

12 August 2022

ASX MEDIA RELEASE

Microequities Asset Management Group (“Microequities”) Operating profit from investment management +17%, Recurring revenue +39% Client numbers +25%

We are pleased to deliver a set of financial results that provided improvement in all key performance indicators. A challenging equity market price environment during the 2H22 hampered our overall FUM growth after it hit a record high during the early months of 2H22. Despite the challenging 2H22 environment client numbers continued to grow throughout the financial year and the business is committed to continuing to invest in sales and marketing to showcase the strong value proposition of our fund offering.

Recurring revenue +39%, Client numbers continued to grow in challenging 2H22

While the 2H impacted our full FY22 FUM number, we are pleased to report +49% growth in Operating profit from recurring revenue (which excludes performance fees) and recurring revenue rising by +39%. These are important metrics as performance fee income is not of a recurring nature and can vary wildly from year to year. Client numbers in FY22 grew by +25% and pleasingly +5.9% during the challenging 2H22 period, thanks to a combination of strong client loyalty and continued investment in sales and marketing.

Summary of operating and financial results are provided below:

Summary Profit or Loss Statement (\$000's unless stated)	30 Jun 2022	30 Jun 2021	% change
Funds Under Management (\$m)	532.5	497.1	+7%
Recurring Revenue ¹	9,975.1	7,190.5	+39%
Ongoing Operating Expenses ²	-4,026.9	-3,189.6	-26%
Operating profit from recurring revenue	5,948.3	4,000.9	+49%
Performance fee Income	13,892.4	12,919.9	+8%
Operating profit from investment management	19,840.7	16,920.8	+17%
Interest revenue and other income	123.5	559.0	-78%
Other income and gains/(loss) on investments	-941.9	2,552.9	-137%
Employee share-based payment expense	-911.5	-676.6	-35%
Tax expense	-3,771.7	-5,090.1	+26%
Profit attributable to non-controlling interesting	-224.9	-253.2	+11%
Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group	14,114.2	14,012.7	+1%
Client Numbers (units)	956	765	+25%
Ongoing operating expenses to recurring revenue	40.37%	44.36%	+399ppt

⁽¹⁾ Represents management fees

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



CAPTURING VALUE
DELIVERING RETURNS

Dividends

The Board of Microequities Asset Management Group Limited is pleased to declare a two cent per share fully franked dividend. The dividend payment is broadly 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.

Balance Sheet strong, no financial debt

The company continues to enjoy a very strong balance sheet with Net Tangible Assets of \$18.8m as at the close of FY22. The business remains free of financial debt and has a net cash position of \$6.7m.

Outlook for FY23

Whilst we have started FY23 strongly after a strong rebound in market prices for the month of July, market sentiment remains in a state of flux with polarising viewpoints on world economic growth. We expect higher than usual market volatility will remain anomalous well into 1H23, though our fellow clients will be comforted by the fact that is precisely under such environments where we cement the pillars for our funds long-term outperformance.

We remain highly committed to investing in growth and will continue to deploy economic resources in sales and marketing, highlighting our consistent and proven approach to capital deployment throughout the entirety of the market cycle. We view the current dynamics facing equity markets as one in which competent active fund managers can demonstrate their strong value proposition. There exists significant pricing dislocation and some very compelling investments within our portfolios, seeking to maximise inflows under such circumstances is therefore a sensible strategy.

Our core investment strategies in the listed companies' space have always centred on buying undervalued profitable businesses and investing in them over the long term. Qualitative attributes such as profitability, free cash flow generation, modest to no leverage are experiencing a form of renaissance in investment markets as capital is likely to become increasingly scarce over the next few years and the cost of funding rises.

We take this occasion to thank our clients for their confidence and loyalty, our shareholders for their partnership and lastly our colleagues who work tirelessly alongside us as we endeavor to achieve our objectives for all stakeholders.

Carlos Gil
Chief Executive Officer, Chief Investment Officer

12 August 2022

This announcement has been authorised for release by the Board

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