



# Netwealth Group Limited and Controlled Entities Half Year Report 1H 2024

ACN: 620 145 404

# Contents

Appendix 4D	3
Corporate highlights	5
Directors' Report	6
Operating and Financial Review	7
Auditor's Independence Declaration	14
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19
1 Material Accounting Policies	19
2 Segment Information	22
3 Revenue	22
4 Income Taxes	23
5 Dividends	25
6 Earnings Per Share	25
7 Other Current Assets	26
8 Leases	27
9 Intangible Assets	29
10 Investment in Associates & Joint Venture	30
11 Provisions	31
12 Issued Capital	32
13 Share Based Payments	33
14 Controlled Entities	35
15 Financial Instruments	36
16 Cash Flow Note	39
17 Events Occurring after Reporting Date	39
Directors' Declaration	40
Independent Auditor's Review Report	41

## Acknowledgement of Country

In the spirit of reconciliation, Netwealth acknowledges the Traditional Custodian of country throughout Australia and their connections to land, sea and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

*This statement is made by Netwealth Group Limited on behalf of its reporting entities for the half year ended 31 December 2023.*

## Appendix 4D

Report for the half year ended 31 December 2023 (1H 2024).

Netwealth Group Limited  
ABN: 84 620 145 404

### Details of the reporting period

Report for the half year ended 31 December 2023 (1H 2024).

Previous corresponding period half year ended 31 December 2022 (1H 2023).

### Results for announcement to the market

	1H 2024 \$'000	1H 2023 \$'000	Increase/ (Decrease)	Var %
Revenue from ordinary activities	123,344	102,797	20,547	20.0%
Profit from ordinary activities before tax attributable to members	56,847	44,336	12,511	28.2%
Net profit for the period attributable to members	39,288	30,624	8,664	28.3%

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

### Net tangible assets per ordinary security

	1H 2024	1H 2023
Net tangible assets per ordinary security	51.2 cents	44.2 cents

## Dividend information

	Amount per Share (cents)	Franked Amount per Share (cents)	% Franked	Tax rate for Franking Credit
Final 2023 dividend per share (paid 21 Sep 2023)	13.0	5.57	100%	30%
Interim 2024 dividend per share (to be paid 28 Mar 2024)	14.0	6.00	100%	30%

### Interim dividend dates

Ex-dividend date	4 March 2024
Record date	5 March 2024
Payment date	28 March 2024

There is no dividend reinvestment plan.

## Entities over which control has been gained or loss during the period

Not applicable.

## Details of associates and joint venture entities

Netwealth owns 25% of the equity of Xeppo Pty Ltd (Xeppo), a specialist fintech data solution provider. This investment has been classified as a joint venture.

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

## Compliance statement

This report is based on the consolidated financial statements for the half year ended 31 December 2023 which were subject to review by Netwealth Group Limited's auditors, Deloitte Touche Tohmatsu, with the review report below.



**Matt Heine**

Chief Executive Officer and Managing Director  
20 February 2024

## Corporate highlights

Netwealth has continued to experience significant growth in the half year to December 2023. Some highlights for the half year were (comparative period being half year 31 December 2022):



1 Directors consider these non-IFRS information to be a key metric in evaluating the operating performance of the Group. Reconciliations to IFRS information are on pages 9-11.

2 Plan For Life Media Release, Analysis of Wraps, Platforms and Master Trusts as at September 2023. Total industry retail FUA of \$975B (as at Sep 2023)

3 Rated by Investment Trends as number 1 in Overall Satisfaction by users for the 11<sup>th</sup> consecutive year (2014-2023) Adviser Technology Needs Report May 2023 and rated number 1 for Best Product Offering & Best Transaction Tools by Investment Trends Platform Competitive Analysis and Benchmarking Report Dec 2023.

EPS – Earnings per share; CPS – Cents per share

## Directors' Report

The Directors present their report on Netwealth Group Limited "the Company" and its controlled entities for the half year ended 31 December 2023 (1H 2024). The consolidated entity is referred to as "the Group" or "Netwealth". To comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

The names of the Directors in office at any time during, or since the end of the period are:

#### Non-Executive Directors:

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

#### Executive Directors:

- Michael Heine
- Matthew Heine

All directors have been in office since the start of the financial year to the date of this 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 half year that are not otherwise disclosed in this Half Year Report.

## Operating and Financial Review

### Key platform statistics

Set out in the below table is a summary of key platform statistics for 1H 2024 and 1H 2023.

	Consolidated Group for Period Ended			
	31 Dec 2023	31 Dec 2022	Variance	Variance %
FUA – Custodial - End of Period (EOP) (\$ million)	77,772	62,414	15,358	24.6%
FUA – Non-custodial (EOP) (\$ million)	228	33	195	590.9%
Total FUA (\$ million)	78,000	62,447	15,553	24.9%
FUA inflows - Custodial (\$ million)	9,636	8,771	865	9.9%
FUA outflows – Custodial (\$ million)	(5,020)	(3,747)	(1,273)	(34.0%)
FUA net inflows – Custodial (\$ million)	4,616	5,024	(408)	(8.1%)
FUA net inflows – Non-custodial (\$ million)	91	21	70	333.3%
FUA Market Movement - Custodial (\$ million)	3,010	1,737	1,273	73.3%
FUA Market Movement – Non-custodial (\$ million)	11	12	(1)	(8.3%)
Annualised platform revenue/average FUA (bps)	32.2 bps	33.1 bps	(0.9 bps)	(2.7%)
FUM (EOP*) (\$ million)	18,073	14,440	3,633	25.2%
FUM net inflows (\$ million)	1,509	1,196	313	26.1%
Managed Account (EOP*) (\$ million)	15,513	12,229	3,284	26.9%
Managed Account net inflows (\$ million)	1,341	867	474	54.7%
Managed Funds (EOP*) (\$ million)	2,560	2,211	349	15.8%
Managed Funds net inflows (\$ million)	168	328	(160)	(48.9%)
Cash transaction account as % of FUA (EOP*) (\$ million)	5.6%	6.9%	(1.3%)	-
Accounts (EOP*) (number)	132,826	121,032	11,794	9.7%
Financial Intermediaries (EOP*) (number)	3,633	3,421	212	6.2%
Average FUA per average number of Accounts (\$ thousands)	560	506	54	10.7%
Annualised platform revenue/average number of Accounts (\$)	1,805	1,673	132	7.9%

\* EOP=End of Period

Funds Under Administration (FUA) of \$78.0 billion as at 31 December 2023, increased by \$15.6 billion (24.9%) from 31 December 2022. FUA inflows of \$9.6 billion for the period, increased by \$0.9 billion (9.9%) from 1H 2023. FUA outflows of \$5.02 billion for the period, increased by \$1.3 billion (34.0%) from 1H 2023. Outflow levels were higher in this period driven by market conditions which led to clients partially withdrawing to invest in off platform term deposit and fixed interest products.

Netwealth achieved FUA net inflows of \$8.9 billion over the 12 months period to end September 2023 and remains market leader based on data released by Plan for Life<sup>1</sup>. Netwealth's total FUA grew by \$15.6 billion with positive FUA market movement of \$6.0 billion over this 12-month period (-\$4.6 billion in 2H 2023).

Non-custodial FUA reached \$228 million as at 31 December 2023 with non-custodial FUA net inflows of \$91 million during the period.

Funds Under Management (FUM) as at 31 December 2023 of \$18.1 billion, increased by \$3.6 billion (25.2%) from 31 December 2022.

Managed Account FUM as at 31 December 2023 of \$15.5 billion, increased by \$3.3 billion (26.9%) from 31 December 2022. Managed Funds FUM decreased by \$0.3 billion (12.2%) to \$1.9 billion as at 31 December 2023.

At 31 December 2023 the cash transaction account as a percentage of FUA was 5.6%, a decrease of 1.3% from 1H 2023. This was mainly due to a rising market and clients investing in other cash products.

The favourable market conditions also resulted in annualised platform revenue over average FUA for 1H 2024 decreasing by 1.3 bps to 31.8 bps. Average account size of \$560,000 (Wrap \$1,217,000, Super \$273,000) in December 2023, increase from \$506,000 in 1H 2023.

Annualised platform revenue per Account for 1H 2024 increased to \$1,805 (1H 2023: \$1,673) from the increase in Managed Accounts flows of 54.7%.

Number of Accounts increased by 11,794 (9.7% increase) to 132,826 over this 12-month period. Financial Intermediaries using the platform at 31 December 2023 was 3,633, up 6.2% for 1H 2024.

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<sup>1</sup> Plan For Life Media Release, Analysis of Wraps, Platforms and Master Trusts as at September 2023



## Financial Review

Set out in the table below is the consolidated statement of profit or loss and other comprehensive income for 1H 2024 presented in full to reflect other financial metrics.

	Consolidated Group for Period Ended			
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	Variance \$'000	Variance %
<b>Income</b>				
Platform revenue	117,849	99,812	18,037	18.1%
Other income	5,495	2,985	2,510	84.1%
<b>Total income</b>	<b>123,344</b>	<b>102,797</b>	<b>20,547</b>	<b>20.0%</b>
<b>Expenses</b>				
Employee benefits expenses	(44,590)	(38,060)	6,530	17.2%
Share-based payment expense	(1,521)	(1,221)	300	24.6%
Technology and communication <sup>1</sup>	(7,587)	(6,737)	850	12.6%
Professional and insurance <sup>1</sup>	(3,347)	(3,244)	103	3.2%
Brokerage, investment & custody <sup>1</sup>	(2,316)	(2,496)	(180)	(7.2%)
Advertising and marketing <sup>1</sup>	(1,480)	(1,450)	30	2.1%
Other costs and expenses <sup>1</sup>	(3,751)	(3,406)	345	10.1%
<b>Total expenses</b>	<b>(64,592)</b>	<b>(56,614)</b>	<b>7,978</b>	<b>14.1%</b>
<b>EBITDA</b>	<b>58,752</b>	<b>46,183</b>	<b>12,569</b>	<b>27.2%</b>
<b>EBITDA margin</b>	<b>47.6%</b>	<b>44.9%</b>	<b>2.7%</b>	<b>-</b>
Interest on leases	(259)	(232)	27	11.6%
Depreciation and amortisation	(1,646)	(1,615)	31	1.9%
<b>NPBT</b>	<b>56,847</b>	<b>44,336</b>	<b>12,511</b>	<b>28.2%</b>
Income tax expense	(17,559)	(13,712)	3,847	28.1%
<b>NPAT</b>	<b>39,288</b>	<b>30,624</b>	<b>8,664</b>	<b>28.3%</b>
<b>NPAT margin</b>	<b>31.9%</b>	<b>29.8%</b>	<b>2.1%</b>	<b>-</b>
EPS (cents per share) <sup>1</sup>	16.1	12.6	3.5	27.8%

<sup>1</sup>Certain expenses and the EPS were reclassified to present a more meaningful and transparent view of the Group's operating performance. Prior period comparative figures have been reclassified to be consistent with current period disclosure.

Platform revenue increased by \$18.0 million (18.1%) to \$117.8 million from 1H 2023 to 1H 2024. Administration fees increased by \$6.7 million (14.0%) from growth in funds under administration. The growth is from a combination of net inflows from existing and new clients and favourable market movement. Transaction and ancillary fees increased by \$10.6 million (23.0%) primarily attributed to the full impact from the increase in cash margins from higher interest rates and increased trading volumes compared to prior period. The introduction of a new trading desk service during this period increased trading activity contributing to the higher trading volumes.

Total expenses of \$64.6 million for 1H 2024, increased by \$8.0 million (14.1%) compared to 1H 2023 with key drivers noted below.

Employee benefits expense increased by \$6.5 million (17.2%) to \$44.6 million for 1H 2024 compared to 1H 2023. Headcount on 31 December 2023 were 588 with an additional 35 roles added in 1H 2024, compared with 37 new roles added in 1H 2023. There was continued investment in the platform to maintain high quality customer service with 8 new headcounts in the technology teams and 17 across the operations teams (majority relating to client services). There was an increase in the risk and compliance team in addition to several senior appointments across Technology, Legal Risk & Compliance, Product and Executive team to increase our capacity for long term sustained growth. Employee benefits expense represented 69% of total 1H 2024 expenses.

Share based payments expense increased by \$0.3 million (24.6%) to \$1.5 million in 1H 2024 compared to 1H 2023 following new executive rights issued in 1H 2024.

The largest increase in non-employment expenses during 1H 2024 compared to the prior period was \$0.9 million in Technology and Communications to enhance the scalability of systems, upgrading our technology infrastructure and completing the transition to cloud based systems. Brokerage and other trading costs declined by 7.2% due to benefits of scale from reduction in cost per trade.

### Underlying Cash Flow Statement 1H 2024

The table below sets out the summary of the underlying consolidated statement of cash flows for 1H 2024 and 1H 2023.

	Consolidated Group for Period Ended			
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	Variance \$'000	Variance %
Receipts from customers	122,868	104,194	18,674	17.9%
Other operating cash flows	(63,102)	(52,976)	(10,126)	(19.1%)
<b>Operating net cash flows before tax and interest</b>	<b>59,766</b>	<b>51,218</b>	<b>8,548</b>	<b>16.7%</b>
Investing activities	(2,325)	(2,553)	228	8.9%
Adjustment for seed funding for Managed Funds	-	(1,000)	1,000	100.0%
<b>Free cash flows</b>	<b>57,441</b>	<b>47,665</b>	<b>9,776</b>	<b>20.5%</b>

Underlying operating net cash flow before tax and interest was \$59.8 million for 1H 2024 which increased by \$8.6 million or 16.7% versus 1H 2023. For further information about the movement in working capital, please refer to Note 16.

The Group had free cash flows of \$57.4 million at the end of 1H 2024, an increase of \$9.8 million or 20.5% increase versus 1H 2023.

### External Outlook

Whilst geopolitical unrest continues around the world, interest rates and inflation appear to have stabilised in Australia. Netwealth remains in an excellent financial position to manage in the current market environment. It continues to grow, remains highly profitable with significant recurring revenues, has high cash generation, low capital expenditure and has no external borrowings. The Directors actively monitor global economic conditions and exercise prudent risk management to continuously manage their impact on the Group's operations.

### Significant changes in the state of affairs

There were no other significant changes in the state of affairs during the half year.

### Dividends

During the half year, the Company declared on 16 August 2023 and paid on 21 September 2023 a fully franked dividend of 13.0 cents per share representing a total dividend of \$31,706,000 for 2H FY2023. There is no dividend reinvestment plan.

### Options and shares

On 17 October 2023, 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 14,697 new ordinary shares issued at \$14.49 per share.

On 25 August 2023, 120,568 (\$910,819) Options which vested at 30 June 2022 were exercised for the equivalent number of issued Fully Paid Ordinary shares.

During the period, a number of employees were granted performance Rights as part of the Group's long-term incentive plan. This resulted in the Group issuing 120,937 performance rights during the half year.

### **Corporate sustainability**

Netwealth remains committed to corporate sustainability and has a comprehensive corporate sustainability framework that reflects our core values of being genuine, agile, collaborative, curious, courageous and optimistic. This framework enables Netwealth to be clear in our vision and goals and be held accountable in each area of sustainability through the following four pillars.

1. Enhance our core business.
2. Be genuine and transparent.
3. Foster diversity, talent and wellbeing.
4. Create a positive social and environmental impact.

Our FY2023 Corporate Sustainability Report, and current initiatives are available on the Company's website at

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

### **Events subsequent to the end of the reporting period**

On 20 February 2024, the Company declared a fully franked interim dividend for 1H 2024 of 14.0 cents per share (total dividend of \$34,163,690). The interim dividend is payable on 28 March 2024.

There are no other matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

**Proceedings on behalf of the Group**

No person has applied for leave to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a part of 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 half year.

**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 14.

**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.

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

**Tim Antonie**

Chair

20 February 2024

## Auditor's Independence Declaration

# Deloitte.

Deloitte Touche Tohmatsu  
ABN 74 490 121 080

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

20 February 2024

Dear Directors,

### Auditors' 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 review of the half year financial report of Netwealth Group Limited for the half year ended 31 December 2023, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Lani Cockrem*

Lani Cockrem  
Partner  
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte organization.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2023.

	Consolidated Group for Period Ended		
	Note	31 December 2023 \$'000	31 December 2022 \$'000
<b>Income</b>			
Platform Revenue		117,849	99,812
Other income		5,495	2,985
<b>Total income</b>	<b>3</b>	<b>123,344</b>	<b>102,797</b>
<b>Expenses</b>			
Employee benefits expenses		(44,590)	(38,060)
Share-based payment expense		(1,521)	(1,221)
Brokerage, investment & custody		(2,316)	(2,496)
Technology and communication expenses <sup>1</sup>		(7,587)	(6,737)
Client transactions & communication <sup>1</sup>		(824)	(749)
Professional fees		(1,702)	(1,751)
Insurance		(1,645)	(1,493)
Advertising & marketing		(1,480)	(1,450)
Depreciation		(1,325)	(1,311)
Amortisation		(321)	(304)
Interest expense		(259)	(232)
Other operating expenses		(2,774)	(2,489)
Share of associate and joint venture NPAT	10(i)	(153)	(168)
<b>Total expenses</b>		<b>(66,497)</b>	<b>(58,461)</b>
<b>Profit before income tax</b>		<b>56,847</b>	<b>44,336</b>
Income tax expense	4	(17,559)	(13,712)
<b>Profit for the period</b>		<b>39,288</b>	<b>30,624</b>
<b>Total comprehensive income for the period</b>		<b>39,288</b>	<b>30,624</b>
<b>Total comprehensive income attributable to:</b>			
Members of the parent entity		39,288	30,624
<b>Earnings per share</b>			
Basic (cents per share)	6	16.1	12.6
Diluted (cents per share)	6	16.1	12.6

<sup>1</sup> During the period, the Group reclassified \$0.6 million client transaction & communication expense to technology and communication expense. Prior period comparative figures have been reclassified to be consistent with current period disclosure, refer to Note 1 Material Accounting Policies.

[The accompanying notes form part of these financial statements](#)

# Consolidated Statement of Financial Position

As at 31 December 2023.

		Consolidated Group as at	
	Note	31 December 2023 \$'000	30 June 2023 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		115,733	109,482
Trade and other receivables		21,913	17,837
Other current assets	7	9,628	8,569
Financial Assets at FVTPL*	15	551	491
<b>Total current assets</b>		<b>147,825</b>	<b>136,379</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,350	1,445
Intangible assets	9	8,175	6,506
Lease assets	8	14,812	12,830
Financial Assets at FVTPL*	10(ii), 15	1,551	917
Investment in associates & joint venture	10(i)	1,461	1,614
Deferred tax assets	5	4,096	2,194
<b>Total non-current assets</b>		<b>31,445</b>	<b>25,506</b>
<b>Total assets</b>		<b>179,270</b>	<b>161,885</b>
<b>Current liabilities</b>			
Trade and other payables		11,285	11,804
Provisions	11	7,828	7,439
Current tax liabilities		5,571	4,978
Lease liability	8	1,698	1,437
Other current liability		4,389	83
<b>Total current liabilities</b>		<b>30,771</b>	<b>25,741</b>
<b>Non-current liabilities</b>			
Lease liability	8	14,074	12,149
Provisions	11	1,271	946
<b>Total non-current liabilities</b>		<b>15,345</b>	<b>13,095</b>
<b>Total liabilities</b>		<b>46,116</b>	<b>38,836</b>
<b>Net assets</b>		<b>133,154</b>	<b>123,049</b>
<b>Equity</b>			
Issued capital	12	28,321	27,228
Reserves		8,202	6,772
Retained earnings		96,631	89,049
<b>Total equity</b>		<b>133,154</b>	<b>123,049</b>

\*Fair value through Profit & Loss

The accompanying notes form part of these financial statements



## Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023.

Consolidated Group	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2022</b>		<b>26,563</b>	<b>4,576</b>	<b>73,104</b>	<b>104,243</b>
Shares fully paid during the period		620	-	-	620
Total comprehensive income for the period		-	-	30,624	30,624
Amounts recognised on issue of employee shares		-	1,036	-	1,036
Dividends paid or provided for		-	-	(24,381)	(24,381)
<b>Balance at 31 December 2022</b>		<b>27,183</b>	<b>5,612</b>	<b>79,347</b>	<b>112,142</b>
<b>Balance at 1 July 2023</b>		<b>27,228</b>	<b>6,772</b>	<b>89,049</b>	<b>123,049</b>
Shares issued and fully paid during the period		1,093	-	-	1,093
Total comprehensive income for the period		-	-	39,288	39,288
Amounts recognised on issue of employee shares		-	1,430	-	1,430
Dividends paid or provided for	5	-	-	(31,706)	(31,706)
<b>Balance at 31 December 2023</b>		<b>28,321</b>	<b>8,202</b>	<b>96,631</b>	<b>133,154</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

For the half year ended 31 December 2023.

	Consolidated Group for Period Ended		
	Note	31 December 2023 \$'000	31 December 2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		122,868	104,194
Payments to suppliers and employees		(65,732)	(54,097)
Dividends received		11	9
Interest received		2,619	1,110
Interest paid		(259)	(231)
Income tax paid		(18,869)	(13,066)
<b>Net cash generated by operating activities</b>	<b>16</b>	<b>40,638</b>	<b>37,919</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(276)	(558)
Proceeds from sale of Investments		166	985
Purchase of investments		(225)	(481)
Purchase of intangibles		(1,990)	(2,499)
<b>Net cash used in investing activities</b>		<b>(2,325)</b>	<b>(2,553)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,002	435
Payment of lease liabilities		(758)	(743)
Loan to joint venture		(600)	(300)
Dividends paid		(31,706)	(24,381)
<b>Net cash used in financing activities</b>		<b>(32,062)</b>	<b>(24,989)</b>
<b>Net increase in cash held</b>		<b>6,251</b>	<b>10,377</b>
Cash and cash equivalents at beginning of period		109,482	88,376
<b>Cash and cash equivalents at end of period</b>		<b>115,733</b>	<b>98,753</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## 1 Material Accounting Policies

### Basis of preparation

This consolidated financial report for the half year ended 31 December 2023:

- 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 in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2011;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Netwealth Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2011;
- 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 with the most recently published full year accounts, unless otherwise stated in this interim financial report.

### 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.

#### **Adoption of new and revised Standards and Interpretations**

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) which are mandatorily applicable to the current interim period. Disclosures required by these standards that are deemed material have been included in this financial report on the basis that they represent a material change in information from that previously made available.

#### **AASB 2021 – 2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (applicable to annual reporting periods beginning on or after 1 January 2023)**

From 1 July 2023, AASB 2021-2 has amended:

- *AASB 7 – Financial Instruments: Disclosures*
- *AASB 101 – Presentation of Financial Statements*
- *AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors; and*
- *AASB 134 – Interim Financial Reporting*

The changes were made to standardised information or information that only duplicates or summarises the requirements of Australian Accounting Standards that may be less useful to users of financial statements.

The application of the new and amended accounting standards has changed the disclosure of accounting policy information in the financial statements which did not have a material impact on the Group's consolidated financial statements.

#### **New and revised Australian Accounting Standards and Interpretation on issue but not yet effective**

New and revised Standards and Interpretations issued by the AASB which are not mandatory for the 31 December 2023 reporting period have not yet been applied in these financial standards. The Group's assessment of the impact of these new Standards and Interpretations are as below:

#### **AASB 2020-1 & AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (applicable to annual reporting periods beginning on or after 1 January 2024)**

From 1 July 2024, the Group is required to adopt the amendments outlined in AASB 2020-1 & AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current. As amended, it only requires a liability to be classified as a non-current liability if at the end of the reporting period the entity has the right to defer settlement of the liability for at least twelve months after the reporting period. Therefore, the right to defer settlement does not need to be unconditional.

The standard above is not expected to have a material impact on Netwealth's financial results or financial position following its adoption.

### 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 areas of critical estimates and judgements contained in the June 2023 report remain unchanged during this period.

### Change in Disclosures

The Group reclassified certain administration system expenses from client transaction & communication expense to technology and communication expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income to present a more meaningful and transparent view of the Group's operating performance. Prior period comparative figures have been reclassified to be consistent with current period disclosure.

	1H2023 Financial Report	Reallocation in 1H2024	Post-Reallocation
	31 December 2022		31 December 2022
	\$'000		\$'000
<b>Expenses</b>			
Technology and communication expenses	(6,120)	(617)	(6,737)
Client transaction & communication	(1,366)	617	(749)
<b>Total expenses</b>	<b>(58,461)</b>	<b>-</b>	<b>(58,461)</b>
<b>Profit before income tax</b>	<b>44,336</b>	<b>-</b>	<b>44,336</b>
<b>Profit for the period after tax</b>	<b>30,624</b>	<b>-</b>	<b>30,624</b>

## 2 Segment Information

The operating segment has 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 segment. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group currently operates and discloses one reportable segment, 'Platform Operations' segment.

The Group's operations are based solely in Australia.

## 3 Revenue

### Revenue and other income

	Consolidated Group	
	31 December 2023	31 December 2022
	\$'000	\$'000
<b>Platform Revenue</b>		
Administration fees	54,207	47,701
Ancillary fees	42,895	34,194
Transaction fees	13,914	12,010
Management fees	6,833	5,907
<b>Total Revenue from Contracts with Customers</b>	<b>117,849</b>	<b>99,812</b>
<b>Other income</b>		
Cost of capital recovery	2,896	1,918
Interest received	2,619	1,111
Net gain/(loss) on disposal of investments	3	(171)
Unrealised investment (loss)/gain	(73)	111
Dividends and distributions received	15	14
Other Income	35	2
<b>Total other income</b>	<b>5,495</b>	<b>2,985</b>
<b>Total income</b>	<b>123,344</b>	<b>102,797</b>

Netwealth does not have an individual customer who makes up more than 10% of Netwealth's Platform revenue. Ancillary fees include revenues earned on the cash transaction account.

## 4 Income Taxes

	Consolidated Group	
	31 December 2023 \$'000	31 December 2022 \$'000
a) The components of tax expense/(income) comprise:		
Current tax	15,663	12,453
Deferred tax	1,902	1,268
Over provision from prior years	(6)	(9)
	<b>17,559</b>	<b>13,712</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%	17,054	13,301
Other non-allowable/assessable items	505	411
<b>Income tax expense attributable to entity</b>	<b>17,559</b>	<b>13,712</b>

	Consolidated Group	
	31 December 2023 \$'000	31 December 2022 \$'000
c) The components of deferred tax assets comprise:		
Expenditure deductible over 5 years	76	124
Lease liability	4,732	4,303
Leave provision	2,702	2,320
Temporary differences	2,001	1,468
	<b>9,511</b>	<b>8,215</b>
d) The components of deferred tax liabilities comprise:		
Property, equipment and intangible assets	837	1,108
Right-of-use assets	4,444	4,121
Temporary differences	134	135
	<b>5,415</b>	<b>5,364</b>

	Opening Balance 1 Jan 2023	Charged to Income	Charged Directly to Equity	Transferred to Assets Held for Sale	Closing Balance 30 Jun 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets/liabilities</b>					
Expenditure deductible over 5 years	124	(34)	-	-	90
Provisions	2,320	172	-	-	2,492
Property, plant & equipment and intangible assets	(1,117)	101	-	-	(1,016)
Leases	182	45	-	-	227
Other temporary difference	1,342	(941)	-	-	401
	<b>2,851</b>	<b>(657)</b>	<b>-</b>	<b>-</b>	<b>2,194</b>

	Opening Balance 1 Jul 2023	Charged to Income	Charged Directly to Equity	Transferred to Assets Held for Sale	Closing Balance 31 Dec 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets/liabilities</b>					
Expenditure deductible over 5 years	90	(15)	-	-	75
Provisions	2,492	388	-	-	2,880
Property, plant & equipment and intangible assets	(1,016)	179	-	-	(837)
Leases	227	61	-	-	288
Other temporary differences	401	1,289	-	-	1,690
	<b>2,194</b>	<b>1,902</b>	<b>-</b>	<b>-</b>	<b>4,096</b>

#### 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.



## 5 Dividends

Dividends paid or declared by the Company in the half year ended 31 December 2023 were:

	Cents Per Share	Total Amount \$'000	% Franked	Date of Payment
<b>1H 2024</b>				
Final 2023 ordinary	13.0	31,706	100%	21 Sep 2023
<b>Total dividend</b>	<b>13.0</b>	<b>31,706</b>		

During the period, the Company declared on 16 August 2023 and paid on 21 September 2023 a fully franked dividend of 13.0 cents per share representing a total dividend of \$31,705,842. There is no dividend reinvestment plan.

### Subsequent events

Since the end of the half year, the Company declared the following interim dividend on 20 February 2024. The dividend has not been provided for as at 31 December 2023 and there are no tax consequences.

	Cents Per Share	Total Amount \$'000	% Franked	Date of Payment
Interim 2024 ordinary	14.0	34,164	100%	28 Mar 2024
<b>Total dividend</b>	<b>14.0</b>	<b>34,164</b>		

## 6 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. The basic and diluted EPS are summarised below. The basic and diluted earnings per share are similar as total dilutive options were less than 0.1% of total ordinary shares on issue as at 31 December 2023.

	Consolidated Group	
	31 December 2023 Cents per Share	31 December 2022 Cents per Share
Basic earnings per share	16.1	12.6
Diluted earnings per share	16.1	12.6

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	
	31 December 2023 \$'000	31 December 2022 \$'000
Profit for the half year attributable to owners of the Company	39,288	30,624
<b>Profit for the half year attributable to owners of the Company</b>	<b>39,288</b>	<b>30,624</b>

  

	31 December 2023	31 December 2022
	Number	Number
Weighted average number of issued ordinary shares	243,980,892	243,846,903
Effect of Dilution: LTI options	206,012	222,796
<b>Weighted average number of ordinary shares used in the calculation of diluted earnings per share</b>	<b>244,186,904</b>	<b>244,069,699</b>

## 7 Other Current Assets

	Consolidated Group	
	31 December 2023 \$'000	30 June 2023 \$'000
Accrued income	4,581	4,604
Prepayments	4,950	3,878
Other receivables	97	87
<b>Total other current assets</b>	<b>9,628</b>	<b>8,569</b>

## 8 Leases

	Property \$'000	Office Equipment \$'000	Total \$'000
<b>Right-of-use assets</b>			
<b>Balance as at 31 December 2022</b>	<b>13,685</b>	<b>51</b>	<b>13,736</b>
Depreciation	(899)	(7)	(906)
<b>Balance as at 30 June 2023</b>	<b>12,786</b>	<b>44</b>	<b>12,830</b>
Initial Recognition	2,926	-	2,926
Depreciation	(956)	(6)	(962)
Remeasurement of Office Equipment Lease	-	18	18
<b>Total right-of-use assets as at 31 December 2023</b>	<b>14,756</b>	<b>56</b>	<b>14,812</b>
<b>Lease liability</b>			
<b>Balance as at 31 December 2022</b>	<b>14,292</b>	<b>52</b>	<b>14,344</b>
Payment of lease liabilities	(970)	(7)	(977)
Interest on leases	219	-	219
<b>Balance as at 30 June 2023</b>	<b>13,541</b>	<b>45</b>	<b>13,586</b>
Initial Recognition	2,926	-	2,926
Payment of lease liabilities	(1,009)	(7)	(1,016)
Interest on leases	258	1	259
Remeasurement of Office Equipment Lease	-	17	17
<b>Total lease liability as at 31 December 2023</b>	<b>15,716</b>	<b>56</b>	<b>15,772</b>
Current	1,688	10	1,698
Non-current	14,028	46	14,074
<b>Total lease liability as at 31 December 2023</b>	<b>15,716</b>	<b>56</b>	<b>15,772</b>

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position throughout 1H 2024 was 3.150% (1H 2023: 3.140%).

### Amounts recognised in Statement of Comprehensive Income

	31 December 2023	31 December 2022
	\$'000	\$'000
Depreciation charge of right-of-use assets	962	906
Interest expense on lease liabilities	259	232

### Amounts recognised in Statement of Cash Flows

	31 December 2023	31 December 2022
	\$'000	\$'000
Total cash outflows for leases	(758)	(743)

	Property	Office Equipment
	\$'000	\$'000
<b>Undiscounted lease payments to be paid</b>		
Year 1	2,298	14
Year 2	2,376	14
Year 3	2,448	14
Year 4	2,525	14
Year 5	2,607	12
> 5 years	5,990	-
<b>Total</b>	<b>18,244</b>	<b>68</b>

### Initial recognition of Leases

On 1 November 2023, Netwealth exercised its option on the existing Melbourne lease and entered into an 8-year lease for Level 6 at 189 Flinders Lane. This new lease is an extension to the current Melbourne Head Office and ensures there is office space to accommodate future growth within the Melbourne team.

Netwealth has also entered into a new 5-year lease for a new office in Sydney from 1 November 2023, replacing the previous lease which ended at the end of October. The new office in Sydney similarly caters for future growth within the Sydney team.

### Short-term leases

Netwealth has no low-value assets. For the period ended 31 December 2023, \$0.1 million of short-term lease payments has been recognised in the income statement.

## 9 Intangible Assets

	Consolidated Group			
	31 December 2023 \$'000	30 June 2023 \$'000		
<b>Carrying amount of:</b>				
Software and website developments costs	3,068	2,070		
Software – Work in Progress (WIP)	5,107	4,436		
<b>Total intangibles</b>	<b>8,175</b>	<b>6,506</b>		
	Customer relationships \$'000	Software and website \$'000	Software - Work in Progress \$'000	Total \$'000
<b>Cost</b>				
Balance at 31 December 2022	300	2,935	2,188	5,423
Additions	-	186	2,248	2,434
Disposal	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>300</b>	<b>3,121</b>	<b>4,436</b>	<b>7,857</b>
Additions	-	-	1,990	1,990
Disposals	-	-	-	-
Transfer	-	1,319	(1,319)	-
<b>Balance at 31 December 2023</b>	<b>300</b>	<b>4,440</b>	<b>5,107</b>	<b>9,847</b>

	Customer relationship \$'000	Software and website \$'000	Software - Work in progress \$'000	Total \$'000
<b>Accumulated amortisation and impairment</b>				
Balance at 31 December 2022	(270)	(743)	-	(1,013)
Amortisation	(30)	(308)	-	(338)
Disposal	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>(300)</b>	<b>(1,051)</b>	<b>-</b>	<b>(1,351)</b>
Amortisation	-	(321)	-	(321)
Disposals	-	-	-	-
<b>Balance at 31 December 2023</b>	<b>(300)</b>	<b>(1,372)</b>	<b>-</b>	<b>(1,672)</b>

## 10 Investment in Associates & Joint Venture

### (i) Share in Associate & Joint Venture

	Consolidated Group	
	31 December 2023 \$'000	30 June 2023 \$'000
Equity investments with no provisions for impairment	1,614	1,823
Share of Associate and Joint Venture NPAT	(153)	(209)
<b>Total Investment in Associates &amp; Joint Venture</b>	<b>1,461</b>	<b>1,614</b>

The Group's associates & joint venture at the balance date are:

Associates & Joint Venture	Ownership Interest	Nature of activities	Financial Reporting Date	Carrying Value 31 Dec 2023 \$'000
Xeppo Pty Limited	25%	Fintech Data Solutions Provider	31 December	1,461

### Xeppo Pty Ltd

The Group has a 25% interest in Xeppo, an unlisted Australian entity specialising in fintech data solutions based in Adelaide.

The Group has provided Xeppo with a \$2.5 million convertible loan facility to support Xeppo's strategic initiatives at an annual interest rate of 5% with maturity date of 30 June 2026. Under the terms of the agreement, at the earlier of the loan maturity or the Group exercising its option, the outstanding loan will be converted into shares at a fixed price of \$3 per share, to be issued by Xeppo. In addition to this, the Group retained a "First call option," which allows the Group to acquire up to 50% of Xeppo's ordinary shares, on fully diluted basis at \$3 per share.

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

As at 31 December 2023, Xeppo has drawn \$1.5 million under the loan facility and no options have been exercised.

### (ii) Financial Assets at Fair Value through P&L

Netwealth has recognised the loan to Xeppo as a Financial Asset held at FVTPL in accordance with AASB 9.

	Consolidated Group	
	31 December 2023	30 June 2023
	\$'000	\$'000
Loan and Call Option at FVTPL	1,551	917
<b>Total Financial Assets at Fair Value through P&amp;L</b>	<b>1,551</b>	<b>917</b>

## 11 Provisions

	Consolidated Group	
	31 December 2023	30 June 2023
	\$'000	\$'000
Annual leave accrual	4,658	4,491
Provision for long service leave	4,350	3,803
Other provisions	91	91
<b>Total provisions</b>	<b>9,099</b>	<b>8,385</b>
Current	7,828	7,439
Non-Current	1,271	946
<b>Total provisions</b>	<b>9,099</b>	<b>8,385</b>

## 12 Issued Capital

Issued capital comprised:

	Consolidated Group	
	31 December 2023 \$'000	30 June 2023 \$'000
244,026,357 Fully Paid Ordinary shares (June 2023: 243,891,092)	884,391	883,267
<b>Total share capital</b>	<b>884,391</b>	<b>883,267</b>
Reorganisation reserve	(856,070)	(856,039)
<b>Issued capital</b>	<b>28,321</b>	<b>27,228</b>

The Company recognised a reorganisation reserve of \$856 million to reflect the market value of \$3.70 per Fully Paid Ordinary share during the initial public offering.

	Consolidated group	
	31 December 2023 Number	30 June 2023 Number
<b>Fully Paid Ordinary shares</b>		
At the beginning of the reporting period	243,891,092	243,885,198
Employee Share Gift	14,697	-
Exercise of vested options	120,568	5,894
<b>At the end of the reporting period</b>	<b>244,026,357</b>	<b>243,891,092</b>
<b>Shares with value</b>	<b>244,026,357</b>	<b>243,891,092</b>

On 17 October 2023, 14,697 (\$212,959) Fully Paid Ordinary shares were issued at no cost to eligible employees as part of the Employee Gift Offer.

On 25 August 2022, 120,568 (\$910,819) Options which vested at 30 June 2022 were exercised and converted to Fully Paid Ordinary shares.

The Company has issued share capital amounting to 244,026,357 Ordinary shares (June 2023: 243,891,092 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.



## 13 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 31 December 2023, the Group had the following share-based payment arrangements:

### Options Granted

No ordinary share options were issued to employees under the NEIP during the period.

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	1,405,000	Options - LTI	30 June 2024	\$15.74	\$3.14
Series 17	23 September 2021	375,000	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:

- 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

The Company granted and issued 120,937 performance rights to the executive team under the NEIP during the period (1H FY23: 76,477 performance rights).

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	22,237	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
Series 22	12 September 2022	34,512	Rights - LTI	30 June 2025	\$12.37
Series 23	11 October 2022	5,059	Rights - LTI	30 June 2025	\$11.15
Series 24	23 November 2022	30,257	Rights - LTI	30 June 2025	\$13.09
Series 25	27 June 2023	2,222	Rights - LTI	30 June 2025	\$12.37
Series 26	28 September 2023	79,487	Rights - LTI	30 June 2026	\$14.31
Series 27	22 November 2023	41,450	Rights - LTI	30 June 2026	\$13.47

The following vesting conditions apply to the FY2024 LTI Scheme Rights:

- The holder must be either continuously employed by or hold office continually until 30 June 2026;
- In each of the three financial years ending with the FY2026, the holder must achieve performance ratings of 'achieving' and achieve all minimum KPIs as detailed in the performance plan applicable for the relevant year;
- 35% of the Rights are subjected to achieving Total Shareholder Return relative to the Group's ranking in the Comparator Group (being the ASX 300 Diversified Financial Index);
- 30% of the Rights are based on the individual contribution to the effective execution of the board-approved business plan over the vesting period; and
- 35% of Rights are subject to the Group achieving the compound average annual growth rate EPS over the vesting period.

### Vested options

120,568 options that vested were exercised during the period (30 June 2023: 63,452).

The following options vested during the period and remained 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	313,339	Options - LTI	30 June 2034	\$7.5544	\$2.73
Series 15	12 November 2019	78,232	Options - LTI	30 June 2034	\$7.5544	\$3.00

## 14 Controlled Entities

	Country of Incorporation	Percentage Owned	
		31 December 2023	30 June 2023
			%
<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 Investments 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 31 December 2023.

## 15 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	
	31 December 2023	30 June 2023
	\$'000	\$'000
<b>Financial assets</b>		
Cash & cash equivalent	115,733	109,482
Trade & other receivables	21,913	17,837
Financial assets at FVTPL	551	491
Loan and Call Option at FVTPL	1,551	917
<b>Total financial assets</b>	<b>139,748</b>	<b>128,727</b>
<b>Financial liabilities</b>		
Trade & other payables	10,217	10,685
<b>Total financial liabilities</b>	<b>10,217</b>	<b>10,685</b>

The Group's financial instruments consist of deposits with banks, local money markets investments, short term investments, loan to joint venture and accounts receivable and payable.

### 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	
	31 December 2023	30 June 2023
	\$'000	\$'000
<b>Financial assets</b>		
Cash & cash equivalent	115,733	109,482
Trade & other receivables	21,913	17,837
<b>Total financial assets</b>	<b>137,646</b>	<b>127,319</b>
<b>Financial liabilities</b>		
Trade & other payables	10,217	10,685
<b>Total financial liabilities</b>	<b>10,217</b>	<b>10,685</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 may be 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.
- Fair value for investments that maybe included in Level 3 are determined using valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2023</b>				
<b>FVTPL financial assets:</b>				
Listed investments	56	-	-	56
Loan and Call Option at FVTPL	-	-	1,551	1,551
Other	-	495	-	495
<b>Total FVTPL financial assets</b>	<b>56</b>	<b>495</b>	<b>1,551</b>	<b>2,102</b>

<b>30 June 2023</b>				
<b>FVTPL financial assets:</b>				
Listed investments	5	-	-	5
Loan and Call Option at FVTPL	-	-	917	917
Other	-	486	-	486
<b>Total FVTPL financial assets</b>	<b>5</b>	<b>486</b>	<b>917</b>	<b>1,408</b>

#### Reconciliation of Level 3 fair value measurements

	Loan to Joint Venture
	\$'000
<b>31 December 2023</b>	
Opening balance	917
Loan and Call Option at FVTPL	634
<b>Closing balance</b>	<b>1,551</b>

The fair value of the Xeppo loan and call option (refer to note 10) was determined using a discounted cash flow (DCF) approach applied to the forecasted loan schedule, in conjunction with a Black Scholes model applied to the call option. This valuation is categorised as Level 3 due to the unlisted nature of the loan and call option, which lacks observable arm's length transactions.

As at 31 December 2023, the fair value of the loan and call option was \$1.6 million.

## 16 Cash Flow Note

Reconciliation of cash flow from operations with profit after income tax

	Consolidated Group	
	31 December 2023	31 December 2022
	\$'000	\$'000
<b>Profit for the half year</b>	<b>39,288</b>	<b>30,624</b>
Income tax expense recognised in profit or loss	17,559	13,712
Depreciation & amortisation	1,646	1,615
Share based payment expense	1,521	1,221
Unrealised loss/ (gain) on investments	2	(111)
Loss on disposal of assets	8	-
Xeppo loan interest	(34)	(2)
(Gain)/ loss on disposal of investments	(3)	171
Share of Associate's & Joint Venture NPAT	153	168
	<b>60,140</b>	<b>47,398</b>
Movements in working capital		
Increase in trade & other receivables	(4,053)	(2,526)
(Increase)/Decrease in other assets	(1,059)	1,659
Increase in trade & other payables	3,765	3,782
Increase in provisions	713	672
<b>Cash generated from operations</b>	<b>59,506</b>	<b>50,985</b>
Income tax paid	(18,868)	(13,066)
<b>Net cash provided by operating activities</b>	<b>40,638</b>	<b>37,919</b>

## 17 Events Occurring after Reporting Date

On 20 February 2024, the Company declared a fully franked interim dividend for 1H 2024 of 14.0 cents per share (total dividend of \$34,163,690). The interim dividend is payable on 28 March 2024.

In the opinion of the Board, there are no other matters or circumstances which have arisen between 31 December 2023 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 are in accordance with the Corporations Act 2001, comply with Accounting Standards AASB 134 Interim Financial Reporting, 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.303(5) of the Corporations Act 2001.

On behalf of the Directors



**Timothy Antonie**

Chair

20 February 2024



# Independent Auditor's Review Report



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

### Conclusion

We have reviewed the half-year financial report of Netwealth Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year then ended, notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Directors Responsibilities for the Half-year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the

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Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Lani Cockrem*

Lani Cockrem  
Partner  
Chartered Accountants  
Melbourne, 20 February 2024

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