

# Appendix 4E

## Preliminary final report



# 2024

# Results for announcement to the market

## Year ended 30 June 2024

Comparative figures being the year ended 30 June 2023

Argo Investments Limited ABN 35 007 519 520



				2024 \$A'000	2023 \$A'000
Income from operating activities	down	5.9%	to	285,519	303,312
Profit for the year	down	6.9%	to	252,962	271,707

### Dividends

Interim fully franked dividend paid 8 March 2024	16.5 cents
Final fully franked dividend payable 13 September 2024	18.0 cents
Total	34.5 cents

The final dividend is fully franked and includes a 3.0 cents per share LIC capital gain component. This enables eligible shareholders to claim a deduction in their 2024/2025 income tax returns. The amount which eligible shareholders may be able to claim as a tax deduction depends on their individual situation. Further details will be provided in the dividend statement.

The Company's Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) will operate for the final dividend. The Directors have resolved that the shares will be allotted at the market price of Argo shares, which will be the volume weighted average ex-dividend market price of the shares traded on the record date and the three business days following the record date. No discount will apply.

The record date for determining entitlements to the final dividend	19 August 2024
The election date for determining participation in the DRP and DSSP	20 August 2024

### Previous corresponding period

Interim fully franked dividend paid 10 March 2023	16.5 cents
Final fully franked dividend paid 15 September 2023	18.0 cents
Total	34.5 cents

### Net Tangible Asset Backing

	June 2024	June 2023
NTA per share <sup>1</sup>	\$9.61	\$9.03
NTA after unrealised tax provision <sup>2</sup>	\$8.36	\$7.94

1. After all costs, including tax payable.

2. As required under the ASX Listing Rules, theoretical NTA per share after providing for estimated tax on unrealised gains/losses in the portfolio. That is, after tax that may arise if the entire portfolio was sold.

# Consolidated Statement of Profit or Loss

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Dividends and distributions	2	271,930	273,060
Other income		10,452	7,487
Net gains on trading investments		3,137	22,765
Income from operating activities		285,519	303,312
Administration expenses	3	(10,582)	(10,489)
Profit before income tax expense		274,937	292,823
Income tax expense thereon	4	(21,975)	(21,116)
Profit for the year		252,962	271,707
		cents	cents
Basic and diluted earnings per share	5	33.3	36.1

# Consolidated Statement of Comprehensive Income

for the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Profit for the year	252,962	271,707
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of long-term investments	464,368	420,737
Provision for deferred tax expense on revaluation of long-term investments	(142,248)	(128,724)
Other comprehensive income for the year	322,120	292,013
Total comprehensive income for the year	575,082	563,720

(To be read in conjunction with the accompanying notes)

# Consolidated Statement of Financial Position

at 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6	97,166	125,255
Receivables	7	35,867	36,890
Investments	8	22,074	10,452
Total Current Assets		155,107	172,597
<b>Non-Current Assets</b>			
Investments	8	7,235,739	6,713,768
Property, plant and equipment	9	2,189	599
Total Non-Current Assets		7,237,928	6,714,367
Total Assets		7,393,035	6,886,964
<b>Current Liabilities</b>			
Payables	10	1,533	1,487
Derivative financial instruments	11	8,486	8,062
Current tax liabilities		26,669	14,375
Provisions	12	996	1,021
Total Current Liabilities		37,684	24,945
<b>Non-Current Liabilities</b>			
Payables	10	1,437	167
Deferred tax liabilities	13	992,539	863,783
Provisions	12	195	158
Total Non-Current Liabilities		994,171	864,108
Total Liabilities		1,031,855	889,053
Net Assets		6,361,180	5,997,911
<b>Shareholders' Equity</b>			
Contributed equity	14	3,253,652	3,204,096
Reserves	15	2,362,639	2,040,788
Retained profits	16	744,889	753,027
Total Shareholders' Equity		6,361,180	5,997,911

(To be read in conjunction with the accompanying notes)

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2024

	Contributed Equity \$'000 (Note 14)	Reserves \$'000 (Note 15)	Retained Profits \$'000 (Note 16)	Total \$'000
Balance as at 1 July 2023	3,204,096	2,040,788	753,027	5,997,911
Profit for the year	-	-	252,962	252,962
Other comprehensive income	-	322,120	-	322,120
Total comprehensive income for the year	-	322,120	252,962	575,082
Transactions with shareholders:				
Dividend Reinvestment Plan	49,648	-	-	49,648
Cost of share issues net of tax	(92)	-	-	(92)
Executive performance rights reserve	-	(269)	-	(269)
Dividends paid	-	-	(261,100)	(261,100)
Total transactions with shareholders	49,556	(269)	(261,100)	(211,813)
Balance as at 30 June 2024	3,253,652	2,362,639	744,889	6,361,180

## for the year ended 30 June 2023

Balance as at 1 July 2022	3,155,136	1,861,010	620,545	5,636,691
Profit for the year	-	-	271,707	271,707
Other comprehensive income	-	292,013	-	292,013
Total comprehensive income for the year	-	292,013	271,707	563,720
Transactions with shareholders:				
Dividend Reinvestment Plan	49,050	-	-	49,050
Cost of share issues net of tax	(90)	-	-	(90)
Executive performance rights reserve	-	285	-	285
Dividends paid	-	(112,520)	(139,225)	(251,745)
Total transactions with shareholders	48,960	(112,235)	(139,225)	(202,500)
Balance as at 30 June 2023	3,204,096	2,040,788	753,027	5,997,911

(To be read in conjunction with the accompanying notes)

# Consolidated Statement of Cash Flows

for the year ended 30 June 2024

		2024	2023
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Dividends and distributions received		271,062	258,219
Interest received		5,517	4,568
Other receipts		5,023	3,274
Proceeds from trading investments		7,096	40,092
Payments for trading investments		(15,157)	(11,282)
Other payments		(10,078)	(10,330)
Income tax paid		(22,942)	(50,583)
Net operating cash inflows		240,521	233,958
<b>Cash flows from investing activities</b>			
Proceeds from sale of long-term investments		287,433	123,505
Payments for long-term investments		(343,606)	(188,705)
Proceeds from other financial cash assets		-	25,000
Payments for fixed assets		(503)	(43)
Net investing cash outflows		(56,676)	(40,243)
<b>Cash flows from financing activities</b>			
Payments for lease liabilities		(350)	(355)
Cost of share issues		(132)	(128)
Dividends paid – net of Dividend Reinvestment Plan		(211,452)	(202,695)
Net financing cash outflows		(211,934)	(203,178)
Net decrease in cash held		(28,089)	(9,463)
Cash at the beginning of the year		125,255	134,718
Cash at the end of the year	6	97,166	125,255

(To be read in conjunction with the accompanying notes)

# Notes to the Financial Statements

for the year ended 30 June 2024

## 1. Basis of preparation

The preliminary consolidated financial statements have been prepared in accordance with the measurement and recognition requirements of Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the preliminary consolidated financial statements and notes comply with the measurement and recognition requirements of International Financial Reporting Standards (IFRS).

The accounting policies adopted are consistent with those of the previous financial year.

The preliminary consolidated financial statements incorporate the assets and liabilities of the Company's wholly owned subsidiary Argo Service Company Pty Ltd as at 30 June 2024, and its results for the year then ended. Intercompany transactions and balances between Argo Investments Limited and Argo Service Company Pty Ltd are eliminated on consolidation.

## 2. Dividends and distributions

	2024 \$'000	2023 \$'000
Received/receivable from:		
Long-term investments held at the end of the year	261,175	270,509
Long-term investments sold during the year	10,367	1,730
Trading investments held at the end of the year	327	178
Trading investments sold during the year	61	643
	<b>271,930</b>	<b>273,060</b>

## 3. Administration expenses

	2024 \$'000	2023 \$'000
Employment benefits	6,923	6,837
Depreciation	444	436
Other	3,215	3,216
	<b>10,582</b>	<b>10,489</b>



**4. Income tax expense**

	2024 \$'000	2023 \$'000
(a) Reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax expense	274,937	292,823
Prima facie tax expense calculated at 30% (2023: 30%)	82,481	87,847
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for franked dividends	(58,395)	(62,669)
Other	(1,390)	(3,104)
Over provision in previous year	(721)	(958)
Income tax expense	<b>21,975</b>	<b>21,116</b>
(b) Income tax expense composition:		
Charge for tax payable relating to current year	21,153	22,307
Increase/(decrease) in deferred tax liabilities	1,543	(233)
Over provision in previous year	(721)	(958)
	<b>21,975</b>	<b>21,116</b>
(c) Amounts recognised directly in other comprehensive income:		
Increase in deferred tax liabilities	<b>142,248</b>	<b>128,724</b>

**5. Earnings per share**

	2024 number '000	2023 number '000
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	758,774	753,110
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	252,962	271,707
	<b>cents</b>	<b>cents</b>
Basic and diluted earnings per share	<b>33.3</b>	<b>36.1</b>



## 6. Cash and cash equivalents

	2024 \$'000	2023 \$'000
Bank deposits and cash management trusts	97,166	125,255

Cash and cash equivalents includes cash on deposit with banks (floating interest rate of 4.35% at 30 June 2024; 2023: 4.10%), fixed term deposits with banks (fixed interest rate to maturity of 4.97% at 30 June 2024; 2023: between 4.34% and 4.70%) maturing within three months from date of deposit, and cash management trusts.

## 7. Receivables

	2024 \$'000	2023 \$'000
<b>Current</b>		
Dividends and distributions receivable	35,209	35,652
Interest receivable	98	397
Other	560	841
	<b>35,867</b>	<b>36,890</b>

Receivables are non-interest bearing and unsecured. None of the receivables are past due or impaired.

## 8. Investments

	2024 \$'000	2023 \$'000
<b>Current</b>		
Listed securities at fair value <sup>(1)</sup>	22,074	10,452
<b>Non-Current</b>		
Listed securities at fair value <sup>(1)</sup>	7,218,073	6,696,732
Unlisted securities at fair value <sup>(2)</sup>	17,666	17,036
	<b>7,235,739</b>	<b>6,713,768</b>

(1) The fair value of listed securities is established from the quoted prices (unadjusted) in the active market of the ASX for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

(2) The fair value of unlisted securities is not based on observable market data in accordance with Level 3 of the fair value measurement hierarchy. The Directors have made valuation judgements to determine the fair value of these securities based on inputs which include the cost and the net tangible asset values provided by the investee company for which the unlisted security holding relates.

Reconciliation of changes in unlisted securities valued in accordance with Level 3 of the fair value measurement hierarchy:

	2024 \$'000	2023 \$'000
Carrying amount at beginning of year	17,036	17,458
Additions	4,509	321
Fair value loss recognised in other comprehensive income	(3,879)	(743)
Carrying amount at end of year	<b>17,666</b>	<b>17,036</b>

There were 654 investment transactions during the financial year. The total brokerage paid on these transactions was \$2.1 million.

## 9. Property, plant and equipment

	2024 \$'000	2023 \$'000
Plant and equipment at cost	1,143	859
Accumulated depreciation	(544)	(620)
	599	239
Property right of use assets	2,131	1,599
Accumulated depreciation	(541)	(1,239)
	1,590	360
Carrying amount at end of year	<b>2,189</b>	<b>599</b>
<b>Movements</b>		
Carrying amount at beginning of year	599	992
Additions:		
- plant and equipment at cost	503	43
- property right of use assets	1,531	-
Depreciation	(444)	(436)
Carrying amount at end of year	<b>2,189</b>	<b>599</b>

The Company's operating leases are recognised as a property right of use assets and a corresponding liability.

Assets and liabilities arising from a lease are initially measured on a present value basis using an incremental borrowing rate. The right of use assets are depreciated over the life of the lease on a straight line basis.

Lease liabilities are disclosed in Note 10.

**10. Payables**

	2024 \$'000	2023 \$'000
<b>Current</b>		
Lease liabilities	218	249
Other	1,315	1,238
	<b>1,533</b>	<b>1,487</b>
<b>Non-Current</b>		
Lease liabilities	1,437	167

Payables are non-interest bearing and unsecured. Lease liabilities have been determined based on the present value of the lease payments and are accounted for over the period of the lease.

**11. Derivative financial instruments**

	2024 \$'000	2023 \$'000
Exchange traded options at fair value	8,486	8,062

The fair value of exchange traded options is established from the quoted prices (unadjusted) in the active market of the ASX for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

**12. Provisions**

	2024 \$'000	2023 \$'000
<b>Current</b>		
Provision for employee entitlements	996	1,021
<b>Non-Current</b>		
Provision for employee entitlements	195	158

**13. Deferred tax liabilities**

	2024 \$'000	2023 \$'000
The balance comprises temporary differences attributed to:		
Deferred tax liability on unrealised gains on long-term investments	992,579	865,390
Income receivable which is not assessable for tax until receipt	2,926	2,523
Deferred tax liability on unrealised gains on trading investments	303	-
	995,808	867,913
Offset by deferred tax assets:		
Provisions and payables	(3,143)	(3,358)
Deferred tax on unrealised losses on trading investments	-	(621)
Deferred tax on cost of share issues	(126)	(151)
	(3,269)	(4,130)
<b>Net deferred tax liabilities</b>	<b>992,539</b>	<b>863,783</b>
<b>Movements</b>		
Balance at beginning of year	863,783	740,134
Debited/(credited) to profit or loss	1,543	(233)
Charged to other comprehensive income	142,248	128,724
Changes to the tax base of investments	(15,035)	(4,842)
<b>Balance at end of year</b>	<b>992,539</b>	<b>863,783</b>

The amount of net deferred tax liabilities expected to be settled in the next 12 months is \$1.1 million (2023: deferred tax assets \$0.4 million).

#### 14. Contributed equity

Ordinary shares rank pari passu, have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of the shares held. The Company does not have a limited amount of authorised capital.

	2024	2023	2024	2023
	No. of shares	No. of shares	\$'000	\$'000
Issued and fully paid ordinary shares:				
Opening balance	755,564,117	750,132,378	3,204,096	3,155,136
Dividend Reinvestment Plan <sup>(a)</sup>	5,670,889	5,431,739	49,648	49,050
Dividend Substitution Share Plan <sup>(b)</sup>	7,259	-	-	-
Cost of share issues net of tax			(92)	(90)
<b>Closing balance</b>	<b>761,242,265</b>	<b>755,564,117</b>	<b>3,253,652</b>	<b>3,204,096</b>

(a) On 15 September 2023, 2,995,232 shares were allotted at \$8.67 per share pursuant to the Dividend Reinvestment Plan in operation for the final dividend paid for the year ended 30 June 2023.

On 8 March 2024, 2,675,657 shares were allotted at \$8.85 per share pursuant to the Dividend Reinvestment Plan in operation for the interim dividend paid for the year ended 30 June 2024.

(b) On 8 March 2024, 7,259 shares were allotted at \$8.85 per share pursuant to the Dividend Substitution Share Plan (DSSP) in operation for the interim dividend paid for the year ended 30 June 2024. Shareholders who elect to be in the DSSP forgo their dividend and receive shares instead.

The Company has an on-market share buy-back arrangement in place. During the financial year, no shares were bought back (2023: nil).

## 15. Reserves

	2024 \$'000	2023 \$'000
Executive Performance Rights Reserve	348	617
Investment Revaluation Reserve	2,124,060	1,831,496
Capital Profits Reserve	238,231	208,675
	<b>2,362,639</b>	<b>2,040,788</b>
<b>Movements in reserves during the year</b>		
<b>Executive Performance Rights Reserve</b>		
Balance at beginning of year	617	332
Accrued entitlement for unvested rights	974	1,166
Executive performance shares purchased	(1,243)	(881)
Balance at end of year	348	617
<b>Investment Revaluation Reserve</b>		
Balance at beginning of year	1,831,496	1,538,075
Revaluation of long-term investments	464,368	420,737
Provision for deferred tax expense on revaluation of long-term investments	(142,248)	(128,724)
Realised (gains)/losses on sale of long-term investments transferred to capital profits reserve	(40,979)	3,779
Income tax expense thereon	11,423	(2,371)
Balance at end of year	2,124,060	1,831,496
<b>Capital Profits Reserve</b>		
Balance at beginning of year	208,675	322,603
Dividend paid	-	(112,520)
Transfer from investment revaluation reserve	29,556	(1,408)
Balance at end of year	238,231	208,675
<b>Total Reserves</b>	<b>2,362,639</b>	<b>2,040,788</b>

Long-term investments were sold in the normal course of the Company's operations as a listed investment company or as a result of takeovers. The fair value of the investments sold during this period was \$341.1 million (2023: \$123.8 million). The cumulative gain after tax on these disposals was \$29.6 million (2023: loss after tax of \$1.4 million), which has been transferred from the investment revaluation reserve to the capital profits reserve.

## Nature and purpose of reserves

### Executive performance rights reserve

This reserve contains the fair value of the short-term incentive (STI) and long-term incentive (LTI) performance rights pursuant to the Argo Investments Limited Executive Performance Rights Plan. When rights are exercised, shares are purchased on market and issued to the executive.

#### STI performance rights

The values of the STI performance rights are calculated and allocated to each reporting period from the commencement of the performance periods to the vesting dates. The value of the STI performance rights for the current reporting period, which are yet to be issued to participants, has been estimated.

#### LTI performance rights

The values of the LTI performance rights are calculated at grant dates and allocated to each reporting period from the grant dates to the vesting dates.

### Investment revaluation reserve

Increments or decrements on the revaluation of long-term investments after provision for deferred capital gains tax are recorded in this reserve.

### Capital profits reserve

Gains or losses arising from the sale of long-term investments, net of any tax expense or benefit, are recorded in this reserve.

## 16. Retained profits

	2024 \$'000	2023 \$'000
Balance at beginning of year	753,027	620,545
Dividends paid	(261,100)	(139,225)
Profit for the year	252,962	271,707
Balance at end of year	<b>744,889</b>	<b>753,027</b>

## 17. Capital management

The Company's objective in managing its capital is to maximise long-term returns to shareholders through a balance of capital and dividend growth from a diversified Australian investment portfolio. This is achieved by the process of providing shareholders with a steady stream of fully franked dividends and enhancement of capital invested, with the goal of paying an increasing level of dividends and providing attractive total returns over the long term.

The Company recognises that its capital will fluctuate in accordance with market conditions and in order to maintain or adjust the capital structure, it may be necessary to vary the amount of dividends paid, issue new shares from time to time or buy back its own shares.

The Company's capital consists of its shareholders' equity and the changes to this capital are shown in the Consolidated Statement of Changes in Equity.



## 18. Dividends

	2024 \$'000	2023 \$'000
<b>(a) Dividends paid during the year</b>		
Final dividend for the year ended 30 June 2023 of 18.0 cents fully franked at 30% tax rate paid 15 September 2023 (2022: 17.0 cents fully franked at 30% tax rate)	136,002	127,523
Interim dividend for the year ended 30 June 2024 of 16.5 cents fully franked at 30% tax rate paid 8 March 2024 (2023: 16.5 cents fully franked at 30% tax rate)	125,098	124,222
<b>Total dividends paid</b>	<b>261,100</b>	<b>251,745</b>
Dividends paid in cash	211,452	202,695
Dividends reinvested in shares via DRP	49,648	49,050
	<b>261,100</b>	<b>251,745</b>
Dividends forgone via DSSP	64	-

The final dividend paid did not contain a listed investment company (LIC) capital gain component (2023: 15.0 cents). The interim dividend paid did not contain a LIC capital gain component (2023: nil).

	2024 \$'000	2023 \$'000
<b>(b) Dividend declared after balance date</b>		
Since the end of the financial year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the financial year:		
Final dividend for the year ended 30 June 2024 of 18.0 cents fully franked at 30% tax rate payable 13 September 2024 (2023: 18.0 cents fully franked at 30% tax rate)	137,024	136,002

The final dividend declared will contain a LIC capital gain component of 3.0 cents per share (2023: nil).

**19. Franking account**

	2024	2023
	\$'000	\$'000
Balance of the franking account after allowing for tax payable and the receipt of franked dividends recognised as receivables	210,598	204,013
Impact on the franking account of the dividend declared but not recognised as a liability at the end of the financial year	(58,724)	(58,286)
	<b>151,874</b>	<b>145,727</b>
The franking account balance would allow the Company to fully frank additional dividend payments up to an amount of	354,372	340,029
	cents	cents
This equates to a per share amount of	46.6	45.0

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the investment portfolio and the Company paying tax.

**20. New Zealand imputation account**

	2024	2023
	\$'000	\$'000
Balance of the imputation account	14,322	10,037

New Zealand imputation credits of \$14.3 million (NZ\$15.7 million) were attached to dividends received and are available for distribution. There will be no NZ imputation credits attached to the final dividend payable on 13 September 2024.

**21. Listed Investment Company (LIC) capital gain account**

	2024	2023
	\$'000	\$'000
Balance of the LIC capital gain account	29,772	14,009
Impact on the LIC capital gain account of the dividend declared but not recognised as a liability at the end of the financial year	(22,837)	-
	<b>6,935</b>	<b>14,009</b>
This equates to an attributable amount of	9,907	20,013

LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains and the receipt of LIC capital gain distributions from LIC securities held in the investment portfolio.

## **22. Financial reporting by segments**

The Company operates in the investment industry predominately within Australia.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

The Company is domiciled in Australia and derives its income from the investment portfolio through the receipt of dividends, distributions, interest and other income. Argo has a diversified portfolio of investments, with no single investment accounting for more than 10% of income.

There has been no change to the operating segments during the year.

## **23. Events occurring after the reporting period**

No matters or circumstances have occurred subsequent to the financial year end that have significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## **24. Contingencies**

At balance date the Company is not aware of any material contingent liabilities or contingent assets.

## **Audit of Accounts**

The accounts for the year ended 30 June 2024 are in the process of being audited.