



1H21 results briefing

Half-year ended
31 December 2020

25 February 2021

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Agenda

1 1H21 update **Peter Anderson**

2 Consolidated financial results **Paul Ryan**

3 Outlook **Peter Anderson**

Section 1 1H21 update

1H21 result highlights

Strong performance driven by consistent underlying performance of the Evans & Partners wealth business, E&P Capital and gains on cornerstone equity investments

01

BUSINESS PERFORMANCE

- Adjusted EBITDA of \$19.8 million up 15% and Adjusted NPATA up of \$7.8 million up 29% vs pcp driven by consistent underlying performance from EAP wealth business; increased transaction activity in E&P Capital as origination efforts gained traction and economic conditions improved; supported by mark-to-market gains on cornerstone investments
- ESP suspended in 1H21¹ – no change to total employee remuneration but cash bonus accruals higher than prior periods, overlap of cash bonuses and historical ESP grants exists until ESP run-off completed
- Opex impacted by elevated insurance expenses and regulatory proceedings



02

OPERATIONAL REVIEW PROGRESS

- Structural change projects ongoing with good progress achieved despite COVID-19 delays
 - focus on value and liquidity for clients; exiting related party services and no longer seeding real asset funds
 - URF debt refinance, NEW asset sale program, FSREC merger, listed equities fund restructures, further premises rationalisation, monetisation of investments
 - additional investment in Risk & Compliance



03

GROWTH INITIATIVES

- Medium-term growth initiatives underway
 - launched Evans and Partners Retail Wealth Management focused on underserved mass affluent retail market and DA Private
 - expanded M&A, ECM and small cap research teams, establishing Hong Kong presence
 - business development hires to accelerate external distribution of core equities funds



04

DIVIDEND AND BALANCE SHEET

- Strengthened balance sheet with increased cash and liquidity - net cash balance of \$40.2 million, \$42.2 million in financial assets, available for sale assets and equity accounted investments
- Resumption of dividends with fully franked interim dividend of 2.0 cents per share; Board remains committed to targeted full year payout range of 75–85% of NPATA
- Progressing realisation of non-core assets

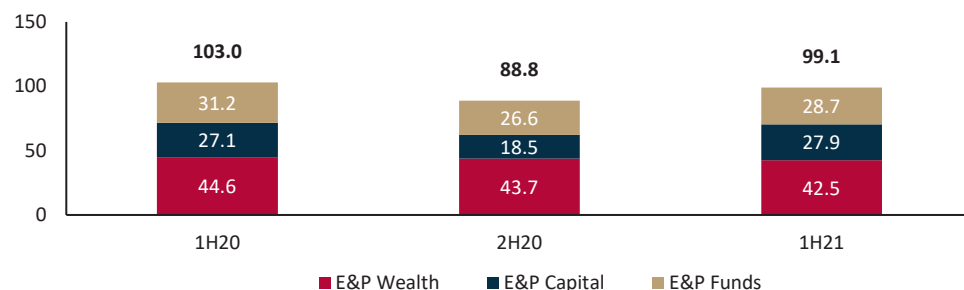


Note: 1 On 18 December 2020, the Company announced the suspension of its Employee Share Plans (ESP). E&P does not intend to grant further deferred equity to E&P employees as part of the Company's discretionary bonus awards. Nevertheless, E&P reserves the right to grant at any time deferred equity securities to employees, including to Key Management Personnel, in selected circumstances or generally at any time in the future. For the avoidance of doubt, any employees with contractual entitlements to participate in the ESP will continue to be eligible to receive such entitlements. Adjusted EBITDA and Adjusted NPATA, which adjust for the suspension of the ESP and businesses in wind-down (Dixon Projects) are presented to assist with like-for-like comparison with prior periods.

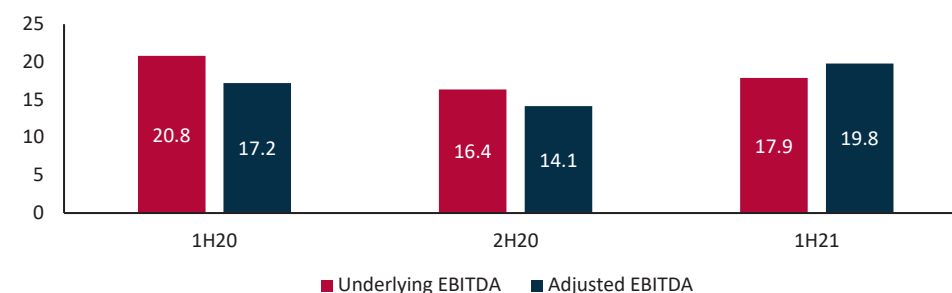
1H21 result snapshot

Resilient earnings and economic recovery from COVID-19 impacts has supported recommencement of dividends

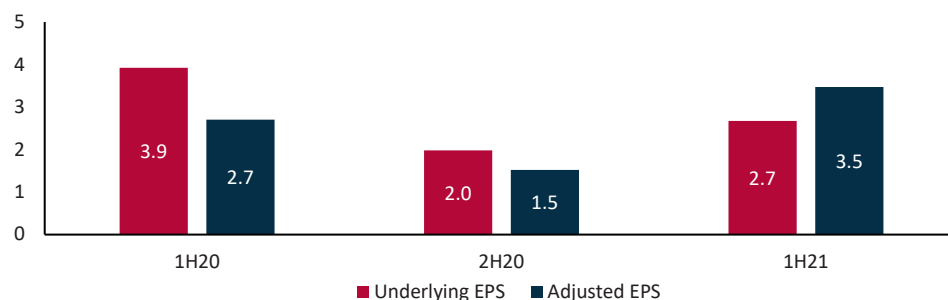
Net revenue (\$m)¹



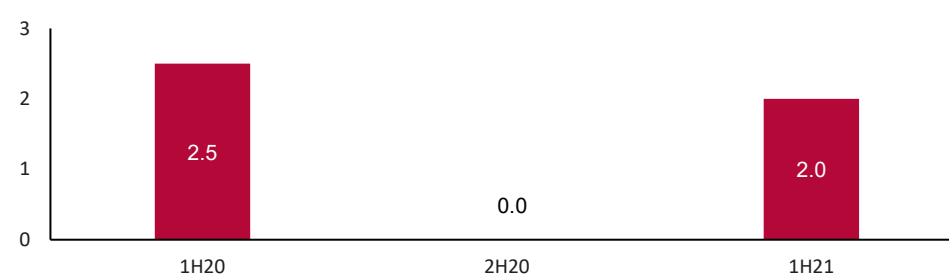
Underlying and Adjusted EBITDA (\$m)



Underlying and Adjusted EPS (cents)²



Dividends per share (cents)

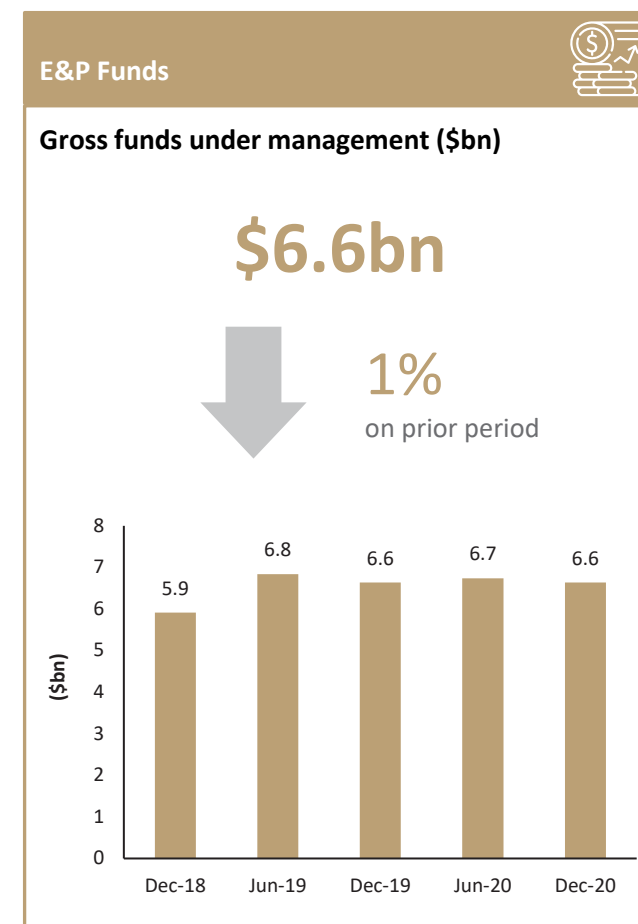
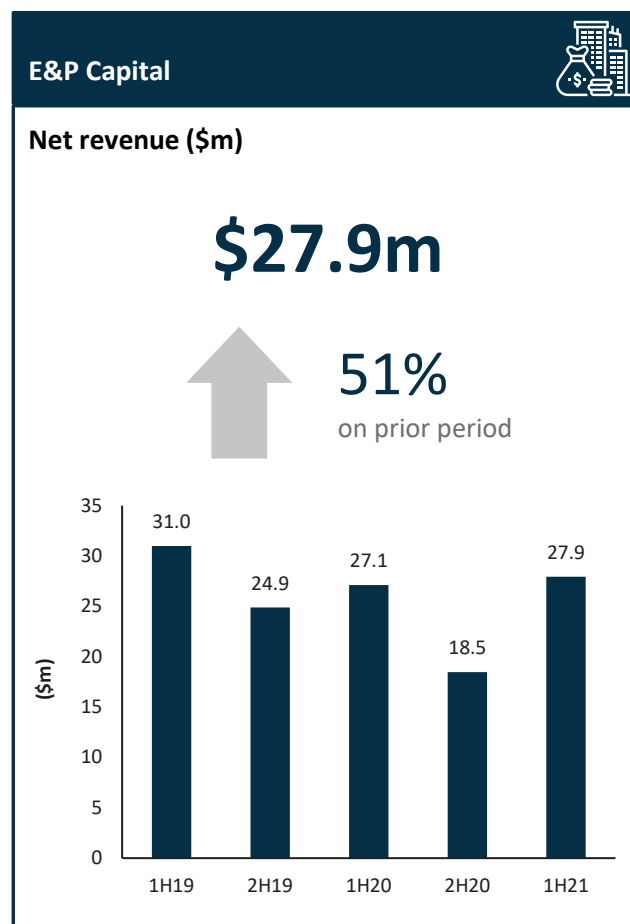
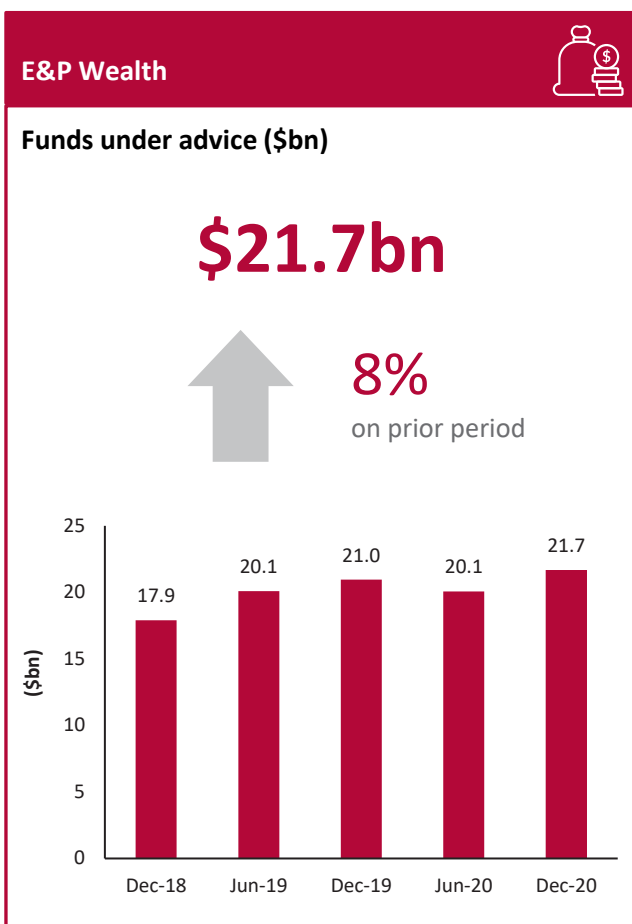


Notes:

- 1H21 net revenue excludes interest income of \$0.1 million and \$0.9 million in US PPP income. It also includes \$1.1 million in fair value loss on held for sale assets (along with gains on equity accounted investments) to reflect the net movement in the Group's cornerstone investment in CVC Emerging Companies Fund during the period. 1H20 net revenue excludes \$0.1 million interest income and 2H20 excludes \$0.1 million interest income and \$1.3 million in US PPP income.
- Calculated using weighted average shares outstanding, Underlying NPATA and Adjusted NPATA for the relevant periods.
- Non-IFRS measures such as Underlying and Adjusted NPATA and Underlying and Adjusted EBITDA used in this presentation are defined in the glossary. The adjustments to NPAT and EBITDA for the relevant periods are outlined on slide 25.
- Past performance is not a reliable indicator of future financial performance.

Key medium-term drivers

The Group's underlying business drivers have returned to levels consistent with the pre-COVID-19 operating environment



Strategic priorities

EP1 is successfully executing on its refocused strategy and progressing initiatives to drive medium- to long-term growth

E&P Wealth



Strong, scalable advice platform, systems and risk framework

- Building a single, integrated wealth business
- Investment in client platform service
- Strong compliance and governance systems position business well for industry change
- Strategic focus on opportunity for scalable provision of advice into underserved mass affluent retail segment

E&P Capital



Growth from targeted investment in research, corporate and institutional businesses

- Strategic market positioning
- Continued investment in small caps
- Targeted recruitment in key sectors
- Expand geographical footprint through launch of E&P Capital Hong Kong

E&P Funds



Expand and diversify distribution along with enhanced governance and improved liquidity

- Ongoing structural improvements across funds to enhance value and liquidity for investors
- Expand distribution of outperforming high conviction equities portfolios
- Exit related party and non-core activities

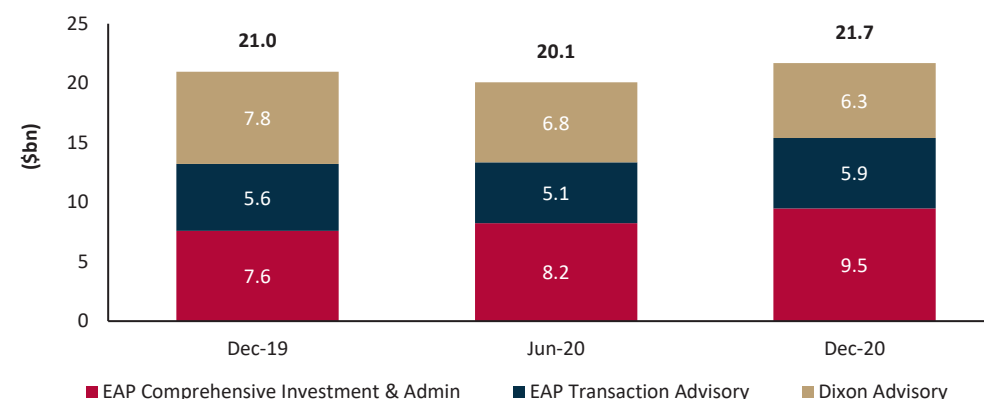
Positioning the business for the Australian financial services landscape of the future



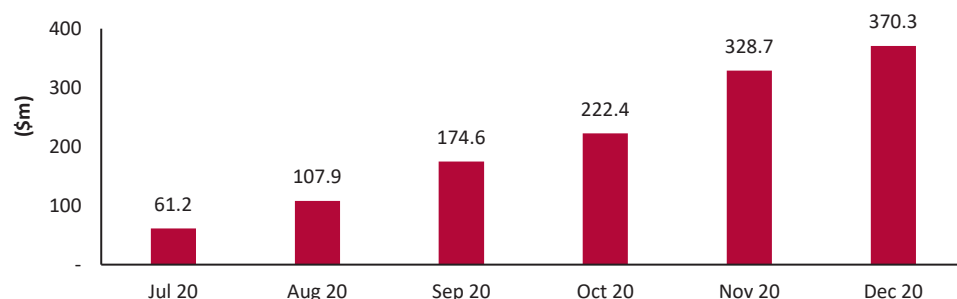
Solid progress in strategy execution – implemented a raft of client experience improvements and revenue growth initiatives

- Enhanced governance model performing strongly (Independent IC, enhanced Risk & Compliance)
- Successful soft rollout of new EAP Retail Wealth Management and DA Private service offerings
 - go-to-market digital marketing program launched in February 2021 targeting underserved mass affluent retail segment
- Total client numbers were largely stable as modest Dixon Advisory client exits (and transfers to EAP) were partially offset by net new EAP clients
- Continued FUA growth from EAP reflecting positive investment outcomes
- Strategic focus on proprietary system and third-party platform improvements to offset regulatory impacts and enhance client experience
- Further improvements to financial operating model expected to contribute to segment earnings from FY22

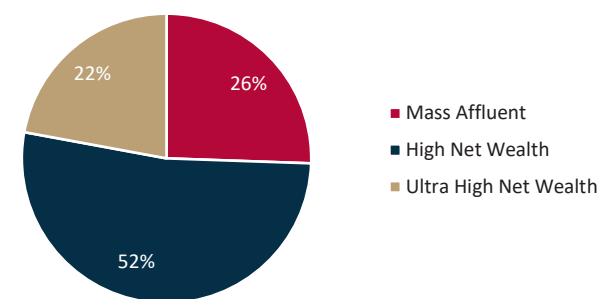
Funds under advice by service type¹



Retail Wealth Management and DA Private funds under advice¹



Funds under advice by client type²



Notes:

¹ Past performance is not a reliable indicator of future financial performance.

² As at 31 December 2020. Mass Affluent clients are defined as having less than \$2.5m in assets under advice, High Net Wealth is defined as having between \$2.5m and \$50m under advice and Ultra High Net Wealth as having more than \$50m in assets under advice.

E&P Wealth *(continued)*

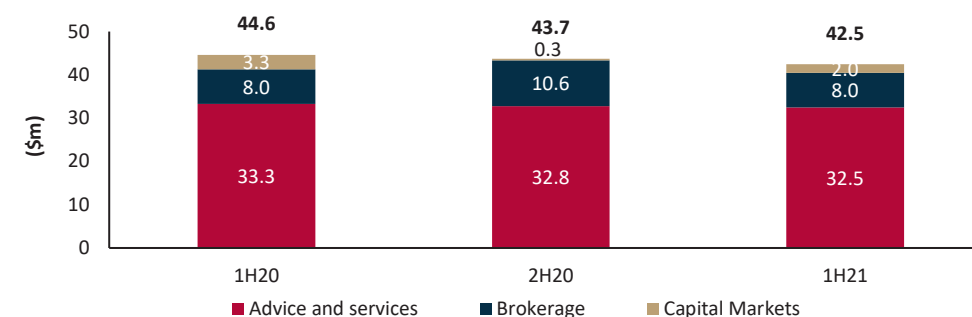


E&P

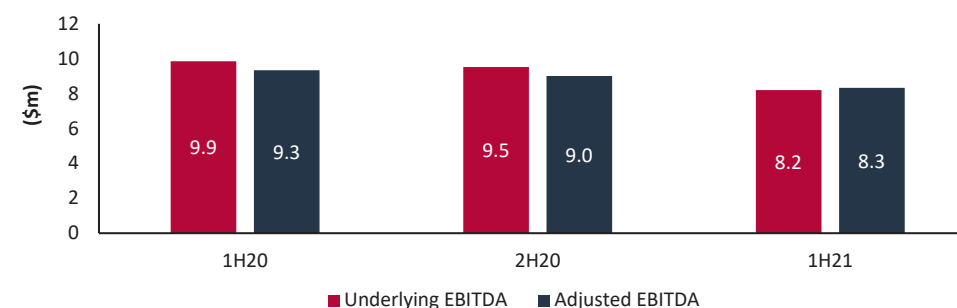
Softer underlying earnings driven by lower Dixon Advisory revenue

FOR THE PERIOD (\$M)	1H20	2H20	1H21	VAR TO 1H20	VAR TO 1H20
Total revenue	46.7	45.8	44.7	(2.1)	(4%)
Net revenue	44.6	43.7	42.5	(2.1)	(5%)
Direct expenses	(29.1)	(28.8)	(28.7)	0.4	(2%)
Allocated expenses	(5.7)	(5.4)	(5.6)	0.0	(1%)
Underlying EBITDA	9.9	9.5	8.2	(1.7)	(17%)
Adjusted EBITDA¹	9.3	9.0	8.3	(1.0)	(11%)
Underlying EBITDA margin (%)	22	22	18	(3)	(17%)
Closing FUA	20,957	20,075	21,682	725	3%
Average FUA	20,475	19,655	20,580	105	1%

Net revenue



Underlying and Adjusted EBITDA



- Net revenue down 5% vs pcp driven by softer Dixon Advisory Advice and Services revenue partially offset by consistent underlying revenue growth from Evans and Partners wealth business
- The higher operating leverage in the Dixon Advisory business drove a 17% reduction in Underlying EBITDA vs pcp
- Brokerage revenue in line with pcp though down on 2H20 which benefited from higher trading volumes resulting from COVID-19 market volatility
- Direct expenses largely in line with prior periods as lower remuneration expense was partially offset by higher insurance expenses

Notes:










1 Adjusted EBITDA which normalises the result for the suspension of the ESP is shown alongside the statutory result to assist with like-for-like comparison with prior periods.

2 Past performance is not a reliable indicator of future financial performance.



Result driven by strong performance in the half across Corporate Advisory and Institutional

- E&P Capital completed significant number of Capital Markets transactions in the half
- Near term corporate pipeline remains strong in both M&A and Capital Markets
- Quality of Institutional sales, trading and equity research teams in small-to-mid caps space demonstrated by exceptional result in Peter Lee Associates Australian Equity Investors Report 2020:
 - **Sales** – 1st in sales team capability, equal 1st sales strength in New Zealand
 - **Research** – great recognition for sector research – top five ranked analyst across four sectors, including a lead analyst in technology, 2nd in Research independence
 - **Execution** – 3rd in agency execution and co-leading on best execution of small caps
- Continued expansion of research coverage:
 - 127 stocks under research coverage as at 31 December 2020, up 19% on pcp, including 15 initiations in 1H21
 - small caps coverage up 10 on pcp to 67 names, or 18%
- Hong Kong licence approved and expected to be operational from 1 April 2021

 <p>December 2020 \$2,000 million</p> <p>Capital Notes 5 Joint Lead Manager</p>	 <p>December 2020 \$321 million</p> <p>Initial Public Offering Co-Lead Manager</p>	<p>APN Convenience Retail REIT</p> <p>December 2020 \$30 million</p> <p>Institutional Placement Joint Lead Manager</p>
 <p>November 2020 \$1,400 million</p> <p>Capital Notes 7 Joint Lead Manager</p>	 <p>November 2020 \$40 million</p> <p>Institutional Placement Joint Lead Manager</p>	<p>Universal Store</p> <p>November 2020 \$150 million</p> <p>Adviser to Universal Store in relation to its Initial Public Offering</p>
 <p>November 2020 \$60 million</p> <p>Financial adviser on acquisition of Xplore Wealth Joint Lead Manager</p>	 <p>October 2020 \$735 million</p> <p>Adviser to MGIF and Infratil in relation to acquisition of a ~71% interest in Qscan Radiology Clinics from Quadrant Private Equity</p>	<p>Osteopore™ Empowering Natural Tissue Regeneration</p> <p>September 2020 \$8.5 million</p> <p>Institutional Placement Joint Lead Manager</p>
 <p>July 2020 \$40 million</p> <p>Institutional Placement and SPP Joint Lead Manager</p>	 <p>July 2020 \$600million</p> <p>OTC Wholesale AT1 Notes Co-Manager</p>	 <p>July 2020 \$56 million</p> <p>Initial Public Offering Joint Lead Manager</p>

E&P Capital (continued)

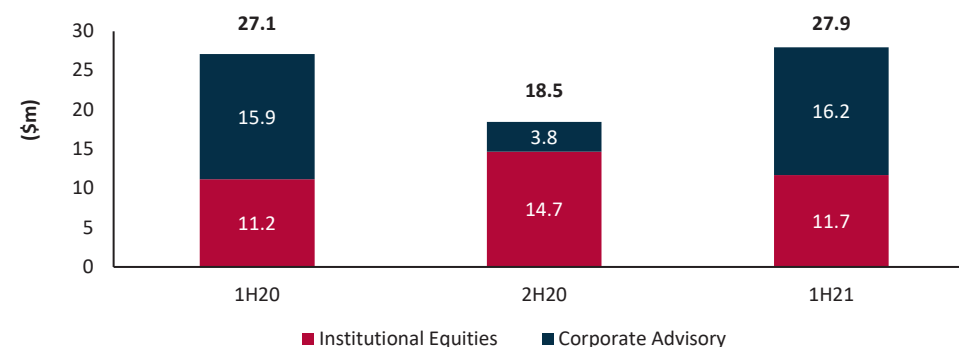


E&P

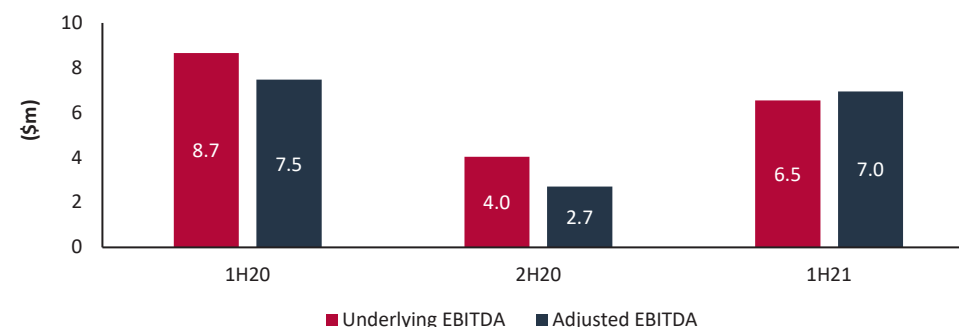
Strong performance from Corporate Advisory, with transaction activity recovering during the period; underlying earnings impacted by overlap of cash bonuses and historical ESP obligations until ESP run-off completed

FOR THE PERIOD (\$M)	1H20	2H20	1H21	VAR TO 1H20	VAR TO 1H20
Total revenue ¹	31.5	19.8	28.9	(2.6)	(8%)
Net revenue	27.1	18.5	27.9	0.8	3%
Direct expenses	(12.7)	(8.6)	(14.8)	(2.1)	16%
Allocated expenses	(5.7)	(5.9)	(6.6)	(0.9)	15%
Underlying EBITDA	8.7	4.0	6.5	(2.1)	(24%)
Adjusted EBITDA²	7.5	2.7	7.0	(0.5)	(7%)
Underlying EBITDA margin (%)	32	22	23	(8)	(27%)

Net revenue



Underlying and Adjusted EBITDA



- Corporate Advisory produced strong half year revenue with the number of completed transactions up materially vs prior period
- Institutional equities net revenue was up 4% compared to 1H20
 - prior half benefited from increased COVID-19 market volatility and volumes in March and April 2020
- Expenses were 15% higher than pcp as the business continued to invest in its equity Research coverage and capability
- Suspension of the ESP led to an increase in direct expenses and reduction in Underlying EBITDA margin due to the overlap of cash bonuses and continued ESP share based payment expenses

Notes:

1 Adjusted EBITDA which normalises the result for the suspension of the ESP is shown alongside the statutory result to assist with like-for-like comparison with prior periods.

2 Past performance is not a reliable indicator of future financial performance.

E&P Funds



E&P

Continued implementation of structural change initiatives and investment in core equities platform

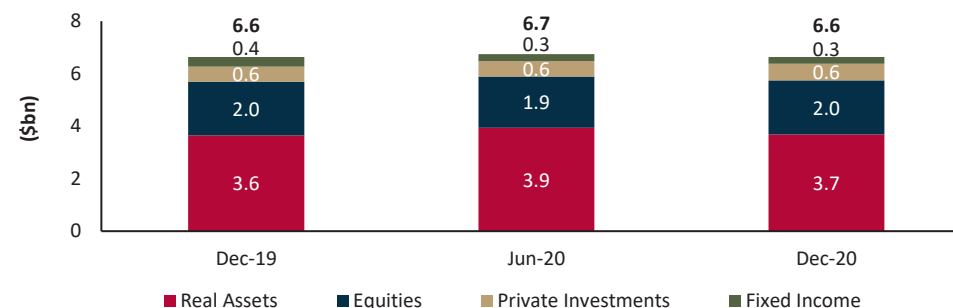
- Strategic focus on growing core equities business and optimising outcomes for real asset funds and investors
- Ongoing structural improvements across real asset portfolio to enhance both value and liquidity for investors
 - URF refinance and asset sales progressing, New Energy Solar asset sales, merger of Fort Street Real Estate Capital fund series
- Simplified equities offering via restructure/ liquidation and delisting
 - conversion of listed investment trusts to unlisted unit trusts
 - suspended Australian Flagship and Australian Governance and Ethical Index Funds
- Investment in equities distribution and secured further research ratings
 - rebranding of Flagship series of equities funds to Orca Funds Management in January 2021 to further promote external distribution
 - Transition to external RE for equities funds
- Exceptional performance from CVC Emerging Companies Fund JV
 - fund returned 75.6% p.a. since inception and 73.9% in the six months to 31 December 2020, driving mark-to-market gain on E&P cornerstone investment

Rebranded equities offering



AS OF 31 DECEMBER 2020		TOTAL RETURN (P.A.) ²	
FUND	FUM	1 YEAR	SINCE INCEPTION ³
Orca Global Disruption Fund	\$293.9m	35.4%	22.5%
Orca Global Fund	\$139.5m	(3.2%)	8.2%
Orca Asia Fund	\$115.9m	(0.3%)	6.4%

Funds under management¹



Notes:

- 1 Past performance is not a reliable indicator of future financial performance.
- 2 Represents unit price returns after fees with dividends reinvested.

- 3 Inception date for Orca Global Disruption Fund on 25 July 2017, Orca Global Fund 6 July 2018 and Orca Asia Fund on 14 May 2018.
- 4 Inception date of CVC Emerging Companies Fund is 1 May 2019.

E&P Funds (continued)



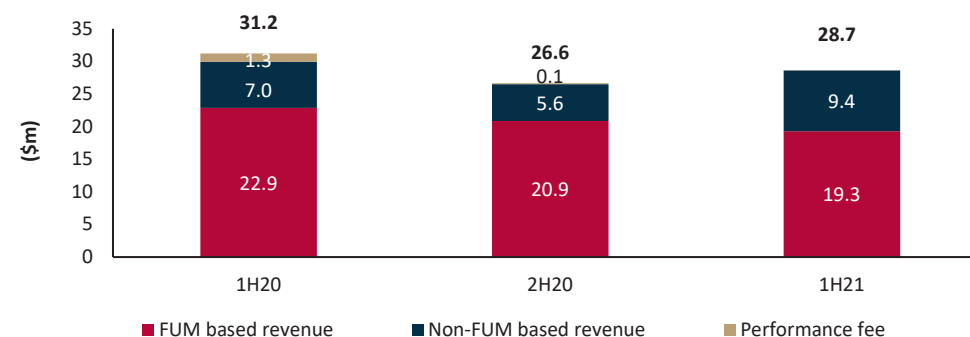
E&P

Strong performance driven by mark-to-market gains on cornerstone investment helped bridge the impacts of structural changes

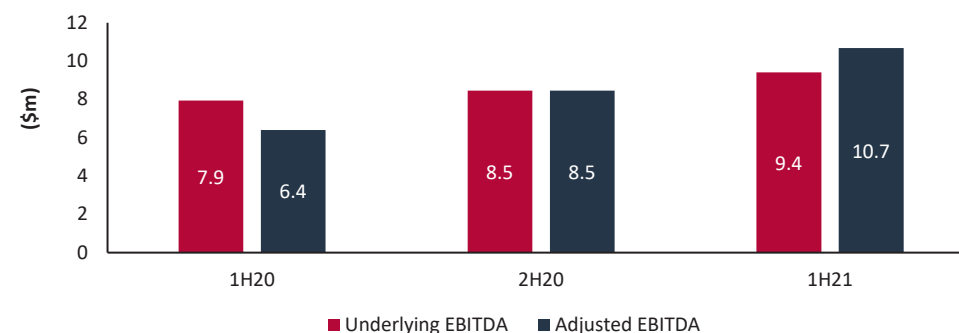
FOR THE PERIOD (\$M)	1H20	2H20	1H21	VAR TO 1H20	VAR TO 1H20
Total revenue ¹	37.0	29.2	29.8	(7.2)	(19%)
Net revenue	31.2	26.6	28.7	(2.6)	(8%)
Direct expenses	(20.7)	(15.8)	(16.7)	4.0	(19%)
Allocated expenses	(2.6)	(2.4)	(2.6)	0.0	(0%)
Underlying EBITDA	7.9	8.5	9.4	1.4	18%
Adjusted EBITDA²	6.4	8.5	10.7	4.3	67%
Underlying EBITDA margin (%)	25	32	33	7	29%
Closing FUM	6,635	6,737	6,632	(3)	(0%)
Average FUM	6,864	6,821	6,702	(162)	(2%)
FUM based fee margin	33	31	29	(5)	(14%)

- Net revenue down 8% primarily due to wind down of Dixon Projects as previously flagged (\$1.1m in 1H21 down from \$6.2m in 1H20)
- Reduction in FUM based revenue driven by lower management fees received from URF (asset sale program) and New Energy Solar (lower EV)
- Underlying EBITDA up 18% on pcp supported by performance of CVC Emerging Companies Fund joint venture (+\$6.6m in Non-FUM based revenue)
- Adjusted EBITDA, which normalises for suspension of the ESP and excludes Dixon Projects, was up 67% vs pcp

Net revenue



Underlying and Adjusted EBITDA



Notes:

1 Excludes \$0.9 million in US PPP income. It also includes \$1.1 million in fair value loss on held for sale assets (along with gains on equity accounted investments) to reflect the net movement in the Group's cornerstone investment in CVC Emerging Companies Fund during the period.

2 Adjusted EBITDA which normalises the result for the suspension of the ESP and wind-down of Dixon Projects is shown alongside the statutory result to assist with like-for-like comparison with prior periods.

3 Past performance is not a reliable indicator of future financial performance.

Other matters

Directors have unanimously recommended EP1 shareholders REJECT 360 Capital's offer dated 2 February 2021

01

360 CAPITAL TAKEOVER OFFER

Directors unanimously recommended EP1 shareholders REJECT 360 Capital's offer dated 2 February 2021

- Comprehensive response to 360 Capital's offer and reasons to reject are contained in the E&P Target's statement dispatched to shareholders on 19 February 2021. A summary of the reasons to reject:
 1. The Offer is essentially *illusory* given the ASIC Proceedings Condition imposed by 360 Capital has *no realistic prospect of being met*
 2. The *Offer Consideration is fundamentally unattractive* given it is predominantly 360 Capital Stapled Securities
 3. The Offer *materially undervalues EP1 given its medium- to long-term prospects*
- After ASX market close on 24 February 2021, 360 Capital declared its offer unconditional and extended the offer period until 31 March 2021. The Board of EP1 will respond in due course



02

ASIC PROCEEDINGS AGAINST DASS

ASIC proceedings ongoing

- No material update since AGM
- Case management hearing scheduled 16 April 2021
- DASS will be defending the proceedings as previously advised, outcome not expected until 2022
- As the allegations are before the Court, EP1 does not propose to make any further commentary in relation to the proceedings at this time



Section 2 Consolidated financial results

Consolidated financial result

Strong performance driven by consistent underlying performance of the Evans & Partners wealth business, E&P Capital and gains on cornerstone equity investments

FOR THE PERIOD (\$M)	NOTE	1H20	2H20	1H21	VAR TO 1H20	VAR TO 1H20
Total revenue ¹	1	115.1	94.9	103.4	(11.7)	(10%)
Net revenue	2	102.9	88.9	99.1	(3.8)	(4%)
Staff expenses	3	(62.8)	(55.1)	(63.8)	(1.0)	2%
Operating expenses	4	(19.3)	(17.4)	(17.4)	1.9	(10%)
Underlying EBITDA	5	20.8	16.4	17.9	(2.9)	(14%)
Non-underlying items		(1.7)	(1.1)	(2.2)	(0.4)	26%
EBITDA		19.1	15.3	15.7	(3.4)	(18%)
D&A	6	(10.7)	(7.8)	(8.3)	2.4	(22%)
Amortisation of acquired intangibles		(2.1)	(1.9)	(1.3)	0.8	(39%)
Impairment		–	(38.7)	–	–	n.m
Net interest income/(expense)		(0.9)	(0.9)	(0.7)	0.2	(25%)
Income tax expense	7	(3.3)	1.4	(0.9)	2.4	(72%)
Statutory NPAT		2.1	(32.6)	4.5	2.4	114%
NPATA		7.5	4.2	5.5	(2.0)	(26%)
Underlying NPATA		8.8	4.5	5.9	(2.9)	(33%)
Underlying EPS (cps)		3.9	2.0	2.7	(1.2)	(32%)
Adjusted EBITDA	8	17.2	14.1	19.8	2.6	15%
Adjusted NPATA	8	6.1	3.2	7.8	1.8	29%
Effective tax rate(%)	7	61%	4%	17%	(44%)	(72%)
Underlying EBITDA margin (%)		20	18	18	(2.4)	(12%)
Underlying NPATA margin (%)		9	5	6	(2.5)	(30%)

1 Revenue down 10% compared to pcp driven by structural changes in E&P Wealth and E&P Funds including wind-down of Dixon Projects

2 Net revenue down 4% on pcp but up 11% on prior period as economic recovery post COVID-19 impacts supported strong corporate transaction activity

3 Staff expenses higher as a result of suspension of the Company's ESP during the period (representing 64% of net revenue, up from 61% in 1H20)

4 Operating expenses continue to be managed closely, in line with prior period despite higher group insurance costs as foreshadowed in FY20 result

5 Underlying EBITDA is before non-underlying items (see slide 25 for reconciliation)

6 1H21 D&A down 22% compared to an elevated pcp which included one-off impairment of property, plant and equipment following US premises changes (\$3.5m). Increase on 2H20 due to accelerated depreciation following AUS premises changes

7 1H21 income tax expense includes A\$1.0m refundable tax credit for US net operating losses carried forward (US CARES Act)

8 Adjusted EBITDA and Adjusted NPATA exclude the impact of businesses in wind-down (Dixon Projects) and includes adjustments to illustrate the result had the ESP been suspended from 1H20, to assist with like-for-like comparison with prior periods

Notes:

1 1H21 total revenue excludes interest income of \$0.1 million and \$0.9 million in US Paycheck Protection Program income. It also includes \$1.1 million in fair value loss on held for sale assets (along with gains on equity accounted investments) to reflect the net movement in the Group's cornerstone investment in CVC Emerging Companies Fund during the period.

Cash flow statement

Cash supported by partial monetisation of investment in US Solar Fund plc

FOR THE PERIOD (\$M)	NOTE	1H20	2H20	1H21
<i>Cash flows from operating activities</i>				
NPAT		2.1	(32.6)	4.5
Add: Depreciation & amortisation		8.7	5.6	5.0
Add: AASB 16 amortisation and interest		4.7	4.9	5.3
Add: Non-cash impairments		–	38.7	–
Less: Share of equity accounted profits	1	(1.7)	(2.9)	(8.8)
Add: Share based payments expense		1.2	1.8	2.4
Add: Other non-cash		0.1	1.1	1.0
Less: Increase in working capital	2	(5.0)	4.0	(8.1)
Net cash from operating activities		10.2	20.6	1.4
<i>Cash flows from investing activities</i>				
Purchase of financial assets	3	(2.0)	(0.5)	(0.8)
Proceeds from sale of financial assets	4	–	3.6	10.9
Payments for investment in joint ventures	5	(2.4)	(0.7)	(3.0)
Purchase of subsidiary		–	–	–
Net purchase of PP&E and intangibles		(1.3)	(3.1)	(2.3)
Dividends received		1.1	0.7	1.7
Other CFI		–	1.3	–
Net cash from investing activities		(4.6)	1.3	6.5
<i>Cash flows from financing activities</i>				
Net proceeds from borrowings	6	(5.2)	(10.0)	1.6
Purchase of treasury shares		–	–	(0.3)
Dividends paid		(6.7)	(5.6)	–
Payment of lease liabilities		(4.7)	(4.9)	(4.8)
Other CFF		–	1.8	0.1
Net cash from financing activities		(16.6)	(18.7)	(3.4)
Net movement in cash and cash equivalents		(11.0)	3.2	4.5
FX movements		0.0	0.1	(0.3)
Opening cash and cash equivalents		45.3	34.3	37.6
Closing cash and cash equivalents		34.3	37.6	41.8

- 1 Increase in share of equity accounted profits driven by gain on CVC Emerging Companies joint venture cornerstone investment
- 2 Seasonal shift in net working capital profile following change from bi-annual to annual discretionary bonus cycle from September 2020
- 3 Continued the partial reinvestment of fees received from URF and New Energy Solar back into the funds alongside unitholders
- 4 Proceeds from partial sell down of investment in US Solar Fund plc (\$9.5m) in October 2020
- 5 Further capital calls for CVC Emerging Companies and CD Private Equity cornerstone investments
- 6 1H21 proceeds from insurance premium funding facility net of repayments made over the period

Balance sheet

Solid balance sheet supported by healthy net cash balance and investments

FOR THE PERIOD (\$M)	NOTE	JUN 20	DEC 20	VAR TO JUN 20	VAR TO JUN 20
Cash and cash equivalents		37.6	41.8	4.2	11%
Trade and other receivables		18.6	21.0	2.4	13%
Financial and available for sale assets	1	21.0	14.9	(6.1)	(29%)
Equity accounted investments	2	23.0	27.3	4.3	19%
Right of use assets		31.3	30.1	(1.2)	(4%)
Finance lease receivable	3	–	4.0	4.0	n.m
Intangibles		120.3	119.1	(1.2)	(1%)
Other assets	4	18.6	25.1	6.5	35%
Total assets		270.4	283.3	12.9	5%
Trade and other payables		(12.9)	(10.9)	2.0	(16%)
Borrowings	5	–	(1.6)	(1.6)	n.m
Lease liabilities		(37.1)	(41.1)	(3.9)	11%
Provisions	6	(32.7)	(34.7)	(2.0)	6%
Other liabilities	7	(9.7)	(11.9)	(2.3)	23%
Total liabilities		(92.4)	(100.2)	(7.8)	8%
Net assets		177.9	183.0	5.1	3%
Net tangible assets		57.6	64.0	6.3	11%

- 1 Reduction in financial assets following partial sell down of \$9.5m of the Company's cornerstone investment in US Solar Fund plc, retaining a \$7.3m exposure
- 2 Increase in equity accounted investments driven by gain on CVC Emerging Companies cornerstone investment. EP1 has since trimmed its exposure, disposing of \$4.7m post balance date
- 3 Lease receivable recognised relating to sub-lease of US office
- 4 Increase in other assets due higher prepayments +\$3.0m and current tax assets +\$3.5m
- 5 Borrowings at 31 December 2020 relate to insurance premium funding facility established in 1H21
- 6 Increase in provisions primarily driven by higher cash bonus accruals (suspension of ESP and higher revenue) and provisions for regulatory and related expenses
- 7 Other liabilities seasonally higher at half year end due to greater E&P Wealth prepaid revenue

Income tax expense

Effective tax rate impacted by US CARES Act tax credit

FOR THE PERIOD (\$M)	NOTE	AUSTRALIA	USA	TOTAL
Operating profit		6.4	(0.9)	5.4
Prima facie tax expense at 30%		(1.9)	0.3	(1.6)
Add: Differences in tax rates across jurisdictions		–	0.0	0.0
Add: Non-taxed income	1	2.5	0.3	2.8
Add: US CARES Act credit		–	1.0	1.0
Less: Recurring permanent differences	2	(2.3)	–	(2.3)
Less: Write off of DTL		–	(0.8)	(0.8)
Less: Other non-temporary differences and adjustments		(0.0)	0.0	(0.0)
Income tax expense		(1.7)	0.8	(0.9)
Effective tax rate		27%	n.m	17%
Statutory NPAT		4.6	(0.1)	4.5

1

Benefit of prior period expenses resulting in a current year capital loss netted against current period realised and unrealised gains

2

Recurring permanent differences include share-based payment expense which are expected to reduce over time following suspension of ESP

Section 3 Outlook

Outlook

We continue to execute our refocused strategy and progress initiatives to drive medium- to long-term growth

Financial



Consistent with historical seasonality, 2H21 expected to be softer than 1H21

- Corporate Advisory pipeline remains strong, subject to timing and execution
- Funds contribution expected to reduce as structural change projects continue
- Full year statutory result to be impacted by suspension of ESP compared to FY20
- Despite recent economic recovery COVID-19 risks remain uncertain
- Board remains committed to targeted full year payout range of 75–85% of NPATA

Operational review



Second stage operational review program implemented across business in 1H21

- Greater focus on divisional growth initiatives
- Efficiency and financial model improvements
- Whole of firm ESG program launched
- Talent mapping and career development

Growth initiatives



Execution of medium to long-term growth initiatives

- E&P Wealth – leveraging scalable retail advice platform to capitalise on post-Hayne financial advice landscape through Retail Wealth Management desk
- E&P Capital – continued recruitment to complement existing platform, Hong Kong expansion
- E&P Funds – expansion of equities distribution through platform listings and independent research ratings well progressed

360 Capital Takeover Offer and ASIC proceedings



The E&P Directors have unanimously recommended shareholders reject 360 Capital's offer dated 2 February 2021

- Comprehensive response to 360 Capital's offer and reasons to reject are contained in the E&P Target's Statement. After ASX market close on 24 February 2021, 360 Capital declared its offer unconditional and extended the offer period. The Board of EP1 will respond in due course
- ASIC proceedings – no material update, case management hearing scheduled 16 April 2021, defending as previously advised, outcome not expected until 2022

What does the future hold?

We are positioning the business for growth off an integrated platform unique in the Australian financial services industry

01

Fully integrated financial services group operating under a single unified brand and leveraging the core strengths of each division



02

Consolidated Wealth business with a leading market presence across the mass affluent retail and High Net Wealth client spectrum, underpinned by a scalable advice platform



03

A leading provider of corporate advisory, capital markets and investment research solutions in our chosen sectors – occupying a unique position in the market due to client relationships, scale and focus



04

A high-quality suite of thematic investment products with a diverse investor base



Appendix

Underlying and Adjusted reconciliation

Reconciliation to EBITDA and statutory NPAT as stated in the half year financial report

FOR THE PERIOD (\$M)	1H20	2H20	1H21
EBITDA	19.1	15.3	15.7
<i>Underlying adjustments</i>			
US PPP stimulus income	–	(1.3)	(0.9)
Fair value adjustments on non-core investments ¹	–	0.7	0.4
Regulatory proceedings and related costs	–	–	2.3
Costs of 360 Capital takeover offer	–	–	0.4
Employee termination payments	1.7	0.2	–
Loss on de-recognition of subsidiary	–	0.3	–
Other items	0.0	1.2	–
Underlying EBITDA	20.8	16.4	17.9
<i>Other adjustments</i>			
Suspension of ESP	(2.9)	(3.0)	0.8
Operations in wind-down (Dixon Projects)	(0.7)	0.8	1.1
Adjusted EBITDA	17.2	14.1	19.8
Statutory NPAT	2.1	(32.6)	4.5
After tax amount of underlying adjustments	1.3	0.3	1.4
Impairment of goodwill and other	3.5	37.5	–
Amortisation of acquired intangibles	1.9	1.4	1.0
US CARES Act tax credit		(2.1)	(1.0)
Underlying NPATA	8.8	4.5	5.9
After tax amount of other adjustments	(2.7)	(1.3)	1.9
Adjusted NPATA	6.1	3.2	7.8

- The 1H21 Underlying EBITDA adjustments include income of \$0.9 million received in the form of US Paycheck Protection Program forgivable loan (\$0.9 million after tax), net fair value adjustments on non-core investments of \$0.4 million (\$0.4 million after tax), \$2.3 million in expenses relating to regulatory proceedings and related costs (\$1.6 million after tax) and \$0.4m in direct legal and advisory expenses incurred as a result of 360 Capital's off-market takeover offer (\$0.3 million after tax)
- The 2H20 Underlying EBITDA adjustments include \$0.2 million in employee termination payments (\$0.1 million after tax), loss on sale of Dixon Realty of \$0.3 million (\$0.3 million after tax), income of \$1.3 million received in the form of US Paycheck Protection Program forgivable loan (\$1.3 million after tax), net fair value adjustments on non-core investments of \$0.7 million (\$0.4 million after tax) and \$1.2 million in other items (\$0.8 million after tax)
- 1H20 Underlying EBITDA adjustments include \$1.7 million in employee termination payments (\$1.3 million after tax)
- Underlying NPATA excludes the impact of amortisation of intangible assets that arose from the merger with Evans & Partners, acquisition of Fort Street Advisers and the Company's IPO in 1H21 totalling \$1.0m after tax (2H20: \$1.4m, 1H20: \$1.9m)
- 1H21 Underlying NPATA also excludes tax relief stimulus measures resulting from the US CARES Act totalling \$1.0 million (2H20: \$2.1 million)
- 2H20 Underlying NPATA adjustments include impairment of goodwill, other intangibles and the Group's investment in FSC totalling \$37.5 million after tax
- 1H20 Underlying NPATA adjusts for \$3.5 million in impairment of PP&E arising from changes in US premises

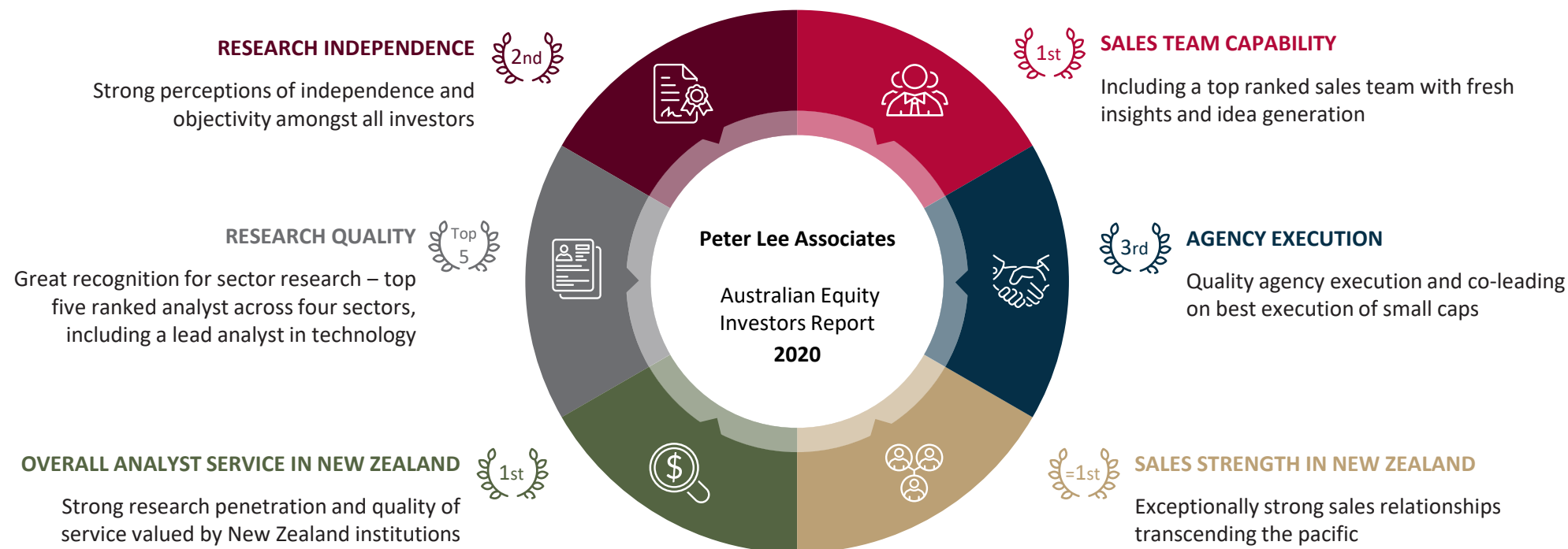
Notes:

1 Non-core investments reflect the Group's investment in an asset or enterprise that is unrelated to the core activities of the Group.

E&P Capital – key strength in small caps

E&P Capital's small-to-mid cap focus and quality of our service has been widely recognised across Australia and New Zealand ...

- ✓ A **solid research footprint** across the total market – and the widest among non-bulge bracket firms
- ✓ **Highly regarded team providing trusted insights** known for our creativity and reach
- ✓ **Stronger relationships and increasing recognition** as a leading broker among institutions year on year



... these results are the outcome of E&P's continuous investment in our people, and we are committed to maintaining the highest possible standards to pave the way to success for our corporate and institutional clients

E&P Funds performance

Solid performance across thematically diverse equities fund platform and fixed income portfolios

Thematically driven investment philosophy leverages expertise from across the Group

SINCE INCEPTION TOTAL RETURNS (TO 31 DECEMBER 2020)	FUM (\$M)	INCEPTION DATE	UNIT PRICE		NTA ¹	
			RETURN (P.A.)	VS INDEX	RETURN (P.A.)	VS INDEX
High conviction/thematic equities investing						
Orca Global Disruption Fund (ASX: EGD)	294	25 Jul 17	22.5%	10.2%	24.4%	12.1%
Orca Global Fund (ASX: EGF)	140	6 Jul 18	8.2%	(2.3%)	10.2%	(0.3%)
Orca Asia Fund (ASX: EAF)	116	14 May 18	6.4%	(1.1%)	8.2%	0.7%
Evans and Partners International Fund ²	54	18 Feb 14	13.7%	2.0%	N/A	N/A
Evans and Partners International Focus Portfolio ²	514	20 May 11	15.9%	3.1%	N/A	N/A
Evans and Partners Global Healthcare Portfolio ²	16	8 Nov 18	6.9%	(3.0%)	N/A	N/A
Evans and Partners Australian Equities Growth Portfolio ²	200	16 Mar 11	11.6%	1.8%	N/A	N/A
Evans and Partners Australian Equities Income Portfolio ²	19	16 Mar 11	9.6%	(0.2%)	N/A	N/A
Fixed Income						
Evans and Partners Diversified Income Portfolio ²	55	14 Jun 11	4.5%	1.7%	N/A	N/A
Evans and Partners Defensive Plus Portfolio ²	10	19 Oct 15	2.6%	0.7%	N/A	N/A

Notes:

1 NTA provided for listed registered managed investment schemes only.

2 Unlisted funds or managed account portfolio.

3 Illustrative performance of a \$10,000 investment after fees since inception with dividends reinvested.

4 Past performance is not a reliable indicator of future financial performance.

E&P Funds performance

Real Asset and Private Investment funds delivering good underlying asset performance and yield

Thematically driven investment philosophy leverages expertise from across the Group

SINCE INCEPTION TOTAL RETURNS (TO 31 DECEMBER 2020)	FUM (\$M)	INCEPTION DATE	RETURN (P.A.)	
			UNIT PRICE ¹	NTA ¹
Real assets				
New Energy Solar Fund (ASX: NEW)	1,123	31 Mar 16	(8.6%)	(1.6%)
US Solar Fund plc (LSE: USF) ²	734	16 Apr 19	6.2%	(0.3%)
US Masters Residential Property Fund (ASX: URF)	1,035	28 Jun 11	(14.5%)	(3.9%)
Fort Street Real Estate Capital Fund I ^{3,4}	796	3 Jun 13	N/A	8.9%
Fort Street Real Estate Capital Fund II ^{3,4}		20 Jun 14	N/A	4.3%
Fort Street Real Estate Capital Fund III ^{3,4}		7 Dec 16	N/A	2.2%
Private investments				
CD Fund I (ASX: CD1)	61	13 Aug 12	6.6%	11.1%
CD Fund II (ASX: CD2)	114	5 Apr 13	2.6%	9.8%
CD Fund III (ASX: CD3)	138	26 Jul 16	(7.6%)	5.0%
CD Fund IV ³	144	30 Apr 18	N/A	2.6%
CVC Emerging Companies Fund ³	92	1 May 19	N/A	75.6%
Venture Capital Opportunities Fund (Square Peg) ³	10	17 Jul 18	N/A	6.1%








Notes:

- 1 Unit price and NTA provided for listed registered managed investment schemes only.
- 2 Represents Australian dollar equivalent gross assets.
- 3 Unlisted funds.

- 4 On 23 December 2020, FSREC Fund I acquired Fund IV and the series completed a restructure and scheme of arrangement to form a stapled group known as the FSREC Property Fund.
- 5 Illustrative performance of a \$10,000 investment after fees since inception with dividends reinvested.
- 6 Past performance is not a reliable indicator of future financial performance.

Business segments

We are a financial services firm with a focus on Wealth Management, Corporate and Institutional advice and broking and Funds Management

Business segment	E&P Wealth 	E&P Capital 	E&P Funds 
Offering	Market leading HNW and affluent wealth management services	Highly regarded corporate advisory, capital markets, equities and research platform	Specialist investment and alternative asset management
Brands			
Services	<div>  </div> <ul style="list-style-type: none"> Investment advice Securities trading Managed accounts Portfolio administration Financial strategy SMSF administration and compliance Legal services 	<ul style="list-style-type: none"> M&A, ECM and DCM and general corporate advisory IPO and pre-IPO advisory Securities trading Equities sales and research 	<ul style="list-style-type: none"> Direct equities investment management Asset management RE and fund administration services Direct equities investment management Debt securities investment management
Revenue type	Advisory and service fees, portfolio administration fees and brokerage	Brokerage, capital raising and corporate advisory fees	Transaction, management and performance fees
Clients/Other	<ul style="list-style-type: none"> ~4,600 primarily HNW/wholesale investors ~4,600 primarily affluent SMSF investors FUA: \$21.7 billion 	Corporates and institutional investors	<ul style="list-style-type: none"> Wholesale and retail investors 17 investment strategies FUM: \$6.6 billion

Glossary

360 Capital	360 Capital Group
360 Capital Group	the stapled group comprising 360 Capital Group Limited ABN 18 113 569 136 and 360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as responsible entity of the 360 Capital Investment Trust ARSN 104 552 598
Adjusted EBITDA	Is defined as Underlying EBITDA adjusted for the suspension of the ESP and businesses in wind-down (Dixon Projects) to assist with like-for-like comparison with prior periods
Adjusted NPATA	Is defined as Underlying NPATA adjusted for the suspension of the ESP and businesses in wind-down (Dixon Projects) to assist with like-for-like comparison with prior periods
AGM	Annual General Meeting
Amortisation of acquired intangibles	Includes amortisation of intangible assets arising from the acquisitions of Evans & Partners, Fort Street Advisers and amortisation of executive restraint covenants
D&A	Depreciation and Amortisation
DASS	Dixon Advisory & Superannuation Services Limited
DCM	Debt Capital Markets
DTL	Deferred Tax Liability
EAP	Evans & Partners Pty Limited
EBITDA	Is defined as earnings before interest, tax, depreciation and amortisation
ECM	Equity Capital Markets
EP1	E&P Financial Group Limited (EP1. ASX)
EPS	Earnings Per Share
ESG	Environmental, Social and Corporate Governance
ESP	Means collectively the 'Employee Share Plans' being the Option & Rights Plan and the Loan Funded Share Plan
Forgivable Loan	In respect of the PPP, the loan will be fully forgiven if used for payroll costs and other operating expenses, with at least 60% used for payroll purposes
FSC	Fort Street Capital Pty Limited
FSREC	Fort Street Real Estate Capital
FUA	Funds Under Advice
FUM	Funds Under Management
FUM based fee margin	Is defined as FUM-based net revenue divided by average FUM
HNW	High Net Wealth

IC	Investment Committee
IPO	Initial Public Offering
JV	Joint Venture
M&A	Mergers And Acquisitions
Net revenue	Is defined as total revenue less the cost of goods sold incurred in the provision of such services
NEW	New Energy Solar (NEW:ASX)
NPAT	Net Profit After Tax
NPATA	Net Profit After Tax before amortisation of acquired intangibles
NTA	Net Tangible Assets
PCP	Prior Comparable Period
PP&E	Property, Plant and Equipment
PPP	US Paycheck Protection Program
RE	Responsible Entity, being E&P Investments Limited
ROE	Return On Equity
SMSF	Self Managed Superannuation Fund
UHNW	Ultra High Net Wealth
Underlying EBITDA	Is defined as earnings before interest, tax, depreciation, amortisation and extraordinary items
Underlying EBITDA margin	Is defined as Underlying EBITDA divided by net revenue
Underlying EPS	Is defined as Underlying NPATA divided by weighted average shares outstanding
Underlying NPATA	Is defined as net profit after tax before amortisation of acquired intangibles and extraordinary items
Underlying NPATA margin	Is defined as Underlying NPATA divided by net revenue
URF	US Masters Residential Property Fund (ASX: URF)
Var	Variance