholders at the 2022 Annual General Meeting. The options are subject to personal behavioural and performance gateways and, in the case of Matt Heine and the Executive team, corporate performance conditions based on TSR and EPS growth over a three year vesting period ending on 30 June 2024. The options have an exercise price of \$15.74, including those granted to Matt Heine which were issued subsequent to shareholder approval.

#### **Gift share offers**

During the year, gift share offers were made to all permanent full-time and part-time employees with 3 or more years of service for \$1,000 worth of free shares in the Company. These shares are subject to a trading restriction for 3 years or until the employee ceases employment.

The Board believes this Remuneration Report will assist our shareholders and other stakeholders to understand our remuneration policy, objectives and practices. We are committed to engaging with you and welcome your feedback.

Yours faithfully



Davyd Lewis  
Chairman of the Remuneration Committee  
24 August 2022

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- B. Remuneration Objectives
- C. Remuneration Governance
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- E. Remuneration Mix of KMPs
- F. Overview of the Group Performance
- G. Executive Remuneration
- H. Non-Executive Directors Remuneration
- I. Other Information
- J. Previous Comments or Resolutions in Relation to Remuneration Report

### A. Introduction

This FY2022 Remuneration Report for Netwealth is prepared in accordance with the requirements of the Corporations Act 2001 and its regulations. The report outlines the remuneration arrangements in place for the Key Management Personnel (KMP) of Netwealth. KMP are the individuals who have authority and responsibility for planning, directing and controlling the activities of Netwealth, as defined under *AASB 124 Related Party Disclosure*. The following table lists Netwealth's KMP for FY2022 following its annual review:

Name	Position
<b>Non-Executive Directors</b>	
Timothy Antonie	Independent Non-Executive Chairman
Davyd Lewis	Independent Non-Executive Director
Sally Freeman	Independent Non-Executive Director
Kate Temby	Independent Non-Executive Director
<b>Executive Directors</b>	
Michael Heine	Joint Managing Director
Matthew Heine	Joint Managing Director
<b>Senior Executive</b>	
Grant Boyle	Chief Financial Officer (CFO) & Joint Company Secretary

All KMP held office for the full year.



## B. Remuneration Objectives

The Board is committed to a remuneration framework targeted on driving excellent client service and solution, integrity and a performance culture. Netwealth's objectives for remuneration of all employees include:

- to promote achievement of the Netwealth's strategic objective of building short, medium and long-term shareholder and enterprise value;
- while remuneration arrangements are designed to promote and reward performance, they must also promote conduct consistent with the Board's risk appetite and protection of the interests of Netwealth's stakeholders;
- the structure for remuneration must be consistent with and promote adherence to Netwealth's ethics, values, policies and procedures;
- employees are to be fairly remunerated for work undertaken, having regard to the remuneration of employees in comparable positions in comparable organisations;
- remuneration levels should attract and retain high-quality employees;
- there must be no gender bias in remuneration; and
- when setting the levels of remuneration, Netwealth's long term financial soundness and its prospective financial position and performance are to be considered.

Netwealth's objectives for remuneration of Non-Executive Directors are:

- remuneration must be enough to attract and retain high quality Non-Executive Directors;
- remuneration for Non-Executive Directors must not create a conflict with their obligation to bring an independent judgement to matters before the Board;
- remuneration for each Non-Executive Director should be appropriate based on their role and responsibilities, including the time commitment involved; and
- there must be no gender bias in remuneration.

## C. Remuneration Governance

The Board is responsible for establishing Netwealth's remuneration policy (the Remuneration Policy) and determining Non-Executive Director remuneration, Senior Executive remuneration and Netwealth's incentive structures. The Board is assisted by the Remuneration Committee (the Committee). The Committee is comprised of Netwealth's four independent Non-Executive Directors. The Committee's responsibilities include:

- reviewing and making recommendations to the Board on the Remuneration Policy;
- annually reviewing the performance of the JMDs;
- determining whether the JMDs have met the conditions for payment of STIs and LTIs under the terms of their contracts and/or under the terms of relevant STI and LTI schemes;
- annually reviewing and recommending remuneration arrangements for the JMDs, the JMDs' direct reports, other persons determined by APRA to be 'responsible persons' and the Non-Executive Directors;
- approving remuneration packages over a threshold amount;
- approving major changes in remuneration-related policies;
- reviewing and recommending changes and developments in relation to the LTI schemes;
- overseeing the operation of the LTI schemes and recommending whether offers are to be made under the schemes;
- recommending bonuses, including discretionary bonuses, bonuses for sales and distributions staff and STIs for Senior Executives;
- reviewing and making recommendations on remuneration by gender and addressing any pay gap;

- reviewing and recommending changes to board remuneration;
- reviewing and recommending the Remuneration Report;
- ensuring remuneration for Non-Executive Directors must not create a conflict with their obligations; and
- where applicable, approving the appointment of remuneration advisers for the purposes of the Corporations Act.

## D. Remuneration Framework

The Board reviews the structure and the effectiveness of Netwealth’s remuneration arrangements annually to ensure the alignment with business performance values and strategy. The Board monitors changing market conditions as well as any regulatory and corporate governance developments and alters remuneration arrangements if appropriate to respond to changing conditions. The remuneration framework is structured to use fixed remuneration, discretionary cash bonuses, STIs and LTIs to promote Netwealth’s values and performance, with at risk components linked to financial performance.

### Purpose of each remuneration component in promoting Netwealth’s performance

Fixed remuneration	STIs and cash bonuses (at risk)	LTIs (at risk)
<ul style="list-style-type: none"> <li>• Attract and retain high-quality employees, who will enable Netwealth to achieve its strategic objectives, by providing market competitive base remuneration commensurate with the employee’s individual skills, complexity of role and experience.</li> </ul>	<ul style="list-style-type: none"> <li>• Reward Senior Executives for their role in the achievement of Netwealth’s strategic objectives consistently with promotion of Netwealth’s ethics, values and controls.</li> <li>• Reward senior staff for their role in driving overall short term NPAT growth.</li> <li>• Reward sales and distribution staff for net sales performance.</li> <li>• Reward staff at all levels for demonstrated exceptional performance which has contributed to Netwealth’s success.</li> </ul>	<ul style="list-style-type: none"> <li>• Motivate and reward Senior Executives for their role achieving earnings growth and contributing to the delivery of Netwealth’s strategic initiatives consistent with the Board’s risk appetite, the protection of the interests of all of Netwealth’s stakeholders and the promotion of Netwealth’s ethics, values and controls.</li> <li>• Motivate and reward employees for their role in achieving earnings growth while promoting Netwealth’s ethics, values and controls.</li> </ul>

The table below summarises the elements of Netwealth’s remuneration framework in FY2022.

Fixed remuneration	
<b>Fixed</b>	<ul style="list-style-type: none"> <li>Each employee’s fixed remuneration is set having regard to their individual responsibilities, skills and experience and with consideration to remuneration paid to employees of comparable companies within the industry. To be market competitive, roles are benchmarked at least annually with reference to peer companies within the industry. Remuneration reviews normally occur annually and apply from 1 July.</li> </ul>
Performance-based remuneration	
STIs	
<b>STIs for JMDs (At risk)</b>	<ul style="list-style-type: none"> <li>JMD Michael Heine has chosen not to participate in the STI scheme, given his substantial shareholding in Netwealth.</li> <li>JMD Matthew Heine’s maximum STI is up to 50% of fixed remuneration, and is based on the 3 components below: <ul style="list-style-type: none"> <li>50% based on Netwealth’s FY2022 NPAT relative to target profitability;</li> <li>25% based on individual values ratings; and</li> <li>25% based on individual contribution to delivery of their strategic initiatives.</li> </ul> </li> <li>The STI earned is paid over 2 years; <ul style="list-style-type: none"> <li>50% within 30 days after the release of the FY2022 annual report; and</li> <li>50% subject to continuously being employed until after the release of FY2023 annual report and subject to a malus clawback condition.</li> </ul> </li> </ul>
<b>STIs for members of the Executive Leadership Team who report to the JMDs (Executive) (At risk)</b>	<ul style="list-style-type: none"> <li>For members of the Executive, their maximum STI is up to 25% of fixed remuneration and is based on the 3 components below: <ul style="list-style-type: none"> <li>Other than Chief Governance Officer, 50% based on FY2022 NPAT relative to target profitability;</li> <li>25% based on individual values ratings; and</li> <li>25% based on individual contribution to delivery of their strategic initiatives.</li> </ul> </li> <li>As the Chief Governance Officer is primarily responsible for risk management, their 50% NPAT component has been replaced with the Board’s assessment on their contribution to effective management of the Group’s legal, compliance and risk functions.</li> <li>The STI earned is paid over 2 years; <ul style="list-style-type: none"> <li>50% within 30 days after the release of the FY2022 annual report; and</li> <li>50% subject to continuously being employed until after the release of FY2023 annual report and subject to a malus clawback condition.</li> </ul> </li> </ul>
<b>STIs for Sales and Distribution staff (At risk)</b>	<ul style="list-style-type: none"> <li>For sales and distribution staff, STIs are cash bonuses based on pre-agreed performance targets. Part of each individual’s STI is payable based on the first 6 months’ performance and the balance is payable after the end of the financial year. The performance targets are based mainly on fee-earning FUA and FUM.</li> </ul>
<b>Discretionary cash bonuses</b>	<ul style="list-style-type: none"> <li>Discretionary cash bonuses are paid to employees at a number of levels where, in the opinion of the Board, they have made an exceptional personal contribution in FY2022.</li> </ul>

## LTIs

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- Options (At Risk)**
- LTIs are provided under the Netwealth Equity Incentive Plan (NEIP) which provides for the offer of incentive securities to Netwealth employees. The incentive securities offered may be options;
  - An offer of options was made under the NEIP to select senior and key employees in FY20 (FY20 Options). The vesting period for the FY20 Options ended on 30 June 2022. Out of the total of 1,046,077 FY20 Options granted, 576,379 (55.1%) vested and the remainder lapsed. The FY20 Options remain subject to a restriction on disposal until 30 June 2023;
  - An offer of options was made under the NEIP to select senior and key employees in FY2022 (FY22 Options);
  - Upon exercise, the FY22 Options convert to ordinary shares on a one for one basis;
  - The FY22 Options do not confer the right to attend and vote at meetings and do not confer the right to participate in dividends;
  - The exercise price of the FY22 Options is \$15.74;
  - The holder must be either continuously employed or hold office with Netwealth until 30 June 2024;
  - The FY22 Options are subject to vesting conditions which are tested over a 3-year period from the date of the offer (the Vesting Period);
  - All employees who are participating in the FY22 Options have a personal and behavioural performance gateway condition which must be met;
  - If the employee is an executive or JMD, they have 2 additional components to their LTI:
    - 50% is a financial metric which is based on Netwealth’s TSR Rank in the relevant comparator group (S&P/ASX 300 Diversified Financials Index) over the Vesting Period; and
    - 50% is a financial metric which is based on Netwealth’s average annual growth of EPS over the Vesting Period.
  - If the employee does not meet the personal and behavioural performance gateway condition, all their FY22 Options lapse unless the Board determines otherwise;
  - FY22 Options must be exercised within 15 years of date of grant; and
  - Should a liquidity event or change of control event occur, the Board has a discretion to automatically exercise all vested and unvested FY22 Options.

- Rights (At Risk)**
- The NEIP also provides that incentive securities may be in the form of performance rights (zero exercise price options).
  - An offer of performance rights was made under the NEIP to JMD Matthew Heine and members of the Executive in FY2022 (FY22 Rights);
  - Upon exercise, the FY22 Rights convert to ordinary shares on a one for one basis;
  - The FY22 Rights do not confer the right to attend and vote at meetings and do not confer the right to participate in dividends;
  - Upon vesting, each of the FY22 Rights converts to one fully paid ordinary share in Netwealth;
  - The holder must be either continuously employed or hold office with Netwealth until 30 June 2024;
  - The FY22 Rights are subject to a ‘gateway’ condition based on personal behaviour and performance;
  - The FY22 Rights also have three vesting conditions which are tested over FY2022, FY2023 and FY2024 (Vesting Period):
-

## LTIs

- 50% is a financial metric which is based on Netwealth’s EPS growth over the Vesting Period;
- 25% is a non-financial metric which is based on individual values ratings; and
- 25% is a non-financial metric which is based on individual contribution to delivery of strategic initiatives; and
- If the employee does not meet the personal and behavioural gateway condition, all their FY22 Rights lapse, unless the Board determines otherwise.

## Reduction of benefits

- Under the NEIP, the Board may reduce benefits in a range of circumstances such as where an employee participant has acted fraudulently or dishonestly or engaged in gross misconduct, has brought Netwealth into disrepute, has breached their duties or obligations to Netwealth or is convicted of an offence in connection with the affairs of Netwealth; and
- The reduction of benefits may be done in a range of ways such as forfeiting unvested or vested rights, options or shares or requiring a participant to repay or pay as a debt dividends paid on or the proceeds of sale of performance securities granted under the NEIP.

## E. Remuneration Mix of KMPs

Remuneration mix refers to the proportion of total KMP remuneration that is made up of each remuneration component.

The ‘Fixed’ component is base salary plus superannuation. The ‘At Risk’ component is the amount of the maximum STI payable to the KMP and the value of options and rights issued to the KMP expensed for the year.



The remuneration mix for Michael Heine is 100% fixed as he has elected not to participate in the STI or LTI, due to his substantial shareholding in Netwealth in FY2022. LTIs were issued in FY2022 to Matthew Heine and Grant Boyle with a 3-year vesting period and vesting conditions. FY20 Options vested at 30 June 2022 and are not included in the above.

## F. Overview of the Group Performance

The following table sets out Netwealth's NPAT, dividend payments, EPS and share price since FY2018:

Financial period ended 30 June	2022	2021	2020	2019	2018
NPAT (\$ million)	55,552	54,103	43,661	34,295	20,818
Ordinary dividends (cents per share)	20.00	18.56	14.70	12.10	9.15
Special dividends (cents per share)	-	-	-	-	5.18
EPS (cents)	22.78	22.55	18.37	14.43	8.96
Netwealth share price*	\$12.16	\$17.15	\$8.97	\$8.00	\$8.22

\*Closing price for the last trading day in the financial year

In an uncertain and volatile environment resulting from recent global events, market volatility, interest margin decline and the continuing impacts from COVID-19 and a substantial investment in the operators, particularly Technology. Netwealth delivered solid FY2022 earnings with NPAT and EPS having increased by 2.7% and 1.1% respectively compared to the prior year. In FY22 Netwealth also substantially increased capital expenditure to enable future growth. Combined with these results and a strong balance sheet, Netwealth was able to increase dividends by 7% from FY2021 to 20 cents per share. This reflects the continued execution on the Group's long-term strategy to deliver returns to its shareholders whilst maintaining sustainable growth and a focus on prudent risk management.

## G. Executive Remuneration

The table below sets out details of the remuneration of the JMDs and the CFO (the three KMP who are employee executives) for FY2022 and FY2021.

	Joint Managing Directors				CFO		Total	
	Michael Heine		Matthew Heine		Grant Boyle			
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Short term benefits</b>								
Cash salary <sup>1</sup>	62,047	228,311	722,500	478,306	372,500	335,000	1,157,047	1,041,617
STI <sup>2</sup>	-	-	220,313	437,500	58,750	82,500	279,063	520,000
Employee share gift <sup>3</sup>	-	-	-	-	1,082	-	1,082	-
Other	-	-	-	-	-	-	-	-
<b>Long term benefits</b>								
Leave <sup>4</sup>	(2,870)	(15,585)	79,401	8,599	8,808	5,884	85,339	(1,102)
<b>Post-employment benefits</b>								
Superannuation <sup>5</sup>	6,205	21,689	27,500	21,694	27,500	25,000	61,205	68,383
<b>Share-based payments</b>								
Pre-listing LTI scheme <sup>6</sup>	-	-	-	7,209	-	1,234	-	8,443
FY20 Options	-	-	99,548	64,887	54,796	23,561	154,344	88,448
FY22 Options <sup>7</sup>	-	-	112,616	-	69,272	-	181,888	-
FY22 Rights <sup>7</sup>	-	-	129,224	-	29,023	-	158,247	-
<b>Termination benefits</b>								
Termination payments	-	-	-	-	-	-	-	-
<b>Total</b>	<b>65,382</b>	<b>234,415</b>	<b>1,391,102</b>	<b>1,018,195</b>	<b>621,731</b>	<b>473,179</b>	<b>2,078,215</b>	<b>1,725,789</b>
% Performance related	0%	0%	40%	50%	34%	23%	37%	36%

- Following the remuneration committee's review, the Board approved the increase in Matthew Heine's cash salary to align with comparable companies within the industry for an equivalent role.
- As part of the review above, Matthew Heine's maximum STI entitlement was reduced from 100% to 50% of fixed and he received a maximum LTI entitlement of 50% of fixed (refer section E). Michael Heine waived his STI payment for FY2021 and FY2022. STI payments made to Grant Boyle in FY2021 was at the Board's discretion following their review. His STI payment in FY2022 was earned based on components detailed in section D.
- Under its Employee Gift Plan made an offer to all eligible employees including Grant Boyle to grant \$1,000 worth of ordinary shares.
- Long term benefits related to long service leave entitlements accrued for the year, net of leave taken.
- Superannuation payments are made in accordance with the relevant statutory requirements.
- Ordinary shares referred to as 'Performance Shares' were issued under an LTI scheme (Pre-listing LTI scheme) which was put in place prior to the listing of Netwealth on the ASX in 2017. Performance Shares issued under the Pre-listing LTI Scheme either vested and became ordinary shares or were forfeited in FY2021. The Pre-listing LTI scheme ceased in FY2021.
- Options and Rights on ordinary shares were issued during FY2022 and are subject to vesting conditions (refer section D).

### Service agreements

The remuneration and other terms of employment for the KMP are formalised in employment contracts, which are reviewed annually. The JMDs and CFO are entitled to receive pay in lieu of notice of resignation, in addition to any leave entitlements upon cessation of employment. All services agreements are for unlimited duration but may be terminated immediately in the event of serious misconduct, in which case the Executive is not entitled to any payment in lieu of notice. The following table outlines the key contractual arrangement for the JMDs and Senior Executive KMP.

Position	Contractual term	Employer Notice period	Employee Notice period	Post-employment restraints
JMDs	Ongoing	Six months	Six months	Six-month non-competition period
CFO	Ongoing	Six months	Six months	Six-month non-competition period
<b>How unvested equity is treated on leaving Netwealth</b>	<p>Executives or JMDs who resign or are terminated will forfeit all their unvested equity, unless the Board determines otherwise.</p> <p>If the Executive or JMD is terminated due to redundancy or they are classified as a 'good leaver', it is at the Board's discretion.</p> <p>On an Executive's death or total and permanent disability, their unvested equity will vest.</p>			

### H. Non-Executive Directors Remuneration

The table below sets out details of the annual fees and the remuneration of the Non-Executive Directors for FY2022.

Board Fees	
Board - Chair	\$250,000
- Members	\$125,000
Netwealth Superannuation Services (NSS) Board – Members	\$20,000 <sup>1</sup>
Audit Committee - Chair	\$20,000
Remuneration Committee - Chair	\$15,000
Compliance and Risk Management Committee - Chair	\$20,000
Corporate Sustainability Committee – Chair	\$10,000 <sup>2</sup>
Nomination Committee - Chair	-
Netwealth Investments Limited (NIL) Due Diligence Committee - Chair	-
NIL Investment Committee - Chair	\$15,000
NSS Audit Risk & Compliance Committee – Chair	\$15,000 <sup>2</sup>
<b>Superannuation</b>	The fees set out above include superannuation payment in accordance with the relevant statutory requirements. Superannuation is paid up to the relevant concessional contributions cap, with the remainder paid in cash.



**Other benefits** Non-Executive Directors are entitled to reimbursements for business-related expenses, including travel expenses and all receive the benefit of coverage under a Director and Officers insurance policy. Netwealth has paid premiums to insure each director and officer under a Directors and Officers Insurance policy. Further disclosure of information relating to this policy is not permitted under the contract of insurance.

<sup>1</sup> NSS is the trustee of the Netwealth Superannuation Master Fund. The two Non-Executive Directors who are also directors of NSS received an additional fee of \$20,000.

<sup>2</sup> The fees for the chair of the Corporate Sustainability Committee, newly established during the financial year and chair of the NSS Audit, Risk and Compliance Committee commenced from 1 January 2022.

The table below sets out the total Non-Executive Director benefits paid for FY2022 and FY2021.

		Fees and allowances	Post-employment benefits	Share-based payments	
		Board and Committee fees	Superannuation	Pre-listing LTI Scheme <sup>1</sup>	Total
		\$	\$	\$	\$
<b>Timothy Antonie</b>	<b>2022</b>	<b>227,273</b>	<b>22,727</b>	-	<b>250,000</b>
	2021	146,880	13,954	901	161,735
<b>Davyd Lewis</b>	<b>2022</b>	<b>179,545</b>	<b>17,955</b>	-	<b>197,500</b>
	2021	132,500	25,000	901	158,401
<b>Sally Freeman</b>	<b>2022</b>	<b>150,000</b>	<b>15,000</b>	-	<b>165,000</b>
	2021	118,569	11,264	-	129,833
<b>Kate Temby</b>	<b>2022</b>	<b>131,818</b>	<b>13,182</b>	-	<b>145,000</b>
	2021	52,588	4,996	-	57,584

<sup>1</sup> Performance shares held under the Pre-listing LTI Scheme vested and were converted to Ordinary Shares on 15 February 2021.

The Non-Executive Directors are not eligible to participate in the NEIP.

The total remuneration paid to all Non-Executive Directors must not exceed the maximum aggregate amount approved by shareholders in a financial year. Shareholders approved for the limit to be increased to \$1,000,000 from \$800,000 at the FY2021 AGM.

## I. Other information

### KMP share movements

The table below sets out the holdings and changes of holdings of ordinary shares for each KMP in FY2022.

FY2022	Ordinary shares				
	Balance at beginning of financial period	Purchase of shares	Sale of shares	Other changes during the year	Balance at end of financial period
	Number	Number	Number	Number	Number
<b>Non-Executive Directors</b>					
Timothy Antonie	105,000	-	-	-	105,000
Davyd Lewis	191,893	-	(32,732)	-	159,161
Sally Freeman	9,500	-	-	-	9,500
Kate Temby	-	-	-	-	-
<b>Executive Directors</b>					
Michael Heine	115,344,990	-	(2,800,000)	-	112,544,990
Matthew Heine	3,736,405	-	-	-	3,736,405
<b>Senior Executive</b>					
Grant Boyle <sup>1</sup>	95,000	-	(30,000)	89	65,089

<sup>1</sup> During the financial year, the Group, under its Employee Gift Plan made an offer to all eligible employees including Grant Boyle to grant \$1,000 worth of ordinary shares.

## KMP option and rights holdings

The table below sets out the holdings of options and rights issued under the NEIP to each KMP.

	Type of equity	Equity Granted	Exercise Price	Equity fair value at grant date (for FY22 grants only)	Grant date	First date exercisable	Date of expiry	Vested	Lapsed/Forfeited	Exercise d/ Sold	Vested as at 30 June 2022 <sup>1</sup>	Non-exercisable as at 30 June 2022
<b>FY2022</b>		<b>Number</b>						<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Executive Directors</b>												
Michael Heine	Options	-	-	-	-	-	-	-	-	-	-	-
Matthew Heine	FY20 Options	132,373	\$7.5544	-	12/11/19	30/06/22	30/06/37	-	(54,141)	-	78,232	-
	FY22 Options	75,000	\$15.740	\$4.57	27/10/21	30/06/24	19/11/36	-	-	-	-	75,000
	FY22 Rights	23,825	-	\$17.404	27/10/2021	30/06/24	27/10/36	-	-	-	-	23,825
<b>Senior Executive</b>												
Grant Boyle	FY20 Options	66,667	\$7.5544	-	17/10/19	30/06/22	30/06/37	-	(27,267)	-	39,400	-
	FY22 Options	75,000	\$15.740	\$2.779	27/09/21	30/06/24	27/09/36	-	-	-	-	75,000
	FY22 Rights	6,353	-	\$14.659	27/09/21	30/06/24	27/09/36	-	-	-	-	6,353

<sup>1</sup> The FY20 Options which vested on 30 June 2022 are exercisable from October 2022.

Non-Executive Directors are not entitled to options and rights under the NEIP.

## Employee Share Gift Plan

Under the Group's Employee Gift Plan, all eligible permanent and part time employees of the Group may be offered the opportunity to receive, for no consideration, up to \$1,000 in shares at market value. Employees who receive employee gift shares will be restricted from dealing in those shares until the earlier of three years from grant date or the date the employees ceases employment. The operation of this plan is assessed annually by the Board.

During FY2022, the Group made offers under its Employee Gift Plan to grant all eligible permanent and part time employees that have been employed by the Group for a continuous period of 3 years as at 1 July 2021, resulting in:

- 10,143 new ordinary shares issues at \$15.74 on 23 September 2021; and
- 890 new ordinary shares issues at \$11.21 on 24 and 30 June 2022.

### Overview of unvested equity awards

All awards are subjected to the employee's continued employment, individual values ratings and malus and clawback provisions.

Equity plan	Grant Date	Vesting Period		Vesting Conditions
		Start Date	End Date	
FY22 Options	27 Sep 2021	01 July 2021	30 June 2024	<ul style="list-style-type: none"> <li>Personal and behavioural performance gateway which must be met</li> <li>Members of the Executive Committee have the additional vesting conditions:                             <ul style="list-style-type: none"> <li>50% based on Netwealth's TSR Rank in the relevant comparator group during the vesting period; and</li> <li>50% based on Netwealth's average annual growth of EPS over the vesting period.</li> </ul> </li> </ul>
FY22 Options - JMD	19 Nov 2021	01 July 2021	30 June 2024	<ul style="list-style-type: none"> <li>Personal and behavioural performance gateway which must be met;</li> <li>50% based on Netwealth's TSR Rank in the relevant comparator group during the vesting period; and</li> <li>50% based on Netwealth's average annual growth of EPS over the vesting period.</li> </ul>
FY22 Rights	27 Sep 2021	01 July 2021	30 June 2024	<ul style="list-style-type: none"> <li>50% based on Netwealth's EPS growth over the vesting period;</li> <li>25% based on individual values ratings;</li> <li>25% based on individual contribution to delivery of their strategic initiatives.</li> </ul>
FY22 Rights	19 Nov 2021	01 July 2021	30 June 2024	Same as above FY22 Rights
FY22 Rights - JMD	27 October 2021	01 July 2021	30 June 2024	Same as above FY22 Rights

### J. Previous comments or resolutions in relation to Remuneration Report

At the 27 October 2021 annual general meeting, no comments were made or questions asked in relation to the FY2021 Remuneration Report and the Remuneration Report was adopted by a vote of 99.7% in favour.

## Auditor's Independence Declaration



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The Board  
Netwealth Group Limited  
Level 6, 180 Flinders Street  
Melbourne VIC 3000

24 August 2022

Dear Directors

### Auditor's Independence Declaration to Netwealth Group 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 Netwealth Group Limited

As lead audit partner for the audit of the financial statements of Netwealth Group Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Lani Cockrem  
Partner  
Chartered Accountant

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022.

	Note	Consolidated Group for Year Ended	
		30 June 2022 \$'000	30 June 2021 \$'000
<b>Income</b>			
Revenue	4	169,538	141,982
Other income	4	3,767	2,898
<b>Total income</b>		<b>173,305</b>	<b>144,880</b>
<b>Expenses</b>			
Employee benefits expenses	5	(66,893)	(50,499)
Other operating expenses	5	(13,143)	(9,070)
IT and communication expenses		(8,285)	(5,779)
Finance cost	13	(497)	(64)
Share of net losses from Associate		(393)	(183)
Depreciation		(2,618)	(1,937)
Amortisation		(366)	(117)
<b>Total expenses</b>		<b>(92,195)</b>	<b>(67,649)</b>
<b>Profit before income tax</b>		<b>81,110</b>	<b>77,231</b>
Income tax expense	6	(25,558)	(23,128)
<b>Profit for the period</b>		<b>55,552</b>	<b>54,103</b>
<b>Total comprehensive income for the period</b>		<b>55,552</b>	<b>54,103</b>
<b>Total comprehensive income attributable to:</b>			
Members of the parent entity		55,552	54,103
<b>Earnings per share</b>			
Basic (cents per share)	9	22.78	22.55
Diluted (cents per share)	9	22.78	22.55

The accompanying notes form part of these financial statements

# Consolidated Statement of Financial Position

As at 30 June 2022.

		Consolidated Group as at	
	Note	30 June 2022	30 June 2021
		\$'000	\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		88,376	81,421
Trade and other receivables	10	14,727	14,303
Other current assets	11	10,024	11,197
Financial assets	12	1,086	535
<b>Total current assets</b>		<b>114,213</b>	<b>107,456</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	1,560	1,238
Intangible assets	16	2,215	725
Right-of-use assets	13	14,643	16,382
Investment in Associate	14	1,991	2,384
Deferred tax assets	6	1,582	2,932
<b>Total non-current assets</b>		<b>21,991</b>	<b>23,661</b>
<b>Total assets</b>		<b>136,204</b>	<b>131,117</b>
<b>Current liabilities</b>			
Trade and other payables	17	8,635	7,915
Provisions	18	6,417	5,386
Current tax liabilities		1,090	7,071
Lease liability	13	1,501	1,398
<b>Total current liabilities</b>		<b>17,643</b>	<b>21,770</b>
<b>Non-current liabilities</b>			
Lease liability	13	13,586	15,028
Provisions	18	732	1,138
<b>Total non-current liabilities</b>		<b>14,318</b>	<b>16,166</b>
<b>Total liabilities</b>		<b>31,961</b>	<b>37,936</b>
<b>Net assets</b>		<b>104,243</b>	<b>93,181</b>
<b>Equity</b>			
Issued capital	19	26,563	26,398
Reserves	20	4,576	1,688
Retained earnings		73,104	65,095
<b>Total equity</b>		<b>104,243</b>	<b>93,181</b>

The accompanying notes form part of these financial statements

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2022.

Consolidated Group	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		<b>23,122</b>	<b>1,286</b>	<b>51,621</b>	<b>76,029</b>
Shares issued and fully paid during the period		3,276	-	-	3,276
Total comprehensive income for the period		-	-	54,103	54,103
Amounts recognised on issue of employee shares		-	402	-	402
Dividends paid or provided for	8	-	-	(40,629)	(40,629)
<b>Balance at 30 June 2021</b>		<b>26,398</b>	<b>1,688</b>	<b>65,095</b>	<b>93,181</b>
<b>Balance at 1 July 2021</b>		<b>26,398</b>	<b>1,688</b>	<b>65,095</b>	<b>93,181</b>
Shares issued and fully paid during the period		165	-	-	165
Total comprehensive income for the period		-	-	55,552	55,552
Amounts recognised on issue of employee shares		-	2,888	-	2,888
Dividends paid or provided for	8	-	-	(47,543)	(47,543)
<b>Balance at 30 June 2022</b>		<b>26,563</b>	<b>4,576</b>	<b>73,104</b>	<b>104,243</b>

The accompanying notes form part of these financial statements.



## Consolidated Statement of Cash Flows

For the year ended 30 June 2022.

	Note	Consolidated Group for Year Ended	
		30 June 2022 \$'000	30 June 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		186,387	151,210
Payments to suppliers and employees		(96,415)	(80,559)
Dividends received		7	4
Interest received		313	500
Interest paid		(498)	(64)
Income tax paid		(30,189)	(33,282)
<b>Net cash generated by operating activities</b>	<b>25</b>	<b>59,605</b>	<b>37,809</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,136)	(586)
Proceeds from sale of property, plant and equipment		-	42
Proceeds from sale of Investments		361	3,290
Purchase of Investments		(1,064)	(2,857)
Purchase of intangibles		(1,856)	(545)
Purchase of investment in Associate		-	(2,567)
<b>Net cash generated/(used) used in investing activities</b>		<b>(3,695)</b>	<b>(3,223)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	3,276
Payment of lease liabilities		(1,412)	(1,328)
Dividends paid		(47,543)	(40,629)
<b>Net cash used in financing activities</b>		<b>(48,955)</b>	<b>(38,681)</b>
<b>Net increase in cash held</b>		<b>6,955</b>	<b>(4,095)</b>
Cash and cash equivalents at beginning of year		81,421	85,516
<b>Cash and cash equivalents at end of year</b>		<b>88,376</b>	<b>81,421</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## 1 General Information

The Financial Report of Netwealth Group Limited which covers 'the Company' as an individual entity (disclosed in Note 26) and its controlled entities (together referred to as 'the Group') for the year ended 30 June 2022 as required by the Corporations Act 2001 was authorised for issue in accordance with a resolution of the Directors on 24 August 2022. The Company is limited by shares and incorporated and domiciled in Australia.

Registered office of the company and principal place of business:

**Netwealth Group Limited**

Level 6, 180 Flinders Street  
MELBOURNE VIC 3000

The principal activities of the Group are to provide Financial Intermediaries and clients with financial services including managed funds, investor directed portfolio services, a superannuation master fund, separately managed accounts, self-managed superannuation administration services and non-custodial administration service.

## 2 Significant Accounting Policies

### Basis of preparation

This consolidated financial report for the year ended 30 June 2022:

- is for the consolidated entity consisting of Netwealth Group Limited and its controlled entities (trading on the ASX under the symbol 'NWL');
- is presented in Australian dollars, with all values rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- has been prepared on a going concern basis using historical costs except for financial instruments required to be measured at fair value through profit or loss (FVTPL), in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board, and the Corporations Act 2001.
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- has accounting policies and methods of computation which are consistent for all periods presented, unless stated.

### Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The financial statements of all the entities are prepared for the same reporting period as the parent entity with consistent accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the fair value of the consideration received and the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests.

#### **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

#### **Critical accounting estimates and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are evaluated on an ongoing basis and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated Financial Report such as:

- Choice of inputs, estimates and assumptions used in the measurement of expected credit loss including the probability for loss (Note 10).
- Determination of significant influence over associates or joint control over arrangements, including the assessment of whether certain rights are protective or substantive in nature and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated (Note 14).
- Determination whether the investment in associates are impaired by assessing its going concern and future profitability (Note 14).
- Determination on the expected life of tangible assets with the exception for leasehold assets by using available historical data or the rate suggested by the ATO (Note 15).
- Determination on the expected life of intangible assets such as software by assessing historical usage data of similar software (Note 16).
- Customisation and configuration costs undertaken in implementing SaaS arrangements may result in the development of new software code that enhances, modifies, or creates additional capability to existing on-premises software enabling it to connect with the cloud-based software applications (referred to as bridging modules or APIs). Judgement was applied in determining whether the additional code meets the definition of and recognition criteria as an intangible asset under AASB 138 Intangible Assets following the latest guidance issued by IFRS Interpretation Committee in March 2021 (Note 16).
- Judgement was used to estimate of the number of equity instruments granted under the Employee Incentive Plan that are likely to vest at the end of the vesting period by assessing market, company performance and service conditions expected to be achieved during the vesting period (Note 23).

### **COVID-19 impact and External Outlook**

During the financial year, the world continued to emerge from the COVID-19 pandemic. The conflict in Ukraine, high inflationary pressures has resulted in substantial market volatility in the second half of FY2022. Coupled with a tight labour market and rising interest rates, the macro-economic environment continues to impact the business environment and the broader community.

Despite this backdrop, Netwealth remains very well positioned for sustained shareholder value creation with its pipeline of new and existing business and growing market share. The Directors are continually assessing the impacts of extraneous factors to the operations on an ongoing basis.

### 3 Segment Information

The Group has identified two operating segments with the 'Platform Operations segment' and 'Data and Advice Tech Solutions segment' following its investment in Xeppo.

The Data and Advice Tech Solutions segment is not a reportable segment on its own as the operating segment does not yet meet any of the quantitative thresholds prescribed by the Accounting Standard AASB 8 Operating Segments. As this segment is not material and significantly below the quantitative threshold the Group will continue to disclose as one reportable segment.

The operating segments have been determined based on the separate internal financial reports that are reviewed and used regularly by the Board of Directors and the Executive Management Team, identified as the Chief Operating Decision Makers (CODM), to assess performance and in determining the allocation of resources to the operating segments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group's operations are solely based in Australia.

#### Key Accounting Policies

An Operating segment is a component of an entity which engages in multiple business activities from which it may earn revenue and incur expenses and its operating results are regularly reviewed by the entity's decision makers.

#### Reportable segments

A entity shall report separately information about each operating segment that:

- Has been identified as a distinct segment; and
- Exceeds the quantitative thresholds.

#### Quantitative Thresholds

An entity is reported as an individual operating segment if any of their quantitative thresholds are met:

- The reported revenue is 10 per cent or more of the combined revenue; or
- The absolute amount of the segment reported profit or loss is 10 per cent or more of the combined reported profit of all segments; or
- Its assets are 10 per cent or more of the combined assets of all operating segments.

## 4 Revenue

### Revenue and other income

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Platform Revenue</b>		
Administration fees	85,530	70,523
Ancillary fees	50,337	46,062
Transaction fees	22,633	17,579
Management fees	11,038	7,818
<b>Total platform revenue</b>	<b>169,538</b>	<b>141,982</b>
<b>Other income</b>		
Cost of capital recovery	3,395	2,480
Net loss on disposal of investments	(7)	(292)
Unrealised investment (loss)/gain	(145)	73
Dividends and distributions received	38	28
Interest received	313	500
Other Income	173	109
<b>Total other income</b>	<b>3,767</b>	<b>2,898</b>
<b>Total income</b>	<b>173,305</b>	<b>144,880</b>

Netwealth does not have an individual customer who makes up more than 10% of Netwealth's Platform revenue.

#### Key Accounting Policies

Revenue is measured by reviewing each revenue contract and its respective services to customers to determine its performance obligation while allocating the transaction price to each performance obligation either over time or at a point in time. The performance obligations identified are:

##### Platform revenue

- Administration fee is recognised over time as the customer receives and consumes the benefits of accessing the platform based off the value of the client account balances;
- Ancillary fees is recognised over time as the actual service are provided to the end of the reporting period over the duration of the agreed contractual period
- Transaction fees is recognised over time as the customer receives and consumes the benefits of the services utilised on the date of execution of the transactions
- Management fees is recognised over time as the customer receives and consumes the benefit of having the client's fund being managed based off the value of the proportion of the client account balance being managed.

### Key Accounting Policies continued

#### Other income

- Gain from disposal/loss of investments is recognised when the asset has been disposed
- Unrealised gains from investments is recognised when the fair value of the underlying asset has increased/decreased but not been disposed
- Dividend revenue is recognised when the right to receive a dividend has been established
- Cost of capital recovery is recognised over time for the capital received and reserved by trustee of the Netwealth Superannuation Master Fund to meet its Operational Risk Financial Requirement (ORFR) capital requirements
- Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts the estimated future cash receipt through the

## 5 Expenses

### 5.1 Employee benefits expense

	Consolidated Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
Salaries and wages (including payroll tax)	55,462	43,329
Contributed superannuation	4,770	3,521
Share-based payment expense	3,053	402
Other employee benefits expenses	3,608	3,247
<b>Total employee benefits expenses</b>	<b>66,893</b>	<b>50,499</b>

### 5.2 Other operating expenses

	Consolidated Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
Admin and other overhead expenses	8,656	5,530
Professional and audit fees	2,593	2,324
Advertising and marketing expenses	1,393	1,216
Merger and acquisition consulting expenses	501	-
<b>Total other operating expenses</b>	<b>13,143</b>	<b>9,070</b>

## Key Accounting Policies

### Short-term employee benefits

Current liabilities for wages and salaries (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period for the employees' services rendered. They are measured at the amounts expected to be paid when the obligation is settled.

### Other long-term employee benefits

Long service leave are long-term employee benefits, where they are not expected to be settled wholly within 12 months after the end of the annual reporting period for the employees' services rendered. It is measured at the present value of the probability on expected future payments to be made to employees and are discounted at rates determined by reference to Group of 100 (G100) discount rate.

They are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### Retirement benefit obligations

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice in accordance with relevant statutory requirements.



## 6 Income Taxes

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
a) The components of tax expense/(income) comprise:		
Current tax	26,951	24,025
Deferred tax	(1,350)	(875)
Under/(Over) provision from prior years	(43)	(22)
	<b>25,558</b>	<b>23,128</b>
b) The prima facie tax on profit before income tax is reconciled to income tax as follows:		
Prima facie tax before income tax at 30%	24,331	23,169
Other non-allowable/(assessable) items	1,227	(41)
<b>Income tax expense attributable to entity</b>	<b>25,558</b>	<b>23,128</b>

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
c) The components of deferred tax assets comprise:		
Expenditure deductible over 5 years	157	845
Lease liability	4,526	4,928
Tax losses	-	272
Temporary differences	2,440	2,260
	<b>7,123</b>	<b>8,305</b>
d) The components of deferred tax liabilities comprise:		
Property, equipment and intangible assets	999	247
Right-of-use assets	4,393	4,915
Temporary differences	149	211
	<b>5,541</b>	<b>5,373</b>

## Effective tax rate

	30 June 2022	30 June 2021
Consolidated Group	31.5%	29.9%

The effective tax rate for the year ended 30 June 2022 is 31.5%.

	Opening Balance 30 June 2020	Charged to Income	Charged Directly to Equity	Transferred to Assets Held for Sale	Closing Balance 30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets/liabilities</b>					
Expenditure deductible over 5 years	2,054	(1,209)	-	-	845
Provisions	1,567	391	-	-	1,958
Property, plant & equipment and intangible assets	(243)	(40)	-	-	(283)
Leases	97	(84)	-	-	13
Tax losses	-	272	-	-	272
Other temporary difference	332	(205)	-	-	127
	<b>3,807</b>	<b>(875)</b>	<b>-</b>	<b>-</b>	<b>2,932</b>
	Opening Balance 30 Jun 2021	Charged to Income	Charged Directly to Equity	Transferred to Assets Held for Sale	Closing Balance 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets/liabilities</b>					
Expenditure deductible over 5 years	845	(688)	-	-	157
Provisions	1,958	164	-	-	2,122
Property, plant & equipment and intangible assets	(283)	(734)	-	-	(1,017)
Leases	13	120	-	-	133
Tax losses	272	(272)	-	-	-
Other temporary differences	127	60	-	-	187
	<b>2,932</b>	<b>(1,350)</b>	<b>-</b>	<b>-</b>	<b>1,582</b>

### Key Accounting Policies

The income tax expense/(income) for the year comprises current income tax payable/receivable and deferred tax expense/(income).

#### Current tax

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### Offsetting within tax consolidated group

Netwealth and its wholly owned subsidiaries have applied the tax consolidation legislation which result in these entities being taxed as a single entity. The deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

### Key Accounting Policies

Netwealth Group Limited and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation legislation with effect from 30 June 2018. Netwealth Group Limited is the head entity of the Group.

The tax consolidated group has entered a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The amounts payable or receivable under the tax-funding arrangement between the company head entity and the entities in the tax consolidated group are determined using the 'standalone taxpayer method' approach for allocation of the tax contributions payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where the transaction occurred and does not affect transactions that do not have tax consequences to the group.

Each entity in the Group recognises its own current and deferred tax assets and liabilities. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity as under Australian taxation law, the head entity has the legal obligation (or right) to these amounts.

## 7 Key Management Personnel Compensation

	Consolidated Group	
	30 June 2022	30 June 2021
	\$	\$
Short term employee benefits	2,125,828	2,084,452
Post-employment benefits	215,409	129,362
Share based payments	494,478	99,594
<b>Key management personnel compensation</b>	<b>2,835,715</b>	<b>2,313,408</b>

The remuneration paid to KMP of the Group during the year, was paid by Netwealth Group Services Pty Ltd, a subsidiary of the Company. The remuneration disclosures are provided in the 'Remuneration Report' on pages 42 to 56 of the Annual Report.

## 8 Dividends

Dividends paid or declared by the Company in the year ended 30 June 2022 were:

	Cents Per Share	Total Amount \$'000	% Franked	Date of Payment
<b>2022</b>				
Interim 2022 ordinary	10.00	24,381	100%	24 Mar 2022
<b>Total dividend</b>	<b>10.00</b>	<b>24,381</b>		
<b>2021</b>				
Final 2021 ordinary	9.50	23,162	100%	17 Sep 2021
<b>Total dividend</b>	<b>9.50</b>	<b>23,162</b>		

During the year, the Company declared on 16 February 2022 and paid on 24 March 2022 a fully franked dividend of 10.00 cents per share representing a total dividend of \$24,381,000. There is no dividend reinvestment plan.

### Franking credits

Franking credits available as at 30 June 2022 to shareholders of the Company amount to \$35,474,890 (2021: \$29,771,588) at the 30 percent corporate tax rate.

### Subsequent events

Since the end of the financial year, the Company declared the following dividend on 24 August 2022. The dividend has not been provided for as at 30 June 2022 and there are no tax consequences.

	Cents Per Share	Total Amount \$'000	% Franked	Date of Payment
Final 2022 ordinary	10.0	24,831	100%	29 Sep 2022
<b>Total dividend</b>	<b>10.0</b>	<b>24,831</b>		

## 9 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted EPS is determined by adjusting the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares on issue for the effects of all dilutive ordinary shares. As there were no exercisable options at the start or end of the financial year, the basic and diluted EPS are identical and summarised below.

	Consolidated Group	
	30 June 2022 Cents per Share	30 June 2021 Cents per Share
<b>Basic and diluted earnings per share</b>	<b>22.78</b>	<b>22.55</b>

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Profit for the year attributable to owners of the Company	55,552	54,103
<b>Profit for the year attributable to owners of the Company</b>	<b>55,552</b>	<b>54,103</b>

	Consolidated Group	
	30 June 2022 Number	30 June 2021 Number
Weighted average number of issued ordinary shares	243,810,451	239,953,994

## 10 Trade and Other Receivables

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Products account receivables	14,630	12,024
Trade and sundry receivables	97	2,279
<b>Total current receivables</b>	<b>14,727</b>	<b>14,303</b>
<b>Total trade and other receivables</b>	<b>14,727</b>	<b>14,303</b>
<b>Trade and other receivables classified as financial assets*</b>	<b>14,727</b>	<b>14,303</b>

\* Refer to Note 22 for further information about Financial Assets

The table below presents the gross exposure and related expected credit losses allowance for assets, subject to impairment requirements of AASB 9.

	2022		2021	
	Gross Exposure \$'000	ECL Allowance \$'000	Gross Exposure \$'000	ECL Allowance \$'000
Trade receivables	14,736	9	14,308	5
<b>Total</b>	<b>14,736</b>	<b>9</b>	<b>14,308</b>	<b>5</b>

### Key Accounting Policies

#### Measurement of Trade and Other Receivables

Product accounts receivable and trade and sundry receivable are measured at amortised cost. The above receivable only arises when the Group has provided the services to clients where the consideration for the service remains unpaid at the end of the financial year.

#### Expected credit losses (ECL)

Trade receivables reviewed on an ongoing basis where individual debts that are known to be uncollectible are written off when identified. In order for the Group to identify the future credit risk, a simplified approach expected credit loss model is used to calculate the expected losses on trade receivable using a provision matrix which is based of historical provision rate and future outlooks.

Trade and Other receivables are assessed for ECL on a collective basis. A simple credit loss model is applied using probability of default, exposure at default and forward looking information. Management has determined the Expected Loss Probability to be 3.0% for any debtors outstanding for more than 90 days.

## 11 Other Current Assets

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Accrued income	4,223	2,299
Prepayments	5,115	3,191
Deposit	-	4,000
Other receivables	686	1,707
<b>Total other current assets</b>	<b>10,024</b>	<b>11,197</b>

## 12 Financial Assets

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
FVTPL* financial assets	1,086	535
<b>Total financial assets</b>	<b>1,086</b>	<b>535</b>

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
FVTPL* financial assets comprise at fair value:		
Netwealth managed funds	20	17
Netwealth wrap and super accounts	1,003	452
Other investments	63	66
<b>Total FVTPL financial assets</b>	<b>1,086</b>	<b>535</b>

\* Fair Value through Profit or Loss (FVTPL)

Refer to Note 22 for further information about Financial Assets.

## 13 Leases

	Property \$'000	Office Equipment \$' 000	Total \$' 000
<b>Right-of-use assets</b>			
<b>Balance as at 30 June 2020</b>	<b>4,748</b>	<b>-</b>	<b>4,748</b>
Depreciation	(1,049)	-	(1,049)
Remeasurement of Melbourne Office lease on 1 October 2020	(3,157)	-	(3,157)
Remeasurement of Melbourne Office lease on 1 January 2021	(45)	-	(45)
Initial recognition of new Melbourne Office lease on 30 June 2021	15,885	-	15,885
<b>Balance as at 30 June 2021</b>	<b>16,382</b>	<b>-</b>	<b>16,382</b>
Initial recognition of new lease	-	73	73
Depreciation	(1,798)	(14)	(1,812)
<b>Total right-of-use assets as at 30 June 2022</b>	<b>14,584</b>	<b>59</b>	<b>14,643</b>



	Property \$'000	Office Equipment \$'000	Total \$'000
<b>Lease liability</b>			
<b>Balance as at 30 June 2020</b>	<b>5,071</b>	<b>-</b>	<b>5,071</b>
Lease payments	(1,392)	-	(1,392)
Interest on leases	64	-	64
Remeasurement of Melbourne Office lease on 1 October 2020	(3,157)	-	(3,157)
Remeasurement of Melbourne Office lease on 1 January 2021	(45)	-	(45)
Initial recognition of new Melbourne Office lease on 30 June 2021	15,885	-	15,885
<b>Balance as at 30 June 2021</b>	<b>16,426</b>	<b>-</b>	<b>16,426</b>
Initial recognition of new lease	-	73	73
Payment of lease liabilities	(1,894)	(15)	(1,909)
Interest on leases	496	1	497
<b>Total lease liability as at 30 June 2022</b>	<b>15,028</b>	<b>59</b>	<b>15,087</b>
Current	1,487	14	1,501
Non-current	13,541	45	13,586
<b>Total lease liability as at 30 June 2022</b>	<b>15,028</b>	<b>59</b>	<b>15,087</b>

#### Amounts recognised in Statement of Comprehensive Income

	30 June 2022 \$'000	30 June 2021 \$'000
Depreciation charge of right-of-use assets	1,812	1,049
Interest expense on lease liabilities	497	64

#### Amounts recognised in Statement of Cash Flows

	30 June 2022 \$'000	30 June 2021 \$'000
Total cash outflows for leases	(1,412)	(1,328)

	Property \$'000	Office Equipment \$' 000	Total \$' 000
<b>Undiscounted lease payments to be paid</b>			
Year 1	1,937	15	1,952
Year 2	1,825	15	1,840
Year 3	1,777	16	1,793
Year 4	1,825	16	1,841
Year 5	1,876	-	1,876
> 5 years	8,082	-	8,082
<b>Total</b>	<b>17,322</b>	<b>62</b>	<b>17,384</b>

#### Impact of new lease

The Group has leased a new Melbourne office of approximately 2,702 square metres to replace its existing head office. The lease is for a period of 10 years commencing from 30 June 2021. Annual increases will start at 2.00% per annum and eventually increasing to 3.00% per annum from the 6<sup>th</sup> year of the lease.

#### Short-term leases

Payments associated with short-term leases are directly expensed within 'Occupancy expenses' in the consolidated income statement. Short-term leases are leases with a contractual term of 12 months or less. For the year ended 30 June 2022, \$0.1 million of short-term lease payments has been recognised in the income statement.

#### Key Accounting Policies

At the lease commencement date, the Group recognises the "Right of Use assets" (ROU) with the equivalent lease liability measured at cost less incentives received at commencement date. The ROU depreciates in a straight line over the lease term. The lease liability is measured at the present value of the lease's future lease payments from commencement date, discounted using the Group's incremental borrowing rate.

Lease liability is subsequently remeasured when there is a change in future lease payments arising from a change in lease term, an index or rate, change in amount payable under a residual value guarantee, lease term or termination penalties. When it is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset.

Lease which are less than 12 months are treated as short term leases and expensed to the profit and loss statement.

In determining the lease term, management considers all facts and circumstances that create and economic incentive to exercise and extension option. Such option is only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if an event of significant change in circumstances occurs which affects this assessment that is within the control of the Group.

## 14 Investment in Associate

During the financial year, the Group received technology services from its associate resulting in the following expenses incurred:

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
IT and communication expense	(84)	-
<b>Total intergroup transactions with associates</b>	<b>(84)</b>	<b>-</b>

No dividends and distributions received from associates during the financial year (FY2021: nil).

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Equity investments with no provisions for impairment	2,567	2,567
Share of Associate's Loss	(576)	(183)
<b>Total investment in associates</b>	<b>1,991</b>	<b>2,384</b>

The Group's associates at the balance date are:

Associates	Ownership Interest	Nature of activities	Financial Reporting Date	Carrying Value 30 June 2022 \$'000
Xeppo Pty Limited	25%	Fintech Data Solutions Provider	30 June	1,991

### Xeppo Pty Ltd

The Group has a 25% interest in an unlisted entity, Xeppo, an Australian specialist Fintech data solutions provider from Adelaide.

The Group classified this investment as an investment in associates as the Group has one board representative, voting rights and retains significant influence on the financial and operating policy decisions.

The carrying value of the investment in associate represents the cost of the shares of the associate at the date of investment, adjusted for the Group's share of the associate's profit or loss since the date of acquisition.

Netwealth has agreed to provide Xeppo with growth funding of up to \$2.5 million with a new option to purchase 100% of Xeppo over the next 4 years. The agreement was signed on 11 August 2022 disclosed under Note 28 Significant Events After the Reporting Date.

### **Key Accounting Policies**

If an entity holds, directly or indirectly, 20 percent or more of the voting power of the investee, it is presumed that the entity has significant influence.

#### **Significant influence**

It is where the acquirer has the power to of significant influence over the investee, but this does not equate to control over the investee, which relates to the ability to direct.

#### **Investments in associates – Equity Method**

Investments in associates are recognised initially in the consolidated statement of financial position at cost and if the cost of investment is greater than the net assets of the investee, goodwill is included as part of the cost of the investment in associate.

#### **Recognition of Share of Profit or Loss from investment in associate**

After the initial recognition, the Group's share of the investee's profit or loss is to be recognised in its profit or loss, which will either increase or decrease the carrying amount of the investment in associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirement of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AAASB 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with it carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

## 15 Property and Equipment

	Consolidated Group		
		30 June 2022	30 June 2021
Carrying amount of:		\$'000	\$'000
Leasehold improvements		374	64
Equipment		1,186	1,174
<b>Total property and equipment</b>		<b>1,560</b>	<b>1,238</b>
	Leasehold Improvements	Equipment	Total
	\$'000	\$'000	\$'000
<b>Cost</b>			
Balance at 30 June 2020	3,128	3,024	6,152
Additions	-	586	586
Disposals	(2,633)	(595)	(3,228)
<b>Balance at 30 June 2021</b>	<b>495</b>	<b>3,015</b>	<b>3,510</b>
Additions	366	770	1,136
Disposals	-	(137)	(137)
<b>Balance at 30 June 2022</b>	<b>861</b>	<b>3,648</b>	<b>4,509</b>
<b>Accumulated depreciation</b>			
Balance at 30 June 2020	(2,819)	(1,730)	(4,549)
Depreciation expense	(245)	(642)	(887)
Disposals	2,633	531	3,164
<b>Balance at 30 June 2021</b>	<b>(431)</b>	<b>(1,841)</b>	<b>(2,272)</b>
Depreciation expense	(56)	(749)	(805)
Disposals	-	128	128
<b>Balance at 30 June 2022</b>	<b>(487)</b>	<b>(2,462)</b>	<b>(2,949)</b>

	Leasehold Improvements \$'000	Equipment \$'000	Total \$'000
<b>Net carrying amount</b>			
At 30 June 2021	64	1,174	1,238
At 30 June 2022	374	1,186	1,560

#### Key Accounting Policies

Each class of property and equipment is carried at cost less, any accumulated depreciation and impairment losses.

#### Leasehold improvements

Leasehold improvements are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

Repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
<b>Leasehold improvements</b>	
Leasehold improvements	Over the duration of the lease
<b>Equipment</b>	
Office equipment	20%
Computer equipment	25% to 33%
Laptop computers and hardware	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss in the period in which they arise.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

## 16 Intangible Assets

	Consolidated Group			
	30 June 2022		30 June 2021	
Carrying amount of:	\$'000		\$'000	
Non-contractual customer relationships	60		120	
Software and website developments costs	2,155		147	
Software – Work in Progress (WIP)	-		458	
<b>Total intangibles</b>	<b>2,215</b>		<b>725</b>	
	Customer relationship	Software and website	Software - Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
Balance at 30 June 2020	300	297	-	597
Additions	-	86	458	544
Disposals	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>300</b>	<b>383</b>	<b>458</b>	<b>1,141</b>
Additions	-	1,570	286	1,856
Disposals	-	(73)	-	(73)
Transfer	-	744	(744)	-
<b>Balance at 30 June 2022</b>	<b>300</b>	<b>2,624</b>	<b>-</b>	<b>2,924</b>
	Customer relationship	Software and website	Software - Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
<b>Accumulated amortisation and impairment</b>				
Balance at 30 June 2020	(120)	(180)	-	(300)
Amortisation	(60)	(56)	-	(116)
Disposal	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>(180)</b>	<b>(236)</b>	<b>-</b>	<b>(416)</b>
Amortisation	(60)	(306)	-	(366)
Disposals	-	73	-	73
<b>Balance at 30 June 2022</b>	<b>(240)</b>	<b>(469)</b>	<b>-</b>	<b>(709)</b>

## Key Accounting Policies

### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### Customisation and Configuration costs in Software as a Service (SaaS) arrangements

Customisation and configuration costs in SaaS arrangements is capitalised when the software upgrade results in new codes written that are separately identifiable, have measurable costs, and meets the condition for having obtained control of the intellectual property from the upgrade. The development on the existing SaaS code enhances and creates new additional capabilities and it is probable that future economic benefits will be obtained.

### Intangibles - Work In Progress (WIP)

Intangibles – WIP is recognised when it can be demonstrated that there is an intention to complete the work in progress and it is feasible that the intangible assets will be ready for use or sale and the amount can be reliably measured.

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

### Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Intangible assets with either indefinite useful lives or not yet available for use are tested for impairment at least annually. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.



### Key Accounting Policies cont...

#### Amortisation

The amortisation amount of all intangibles is amortised on a straight-line basis over the intangible's estimated useful life to the Group commencing from the time the asset is held ready for use. Amortisation is recognised in profit or loss.

The amortisation rates used for each class of amortisable assets are:

Class of Intangibles	Amortisation rate
Customer relationships	20%
Software and website	20%

## 17 Trade and Other Payables

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Measured at amortised cost:</b>		
Trade payables	7,794	7,130
GST payables	841	785
<b>Total trade and other payables measured at amortised cost</b>	<b>8,635</b>	<b>7,915</b>
<b>Financial liabilities at amortised costs classified as trade and other payables</b>		
Total trade and other payables at amortised cost	8,635	7,915
Less:		
GST payable	841	785
<b>Total financial liabilities as trade and other payables</b>	<b>7,794</b>	<b>7,130</b>

### Key Accounting Policies

#### Measurement of Trade and Other Payables

Trade creditors and other payables are initially measured at amortised cost. The above liabilities only arise when the goods and services the Group have been received in full, remain unpaid at the end of the financial year and remains the Group's present obligation to make payments to the supplier.

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of trade and other payables in the statement of financial position.

### Key Accounting Policies cont...

Cash flows are presented on a gross basis. The GST component of operating cash flows is included in receipts from customers or payments to suppliers.

## 18 Provisions

	Consolidated Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
Employee benefits	7,061	6,465
Other provisions	88	59
<b>Total provisions</b>	<b>7,149</b>	<b>6,524</b>
Current	6,417	5,386
Non-current	732	1,138
<b>Total provisions</b>	<b>7,149</b>	<b>6,524</b>

	Employee Benefits	Other Provisions <sup>^</sup>	Total Provisions
	\$'000	\$'000	\$'000
<b>Analysis of provisions consolidated Group</b>			
Balance at 30 June 2021	6,465	59	6,524
Additional amounts raised during the year	4,333	50	4,383
Amount used or reversed during the year	(3,737)	(21)	(3,758)
<b>Balance at 30 June 2022</b>	<b>7,061</b>	<b>88</b>	<b>7,149</b>

<sup>^</sup>A provision recognised for the cost to make good premises that the Group has an obligation under existing lease commitments.

## 18.1 Provision for employee benefits

	Consolidated Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
<b>Current</b>		
Annual leave	3,850	3,380
Long service leave	2,478	1,947
<b>Total current employee provisions</b>	<b>6,328</b>	<b>5,327</b>
<b>Non-current</b>		
Long service leave	733	1,138
<b>Total non-current employee provisions</b>	<b>733</b>	<b>1,138</b>
<b>Total employee provisions</b>	<b>7,061</b>	<b>6,465</b>

### Key Accounting Policies

#### Provisions

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amount accrued for long service leave is a pro-rata amount accrued based on the current years of service, adjusted for an assumed rate of salary increase and discounted to allow for when the leave is expected to be taken.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provision is discounted using the current pre-tax rate that reflects the risks specific to the liability.

## 19 Issued Capital

Issued capital comprised:

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
243,813,690 Fully Paid Ordinary shares (June 2021: 243,802,657)	882,604	882,433
<b>Total share capital</b>	<b>882,604</b>	<b>882,433</b>
Reorganisation reserve	(856,041)	(856,035)
<b>Issued capital</b>	<b>26,563</b>	<b>26,398</b>

The Company recognised in FY2018 a Reorganisation Reserve of \$856 million to reflect the market value of \$3.70 per Fully Paid Ordinary share from the restructure of equity at listing.

	Consolidated group	
	30 June 2022 Number	30 June 2021 Number
<b>Fully Paid Ordinary shares</b>		
At the beginning of the reporting period	243,802,657	237,694,996
Performance shares converted to Fully Paid Ordinary shares	-	6,107,661
Shares issued during the year	11,033	-
<b>At the end of the reporting period</b>	<b>243,813,690</b>	<b>243,802,657</b>
<b>Shares with value</b>	<b>243,813,690</b>	<b>243,802,657</b>

On 10 February 2021, the Performance Shares vested in full and on 15 February 2021, 6,107,661 Performance Shares were converted to 6,107,661 Fully Paid Ordinary shares. The Fully Paid Ordinary Shares have been quoted on the ASX with full voting rights and are entitled to dividends.

On 23 September, 2021, 10,143 (\$159,650.82) Fully Paid Ordinary shares were issued as part of the Employee Gift Offer.

On 24 June 2022 and 30 June 2022, 890 (\$9,976.90) Fully Paid Ordinary shares issued as part of the Employee Gift Offer.

The Company has issued share capital amounting to 243,813,690 Fully Paid Ordinary shares (2021: 243,802,657 shares) of no par value.

At shareholders' meetings each Ordinary share is entitled to one vote when a poll is called, otherwise each Ordinary shareholder has one vote on a show of hands.

## 20 Reserves

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
Share reserve	4,576	1,688

The Share reserve records the fair value of shares granted via Share-based payment transactions.

### Key Accounting Policies

The grants under the Employee Share Plan result in the recognition of employment expenses with a corresponding increase in share reserve. The transition costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transactions that otherwise would of been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

## 21 Controlled Entities

	Country of Incorporation	Percentage Owned	
		30 June 2022 %	30 June 2021 %
<b>Subsidiaries of Netwealth Group Limited</b>			
Netwealth Holdings Limited	Australia	100	100
Wealthtech Pty Ltd	Australia	100	100
<b>Subsidiaries of Netwealth Holdings Limited</b>			
Netwealth Investment Limited	Australia	100	100
Netwealth Group Services Pty Ltd	Australia	100	100
Netwealth Fiduciary Services Pty Ltd	Australia	100	100
Netwealth Superannuation Services Pty Ltd	Australia	100	100

Wealthtech is not operational as of 30 June 2022.

## 22 Financial Instruments

The carrying amount for each category of financial instruments, measured in accordance with *AASB 9 Financial Instruments*, as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	88,376	81,421
Trade and other receivables	14,727	14,303
FVTPL Financial assets	1,086	535
<b>Total financial assets</b>	<b>104,189</b>	<b>96,259</b>
<b>Financial liabilities</b>		
Trade and other payables	7,794	7,130
<b>Total financial liabilities</b>	<b>7,794</b>	<b>7,130</b>

### Key Accounting Policies

#### Initial recognition and measurement

Financial Instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations in the specified in the contract expire, discharge or cancelled.

Financial instruments are initially measured at fair value. Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an open, actively traded in, market transaction at the measurement date. If the market for the financial instrument is unlisted or no market quotes are available, fair values is obtained using discounted cash flow analysis or other valuation techniques, using inputs based on market condition prevailing at the measurement date.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than those classified at fair value) are adjusted against the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss.

#### Classification of Financial assets

Debt instruments that meet the following conditions are measures subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;

#### Key Accounting Policies cont...

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term;
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking;
- It is a derivative.

#### Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL/ Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is either held for trading nor a contingent consideration arising from a business combinations as at FVTOCI on initial recognition.
- Debt instrument that do not meet the amortised cost criteria of the FVTOCI criteria are classified as at FVTPL. In addition, debt instrument that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designated eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

#### Cash & cash equivalent

Cash and cash equivalents with no fixed maturity are short-term instruments in nature or are payable on demand whose carrying value is equivalent to fair value.

#### FVTPL financial assets

FVTPL financial assets includes trading assets including financial investments classified as FVTPL or FVTOCI are measured at fair value quoted at the bid price at the end of the period on active markets where available (eg: listed securities). If quoted prices on active markets are not available, then fair values are estimated on the basis of other recognised valuation techniques.

#### Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

#### Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial instruments consist of deposits with banks, local money markets investments, short term investments, accounts receivable and payable. For the year ended 30 June 2022, the Group did not utilise derivatives, does not have any external borrowings and has not traded in financial

instruments including derivatives other than listed and unlisted securities. The financial instruments the Group has exposes it to the following risks:

- Capital management
- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

In relation to the exposure of the above risks, their objectives, policies, and process and measuring and the management of capital are outlined in the disclosures below.

### **22.1 Capital management**

The Board controls the capital of the Group to ensure that the Group can fund its operations and continue as a going concern while maintaining an appropriate debt to equity ratio.

The Group's capital and debt includes share capital, retained earnings, and financial liabilities, supported by financial assets. The Group's financial liabilities are Trade and Other Payables.

The Board manages the Group's capital by assessing the Group's financial risks and commitments and adjusting its capital structure in response to these risks and the market.

Under the Registrable Superannuation Entity (RSE) licence granted by APRA, the licensed entity is required to maintain sufficient level of capital known as Operational Risk Financial Requirements (ORFR) to cover operational risk. At 30 June 2022, NSS as the licensed entity and trustee for Netwealth Superannuation Master Fund held cash of \$47.5 million to meet this requirement.

Combined with ASIC's RG166 capital requirements for Australian Financial Services Licensees, NIL as the licensed entity was also required to maintain an additional \$14.5 million in net tangible assets as at 30 June 2022.

Both licensed entities satisfied these requirements at all times during the year.

There were no changes in the strategy adopted by the Group to manage its capital during the financial year.

### **22.2 Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables. There is no significant credit risk exposure on fair value through profit and loss (FVTPL) financial assets.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the date of invoice.



The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value of those financial assets as presented in the statement of financial position.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Group is considered to relate to the class of assets described as “trade and other receivables”.

Cash and cash equivalents are held with large reputable financial institutions within Australia where the credit risk is considered very low or in the cash account within the Netwealth Wrap service. The cash holdings within the Netwealth Wrap service are also held with a large reputable financial institution within Australia where the credit risk is considered low.

### 22.3 Liquidity risk management

Liquidity risk arises from the possibility that the Group might not be able to meet its financial obligations as they fall due. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management’s expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

	Within 3 Months	3 Months to 1 Year	1 Year to 5 Years	More than 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Trade & other payables	7,794	-	-	-	7,794
<b>Total expected outflows</b>	<b>7,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,794</b>
Cash and cash equivalents	88,376	-	-	-	88,376
Trade and other receivables	14,727	-	-	-	14,727
FVTPL Financial assets	1,086	-	-	-	1,086
<b>Total anticipated inflows</b>	<b>104,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,189</b>
<b>Net (outflow)/inflow of financial instruments</b>	<b>96,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,395</b>

	Within 3 Months	3 Months to 1 Year	1 Year to 5 Years	More than 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Trade & other payables	7,130	-	-	-	7,130
<b>Total expected outflows</b>	<b>7,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,130</b>
Cash and cash equivalents	81,421	-	-	-	81,421
Trade and other receivables	14,303	-	-	-	14,303
Financial assets	535	-	-	-	535
<b>Total anticipated inflows</b>	<b>96,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,259</b>
<b>Net (outflow)/inflow of financial instruments</b>	<b>89,129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,129</b>

#### 22.4 Market risk

Market risk is the risk of adverse changes in the value of the Group's trading position because of changes on market prices largely due to demand and supply factors (other than those arising from interest rate risk) for securities. The Group's exposure to securities price risk arises mainly from FVTPL financial assets.

The Group balance sheet is not materially exposed to movements in market prices. The fair value of financial assets and liabilities approximates their carrying value and the methods calculating fair value is consistent with how financial instruments are measured at fair value.

#### 22.5 Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates, such as the cash rate set by the Reserve Bank of Australia (RBA) and will affect future cash flows and the Group's income.

The Group also manages interest rate risk by ensuring that, whenever possible, payables are paid within pre-agreed credit terms.

### Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a variable is independent of other variables.

	Consolidated Group	
	Profit (Before Tax) \$'000	Profit (After Tax) \$'000
<b>Year ended 30 June 2022</b>		
+/- 0.5% interest rates (interest income)	+18,887/-18,887	+13,221/-13,221
<b>Year ended 30 June 2021</b>		
+/- 0.5% interest rates (interest income)	+15,745/-15,745	+11,020/-11,020

The assumptions used to prepare the above sensitivity analysis has changed from the prior year and has been applied retrospectively for comparative purposes. The assumptions which changed are:

- Interest rates used in the sensitivity analysis has increased from 0.1% pa to 0.5% pa to reflect the increases in the RBA cash rate recently;

The review of the assumptions was due to the increasing Reserve Bank of Australia (RBA) cash rate and the impact it has on the retained interest income from pooled accounts.

## 22.6 Fair value of financial instruments

The fair values of financial assets and financial liabilities that are measured at amortised cost are presented in the following table:

	Net Carrying Value	
	2022	2021
	\$'000	\$'000
<b>Financial assets</b>		
Cash & cash equivalent	88,376	81,421
Trade & other receivables	14,727	14,303
<b>Total financial assets</b>	<b>103,103</b>	<b>95,724</b>
<b>Financial liabilities</b>		
Trade & other payables	7,794	7,130
<b>Total financial liabilities</b>	<b>7,494</b>	<b>7,130</b>

For all in the above table, the carrying value approximates their fair value

### Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Unadjusted quoted prices in active markets for identical assets or liabilities (Level 1). The listed and unlisted investments are valued by reference to the quoted prices in active markets and are deemed to be Level 1 instruments in accordance with AASB 13 fair value hierarchy of measurement. In this regard, there is no subjectivity in relation to their value.
- In valuing investments that maybe included in Level 2 of the hierarchy, valuation techniques, such as comparison to similar investments for which market observable prices are available, are adopted to determine the fair value of these investments.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>2022</b>				
<b>Financial assets</b>				
<b>FVTPL financial assets:</b>				
Listed investments	12	-	-	12
Unlisted investments	-	1,074	-	1,074
<b>Total FVTPL financial assets</b>	<b>12</b>	<b>1,074</b>	<b>-</b>	<b>1,086</b>
<b>2021</b>				
<b>Financial assets</b>				
<b>FVTPL financial assets:</b>				
Listed investments	332	-	-	332
Unlisted investments	-	203	-	203
<b>Total FVTPL financial assets</b>	<b>332</b>	<b>203</b>	<b>-</b>	<b>535</b>

## 23 Share Based Payments

### Netwealth Equity Incentive Plan (NEIP)

The Group operates an equity-settled share-based compensation plan for which the Board, under the NEIP may make offers of ‘incentive securities’ in the form of rights, options, restricted shares or a combination of these to selected employees in exchange for their services. The value of the employee services rendered for the grant of these incentive securities is recognised as an expense over the vesting period, with the amount determined by the fair value of these incentive securities granted. The NEIP does not apply to Non-Executive Directors.

As at 30 June 2022, the Group had the following share-based payment arrangements:

### Options Granted

During the year, the Company granted and issued 2,270,000 ordinary share options to employees under the NEIP.

The following unvested options remain outstanding at the end of the reporting period:

Series	Grant date	Number	Plan	Expiry Date	Exercise Price	Fair Value at Grant Date
Series 16	23 September 2021	1,567,500	Options - LTI	30 June 2024	\$15.74	\$3.14
Series 17	23 September 2021	525,000	Options - LTI	30 June 2024	\$15.74	\$2.78
Series 18	27 October 2021	75,000	Options - LTI	30 June 2024	\$15.74	\$4.52

The following vesting conditions apply to all the LTI Scheme Options:

- The holder must be either continuously employed by or hold office continually until the end of the vesting period;
- In each of the three financial years ending from the year the options are issued, the holder must achieve performance ratings of ‘achieving’ and achieve all minimum KPIs as detailed in the performance plan applicable for the relevant year.

In relation to Series 17 and 18 options, there are additional vesting conditions which only applies to those participants in the LTI Scheme Options:

- 50% of Options are subject to achieving a Total Shareholder Return relative to the Group’s ranking in the Comparator Group (being the ASX 300 Diversified Financial Index);

- 50% of Options are subject to the Group achieving the target EPS growth rate over the vesting period.

### Performance Rights Granted

During the year, the Company granted and issued 60,913 performance rights under the NEIP.

The following performance rights remains outstanding at the end of the reporting period:

Series	Grant date	Number	Plan	Expiry Date	Weighted Average Fair Value at Grant Date
Series 19	23 September 2021	32,402	Rights - LTI	30 June 2024	\$14.66
Series 20	27 October 2021	23,825	Rights - LTI	30 June 2024	\$17.40
Series 21	19 November 2021	4,686	Rights - LTI	30 June 2024	\$16.27

The following vesting conditions apply to the FY22 LTI Scheme Rights:

- The holder must be either continuously employed by or hold office continually until 30 June 2024;
- In each of the three financial years ending with the FY2024, the holder must achieve performance ratings of 'achieving' and achieve all minimum KPIs as detailed in the performance plan applicable for the relevant year;
- 25% of the Rights are based on the company values ratings over the vesting period;
- 25% of the Rights are based on the individual contribution to delivery of strategic initiatives over the vesting period; and
- 50% of Rights are subject to the Group achieving the target EPS growth rate over the vesting period.

### Vested options

No share options were exercised during the year (2021: nil).

The following options vested during the financial year and remain outstanding at the end of the reporting period:

Series	Grant date	Number	Plan	Expiry Date	Exercise Price	Fair Value at Grant Date
Series 14	17 October 2019	498,147	Options - LTI	30 June 2022	\$7.5544	\$2.73
Series 15	12 November 2019	78,232	Options - LTI	30 June 2022	\$7.5544	\$3.00

### Key Accounting Policies

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will vest, with a corresponding increase in equity. At the end of each reporting period, the Group reviews the market, performance and service conditions to revise its estimate of the number of equity instruments expected to vest at the end of the vesting period. The impact of the revision to the original estimates is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 24 Related Party Transactions

The Group's main related parties are as follows:

### 24.1 Entities exercising control over the Group

The parent entity, which exercises control over the Group is Netwealth Group Limited.

### 24.2 Key management personnel

For details of disclosures relating to key management personnel, refer to the Remuneration Report on pages 42 to 56 and Note 7.

### 24.3 Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidations and are not disclosed in this note.

	Consolidated Group	
	30 June 2022	30 June 2021
	\$	\$
Netwealth Group Services has generated revenue by providing administration services to director related entities during the year are as follows:		
Heine Brothers Pty Ltd	-	6,000



### Related parties

Netwealth Investments Limited is the Responsible Entity and receives management fees for managing the operations of Netwealth managed investment schemes (Netwealth Global Specialist Series) and may holds units in these schemes for which distributions have been received.

	Consolidated Group	
	30 June 2022	30 June 2021
	\$	\$
<b>Management fees:</b>		
Management fee revenue	12,946,952	10,202,176
<b>Distributions:</b>		
Distribution income	654	925

Netwealth Investments Ltd holds units in the Netwealth Managed Investment Schemes in its capacity as custodian of the Netwealth Wrap Service. They are not considered a subsidiary as it does not exercise control over these Managed Investment Schemes. The amounts held in its own right are not material as noted below.

Netwealth Investments Limited holds investments in Netwealth products as follows:

	Consolidated Group	
	30 June 2022	30 June 2021
	\$	\$
<b>FVTPL financial assets</b>		
Netwealth Managed Investment Schemes	19,658	16,371
Netwealth Wrap and Super Accounts	1,003,654	452,328

## 25 Cash Flow Note

Reconciliation of cash flow from operations with profit after income tax

	Consolidated Group	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Profit for the year</b>	<b>55,552</b>	<b>54,103</b>
Income tax expense recognised in profit or loss	25,558	23,128
Depreciation & amortisation	2,984	2,054
Share based payment expense	3,053	402
Unrealised (gain)/loss on investments	144	(73)
Adjustments on make good provision	(21)	(153)
Loss/(gain) on disposal of assets	9	21
Gain on disposal of investments	8	291
Share of Associate's NPAT	393	183
	<b>87,680</b>	<b>79,956</b>
Movements in working capital		
(Increase)/decrease in trade & other receivables	(332)	(4,117)
(Increase)/decrease in other assets	1,173	(6,787)
Increase/(decrease) in trade & other payables	627	587
Increase/(decrease) in provisions	646	1,451
<b>Cash generated from operations</b>	<b>89,794</b>	<b>71,090</b>
Income tax paid	(30,189)	(33,281)
<b>Net cash provided by operating activities</b>	<b>59,605</b>	<b>37,809</b>

Reconciliation of liabilities arising from financing activities

	30 June 2021 \$'000	Cash Flows	Non-Cash Changes		30 June 2022 \$'000
			Acquisitions	New Leases	
Lease liabilities	16,426	(1,412)	-	73	15,087
<b>Total liabilities from financing activities</b>	<b>16,426</b>	<b>(1,412)</b>	<b>-</b>	<b>73</b>	<b>15,087</b>

### Key Accounting Policies

Cash and cash equivalents includes:

- cash on hand
- deposits held at-call with banks; and
- other short-term highly liquid investments with original maturities of three months or less, (including products managed via the Netwealth platform).

## 26 Parent Entity Disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

Statement of Financial Position	Parent Entity	
	30 June 2022 \$'000	30 June 2021 \$'000
<b>Assets</b>		
Cash and cash equivalents	335	121
Current assets	4,864	10,369
Non-current assets	-	1,020
Investment in subsidiaries	49,876	46,823
<b>Total assets</b>	<b>55,075</b>	<b>58,333</b>
<b>Liabilities</b>		
Current liabilities	14,095	20,076
<b>Total liabilities</b>	<b>14,095</b>	<b>20,076</b>
<b>Net assets</b>	<b>40,980</b>	<b>38,257</b>
<b>Equity</b>		
Issued capital	882,603	882,434
Reserves	(831,777)	(834,661)
Retained earnings	(9,846)	(9,516)
<b>Total equity</b>	<b>40,980</b>	<b>38,257</b>
<b>Statement of profit or loss and comprehensive income</b>		
Total Profit/(Loss) for the year	47,212	40,907
<b>Total Comprehensive Profit / (Loss) for the year</b>	<b>47,212</b>	<b>40,907</b>

**Guarantees:** The parent entity has a deed of cross guarantee with its subsidiaries; Netwealth Holdings Limited, Netwealth Group Services Pty Ltd and Netwealth Advice Group Pty Ltd in order for them to be relieved from financial reporting obligations under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

**Contractual commitments:** At 30 June 2022, the parent entity had not entered into any contractual commitments for the acquisition of property and equipment or any operating leases (2021: nil).

**Contingent liabilities:** At 30 June 2022, the parent entity does not have contingent liabilities (2021: nil).

## 27 Auditor's Remuneration

	Consolidated Group	
	30 June 2022	30 June 2021
	\$	\$
<b>Fees payable for audit and review of financial reports</b>		
<i>Auditor of the Group - Deloitte</i>		
Consolidated Group	114,489	108,009
Subsidiaries	84,795	69,819
<b>Total audit and review of financial reports</b>	<b>199,284</b>	<b>177,828</b>
<b>Assurance services</b>		
<i>Auditor of the Group - Deloitte</i>		
Statutory assurance services	30,747	12,446
<b>Other services</b>		
<i>Auditor of the Group - Deloitte</i>		
Audit and review on the Funds	309,151	204,127
Audit on Internal Controls – GS007	107,514	91,994
Audit of IDPS and Investor Statements	29,907	24,625
<b>Total fees paid to group auditor</b>	<b>676,603</b>	<b>511,021</b>

## 28 Events Occurring after Reporting Date

Netwealth has agreed to provide Xeppo with growth funding of up to \$2.5 million with a new option to purchase 100% of Xeppo over the next 4 years. The agreement was signed on 11 August 2022.

On the 24 August 2022, the Company declared a fully franked final dividend for FY2022 of 10.0 cents per share total dividend of \$24,381,369. The ex-dividend date is 30 August 2022 and final dividend is payable on 29 September 2022.

In the opinion of the Board, there are no other matters or circumstances which have arisen between 30 June 2022 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs for the Group in subsequent financial periods.

## Directors' Declaration

The Directors declare that:

- a. the attached financial statements and notes in accordance with the Corporations Act 2001, comply with Accounting Standards, Corporation Regulations 2001 and other mandatory professional reporting requirements;
- b. the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity; and
- c. 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.

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

On behalf of the Directors



**Timothy Antonie**

Chairman

24 August 2022

# Independent Auditor's Review Report



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## Independent Auditor's Report to the Members of Netwealth Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Netwealth Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Revenue Recognition – Platform Revenue</b></p> <p>As at 30 June 2022, \$170 million of Platform Revenue has been recognised as disclosed in Note 5.</p> <p>Netwealth’s platform business utilises a number of interdependent IT systems to process and record a high volume of transactions. The accounting system uses a number of different data feeds within this highly automated system to capture and record revenue.</p> <p>Platform revenue is calculated on a number of factors such as daily portfolio balance, fee rate based on the Product Disclosure Statement (PDS) and the number of days in a period.</p> <p>Platform revenue is a key audit matter due to the dependency on the accuracy and completeness of a large volume of data feeds in this highly automated environment.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>- Updating our understanding of the system, procedures and controls in place for the accurate and complete recording of data feeds in the system;</li> <li>- Testing the design and implementation, and the operating effectiveness of the relevant controls that support data feeds for the Platform revenue; and</li> <li>- Performing general IT controls testing over the systems that support data feeds for the Platform revenue.</li> </ul> <p>We have also assessed the appropriateness of the disclosures in Note 5 to the financial statements.</p>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

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



In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 56 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Netwealth Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Lani Cockrem*

Lani Cockrem  
Partner  
Chartered Accountants  
Melbourne, 24 August 2022

## Shareholder Information

### Ordinary Shares (ASX Listed)

The shareholder information set out below was applicable at 11 August 2022.

#### Distribution of shareholdings

Range	Ordinary Shares	Number of shareholders
1-1,000	1,685,946	4,885
1,001-5,000	4,533,485	2,006
5,001-10,000	2,308,285	323
10,001-100,000	3,558,373	166
100,001 and over	231,727,602	32

There were no holder of less than a marketable parcel of ordinary shares.

#### Top 20 Holders

Rank	Name	Ordinary shares	% of Issued Capital
1	Heine Brothers Pty Ltd	112,504,990	46.14%
2	HSBC Custody Nominees (Australia) Limited	34,530,586	14.16%
3	Leslie Max Heine Pty Ltd <ATF The LMH Trust>	17,309,465	7.10%
4	J P Morgan Nominees Australia Pty Limited	15,972,829	6.55%
5	Netwealth Investments Limited <Wrap Services A/C>	13,773,494	5.65%
6	Citicorp Nominees Pty Limited	12,341,913	5.06%
7	BNP Paribas Noms Pty Ltd <DRP>	5,806,832	2.38%
8	National Nominees Limited	3,924,782	1.61%
9	Australian Foundation Investment Company Limited	3,489,034	1.43%
10	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	1,947,135	0.80%
11	Netwealth Investments Limited <Super Services A/C>	1,756,424	0.72%
12	Mirrabooka Investments Ltd	1,201,259	0.49%
13	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	1,061,059	0.44%
14	HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	1,016,613	0.42%
15	Sandhurst Trustees Ltd <Harper Bernays Ltd A/C>	658,660	0.27%
16	AMCIL Limited	559,847	0.23%
17	Asset Plus Pty Limited <ATF The Headline Investments Trust>	465,696	0.19%
18	Truebell Capital Pty Ltd <Truebell Investment Fund>	400,000	0.16%
19	Djerriwarrh Investments Limited	384,000	0.16%
20	Damian Soraghan	309,689	0.13%
	<b>Total</b>	<b>229,414,307</b>	<b>94.09%</b>
	<b>Balance of register</b>	<b>14,399,384</b>	<b>5.91%</b>
	<b>Grand total</b>	<b>243,813,691</b>	<b>100.00%</b>

## Substantial holders (as at 11 August 2022)

Substantial Holder	Number of Ordinary shares in which the holder together with their associates have a relevant interest
Matthew Heine	133,590,860
Nicholas Heine	129,887,705
Michael Heine	129,854,455
Heine Brothers Pty Ltd	129,854,455
Leslie Max Heine Pty Ltd <ATF The LMH Trust>	17,309,465

### Ordinary shares voting rights

At a general meeting of the Company, every shareholder present in person or by proxy has one vote on a show of hands. Upon a poll, each share has one vote.

### On-market buy-back

Currently the Company does not have an on-market buy back scheme in operation.

## Company Information

### Netwealth Group Limited

ABN 84 620 145 404

#### Registered Office

Level 6, 180 Flinders Street

Melbourne, Victoria, 3000

Phone: 1800 888 223

Email: [contact@netwealth.com.au](mailto:contact@netwealth.com.au)

#### Shareholder Enquiries

Email: [shareholder@netwealth.com.au](mailto:shareholder@netwealth.com.au)

Website: <https://www.netwealth.com.au/web/about-netwealth/shareholders/>

#### Auditor

Deloitte Touche Tohmatsu

477 Collins Street

Melbourne, Victoria, 3000

Phone: +61 3 9671 7000

Fax: +61 3 9671 7001

#### Stock Exchange

Netwealth's shares are listed on the ASX with the code 'NWL'

#### Share Registry

Netwealth's register of shares is maintained by Link Market.

#### Link Market Services Limited

Level 13, Tower 4

727 Collins Street

Docklands VIC 3008

Locked BagA14

Sydney South NSW 1235

+61 1300 554 474

[registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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