

20 August 2021

ASX MEDIA RELEASE

Microequities Asset Management Group Limited (“Microequities”) NPAT +319%, Operating profit from investment management +257%, Final FY21 dividend increased by 400%

Microequities has delivered a record result for FY21, on the back of strong investment performance and positive net fund inflows. The strong investment performance was driven by intense M&A activity across our open-ended investment funds as both private equity and industrial competitors identified many of the undervalued businesses we owned in the funds. Operating profit from investment management has grown by +254% to \$16.9m, whilst operating profit from recurring revenue increased by +22% to \$4.0m. **Total profit before tax inclusive of co-invested treasury funds saw Profit Before Tax and minority interest grew by +300% to \$19.10m, whilst statutory NPAT increased by +319% to \$14.0m.**

Summary of operating and financial results are provided below:

Summary Profit or Loss Statement (\$000's unless stated)	30 Jun 2021	30 Jun 2020	% change
Funds Under Management (\$m)	497.1	341.4	+46%
Recurring Revenue ¹	7,190.5	5,842.0	+23%
Ongoing Operating Expenses ²	-3,189.6	-2,567.1	-24%
Operating profit from recurring revenue	4,000.9	3,274.8	+22%
Performance fee Income	12,919.9	1,469.6	+779%
Operating profit from investment management	16,920.8	4,744.4	+257%
Interest revenue and other income	559.0	439.7	+27%
Other income and gains/(loss) on investments	2,552.9	93.1	+2642%
Employee share-based payment expense	-676.6	-346.3	-95%
Tax expense	-5,090.1	-1,320.7	-285%
Profit attributable to non-controlling interesting	-253.2	-265.9	+5%
Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group	14,012.70	3,344.40	+319%
Client Numbers (units)	765	734	+4%
Ongoing operating expenses to recurring revenue	44.36%	43.94%	-42bps

(1) Represents management fees

(2) Excludes costs related to the employee share based payment expense

Positive Inflow/Outflow further gains early into FY22, Private Equity strategy successfully launched.

For FY21 Microequities captured net investment inflows and grew its funds under management (FUM) by +46% to \$497.1m, a record number for the company. That figure has been further boosted during the month of July 2021 seeing strong investment performance and the successful launch of the new *Private to Beyond the IPO Fund* increasing FUM to a new record of \$549.8m.

Final FY21 Dividend increased to 5 cents per share

The board of Microequities Asset Management Group Limited is pleased to declare a five cent per share fully franked dividend. The payment of a 5-cent dividend represents a 400% increase on the amount paid in the previous corresponding period, and brings total dividends related to FY21 financial performance to 7 cents per share (versus 2 cents in FY20). The final FY21 dividend payment of five cents is consistent with the dividend policy of the company, which is to pay between 70% to 100% of the cash operating profit from the investment management operations.

Positive start to FY22 trading, outlook for FY22

The business has commenced FY22 strongly, with July operating operating profit before tax from investment management* of approximately \$2.79 million (based on unaudited management accounts). This figure includes a large component of income from performance fees which are volatile, unpredictable, and non-recurring in nature.

Despite the strong performance of the ASX over the past 18 months, inefficient market pricing and capricious market bifurcation remains present and observable feature within our asset class. The investment management team continue to be underinvested in several excellent long term investment opportunities. This provides us with confidence that the foundations for long term investment outperformance remain present.

The successful launch of the new *Private to Beyond the IPO Fund* provides us with confidence that we have laid the groundwork for an industrial synergistic strategy that will be highly complementary to our listed investment funds. We have ambitions to substantially scale our private equity presence over the medium term and we have recruited new colleagues to help as drive that growth.

We take this occasion to thank our clients, shareholders and colleagues who work tirelessly alongside us as we endeavor to achieve our objectives.

Carlos Gil
Chief Executive Officer, Chief Investment Officer

* Operating profit from investment management excludes share based payments and revaluation of investments held on the balance sheet.

This announcement has been authorised for release by the Board

-ends