

1. Company details

| | |
|-------------------|--|
| Name of entity: | Microequities Asset Management Group Limited |
| ABN: | 17 110 777 056 |
| Reporting period: | For the half-year ended 31 December 2020 |
| Previous period: | For the half-year ended 31 December 2019 |

2. Results for announcement to the market

| | | | \$ |
|--|----|-----------|-----------|
| Revenues from ordinary activities | up | 70.0% to | 6,702,346 |
| Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group Limited | up | 140.3% to | 4,785,437 |
| Profit for the half-year attributable to the owners of Microequities Asset Management Group Limited | up | 140.3% to | 4,785,437 |

Dividends

| | Amount per security Cents | Franked amount per security Cents |
|---|------------------------------|--------------------------------------|
| Final dividend for the year ended 30 June 2020 paid on 4 September 2020 | 1.000 | 1.000 |

On 18 February 2021, the directors declared a fully franked interim dividend for the year ending 30 June 2021 of 2.0 cents per ordinary share with a record date of 1 March 2021 and a payment date of 12 March 2021.

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$4,785,437 (31 December 2019: \$1,991,489).

Refer to the Chief Executive Officer's report for detailed commentary on the results.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---------------------------|--------------------------|
| Net tangible assets per ordinary security | <u>10.08</u> | <u>7.36</u> |

The net tangible assets per ordinary security is calculated based on 130,132,787 ordinary shares on issue as at 31 December 2020 (excluding 2,057,544 treasury shares). The previous period net tangible assets per ordinary security is calculated based on 130,613,708 ordinary shares (excluding 2,057,544 treasury shares) as at 30 June 2020.

Net tangible assets calculations above include the right-of-use assets and lease liabilities.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments (if any):

The Interim Report of Microequities Asset Management Group Limited for the half-year ended 31 December 2020 is attached.

6. Signed

As authorised by the Board of Directors



Signed _____

Date: 18 February 2021

Leslie Szekely
Chairman
Sydney

Microequities Asset Management Group Limited

ABN 17 110 777 056

Interim Report - 31 December 2020

Microequities Asset Management Group Limited
Contents
31 December 2020



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Dear Fellow Shareholders,

I am pleased to report that the recovery in the business that begun in 2H20 has not only ensued into 1H21 but strengthened. That recovery underpinned by strong investment performance across all our investment funds has produced an excellent set of financial results. Whilst financial results are important to any business, more important still is ensuring that the pillars for future growth remain firm and abundant. In our business, those pillars are accessing an array of long-term growth investment opportunities for our clients and as I outline in the outlook statement the foundations for long term investment performance are both present and abundant.

| Summary Profit or Loss Statement (\$000's unless stated) | 31 Dec 2020 | 31 Dec 2019 | % change |
|---|----------------|----------------|-------------|
| Funds Under Management (\$m) | 429.9 | 386.4 | 11% |
| Recurring Revenue ¹ | 3,297.9 | 3,040.7 | 8% |
| Ongoing Operating Expenses ² | -1,266.6 | -1,427.8 | 11% |
| Operating profit from recurring revenue | 2,031.3 | 1,612.9 | 26% |
| Performance fee Income | 3,325.9 | 750.5 | 343% |
| Operating profit from investment management | 5,357.2 | 2,363.4 | 127% |
| Interest revenue and other income | 78.6 | 150.4 | -48% |
| Other income and gains/(loss) on investments | 1,513.1 | 651.2 | 132% |
| Employee share-based payment expense | -275.3 | -219.8 | -25% |
| Tax expense | -1,760.9 | -816.5 | -116% |
| Profit attributable to non-controlling interesting | -127.3 | -137.2 | 7% |
| Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management Group | 4,785.4 | 1,991.5 | 140% |
| Client Numbers (units) | 742 | 745 | -0.40% |
| Ongoing operating expenses to recurring revenue | 38.41% | 46.96% | -18% |

¹ Represents management fees

² Excludes costs related to the employee share-based payment expense

Key Financial Highlights, NPAT +140%

The 1H21 has seen a significant improvement across the business across all important financial metrics, with FUM growing by +25.9% since the close of FY20 and +11.3% compared to the previous corresponding period ('pcp'). This growth has been driven by a combination of strong investment performance and a notable improvement in investment inflow/outflow patterns. Pleasingly, enquiry levels continue to strengthen, and management are confident the trend can continue into 2H21.

The recurring revenue of the business grew by +8% whilst operating profit from recurring revenue grew by +26% thanks to strong cost discipline across the entire business.

Strong investment performance by all our investment funds delivered performance fee income which in turn helped drive an excellent NPAT result of \$4.8 million for the 1H21, representing a +140% increase on pcp.

The balance sheet of the Group has continued to further solidify with NTA rising from \$9.4 million in 1H20 to \$13.1 million in 1H21 and the Group has continued to co-invest alongside its clients reinforcing its commitment to be highly aligned with its clients.

Operational focus for FY21

The Group has continued to review its sales and marketing activities with the objective of further improving on its growth trajectory. For the 2H21 we will be reshaping our marketing approach and upscaling our marketing and sales resources to increase market awareness and distribution reach of our investment funds.

First Half Dividend increased to 2 cents per share

The board of Microequities Asset Management Group Limited is pleased to declare a two cent per share fully franked dividend. The payment of a 2-cent dividend represents a 100% increase on the amount paid in the previous corresponding period. The dividend payment 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.

January 2021 trading update, outlook for FY21

The business has started 2H21 strongly with January 2021 month unaudited, unreviewed profit before tax of approximately \$1.5 million (based on management accounts). This figure includes a large component of income from performance fees which are volatile, unpredictable, and non-recurring in nature.

Whilst market volatility remains heightened and unlikely to temper over the short term, the investment management team remain underinvested in a significant number of excellent long term undervalued growth businesses that will drive long term performance for our investment funds. That observation may seem nugatory but finding quality investment opportunity sets is a crucial fundamental ingredient for the long-term economic prospects of the business. The investment ground remains highly fertile for long term investment returns. Operationally the management team will look to further strengthen the business and harness the growing momentum after what has been an excellent 1HFY21 result.



Carlos Gil
Chief Executive Officer, Chief Investment Officer

18 February 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Microequities Asset Management Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Microequities Asset Management Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Leslie Szekely - Chairman
Carlos Gil
Samuel Gutman
Dr Alexander Abrahams

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the management of investment funds.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$4,785,437 (31 December 2019: \$1,991,489).

Refer to the Chief Executive Officer's report for further commentary on the review of operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Leslie Szekely
Chairman

18 February 2021



Carlos Gil
Chief Executive Officer

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF MICROEQUITIES ASSET MANAGEMENT GROUP LIMITED

As lead auditor for the review of Microequities Asset Management Group Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Microequities Asset Management Group Limited and the entities it controlled during the period.

BDO



Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 18 February 2021

Microequities Asset Management Group Limited
 Consolidated statement of profit or loss and other comprehensive income
 For the half-year ended 31 December 2020



| | Note | Consolidated 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|--|------|-----------------------------------|-------------------|
| Revenue from contracts with customers | 4 | 6,695,658 | 3,913,721 |
| Other income and gain/(loss) on investments | 5 | 1,513,143 | 651,191 |
| Interest revenue calculated using the effective interest method | | 6,688 | 27,878 |
| Expenses | | | |
| Employee benefits expenses | | (1,089,778) | (1,165,243) |
| Depreciation and amortisation expense | | (132,071) | (132,072) |
| Legal and professional expenses | | (25,002) | (23,422) |
| Advertising expenses | | (15,525) | (37,576) |
| Occupancy expenses | | (29,934) | (32,306) |
| Other expenses | | (246,586) | (252,883) |
| Interest expense | | (2,931) | (4,036) |
| Profit before income tax expense | | 6,673,662 | 2,945,252 |
| Income tax expense | | (1,760,894) | (816,522) |
| Profit after income tax expense for the half-year | | 4,912,768 | 2,128,730 |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive income for the half-year | | <u>4,912,768</u> | <u>2,128,730</u> |
| Profit for the half-year is attributable to: | | | |
| Non-controlling interest | | 127,331 | 137,241 |
| Owners of Microequities Asset Management Group Limited | | 4,785,437 | 1,991,489 |
| | | <u>4,912,768</u> | <u>2,128,730</u> |
| Total comprehensive income for the half-year is attributable to: | | | |
| Non-controlling interest | | 127,331 | 137,241 |
| Owners of Microequities Asset Management Group Limited | | 4,785,437 | 1,991,489 |
| | | <u>4,912,768</u> | <u>2,128,730</u> |
| | | Cents | Cents |
| Basic earnings per share | 13 | 3.61 | 1.53 |
| Diluted earnings per share | 13 | 3.55 | 1.51 |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Microequities Asset Management Group Limited
 Consolidated statement of financial position
 As at 31 December 2020



| | | Consolidated | |
|---|------|-------------------|-------------------|
| | Note | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 6,378,448 | 3,688,350 |
| Trade and other receivables | 6 | 1,575,856 | 635,186 |
| Other | | 104,383 | 141,114 |
| Total current assets | | <u>8,058,687</u> | <u>4,464,650</u> |
| Non-current assets | | | |
| Financial assets at fair value through profit or loss | 7 | 7,270,556 | 5,883,985 |
| Right-of-use assets | 8 | 210,225 | 132,071 |
| Deferred tax | | - | 189,531 |
| Total non-current assets | | <u>7,480,781</u> | <u>6,205,587</u> |
| Total assets | | <u>15,539,468</u> | <u>10,670,237</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 762,028 | 431,265 |
| Lease liabilities | | 210,225 | 134,308 |
| Income tax | | 1,018,164 | 263,337 |
| Employee benefits | | 226,636 | 201,053 |
| Total current liabilities | | <u>2,217,053</u> | <u>1,029,963</u> |
| Non-current liabilities | | | |
| Deferred tax | | 184,999 | - |
| Employee benefits | | 23,256 | 23,962 |
| Total non-current liabilities | | <u>208,255</u> | <u>23,962</u> |
| Total liabilities | | <u>2,425,308</u> | <u>1,053,925</u> |
| Net assets | | <u>13,114,160</u> | <u>9,616,312</u> |
| Equity | | | |
| Issued capital | 10 | 2,397,049 | 2,633,246 |
| Reserves | | 942,547 | 667,226 |
| Retained earnings | | 9,774,554 | 6,315,830 |
| Equity attributable to the owners of Microequities Asset Management Group Limited | | <u>13,114,150</u> | <u>9,616,302</u> |
| Non-controlling interest | | 10 | 10 |
| Total equity | | <u>13,114,160</u> | <u>9,616,312</u> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Microequities Asset Management Group Limited
 Consolidated statement of changes in equity
 For the half-year ended 31 December 2020



| | Issued capital \$ | Reserves \$ | Retained earnings \$ | Non-controlling interest \$ | Total equity \$ |
|--|----------------------|----------------|-------------------------|--------------------------------|--------------------|
| Consolidated | | | | | |
| Balance at 1 July 2019 | 2,645,634 | 320,960 | 5,631,840 | 10 | 8,598,444 |
| Profit after income tax expense for the half-year | - | - | 1,991,489 | 137,241 | 2,128,730 |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | 1,991,489 | 137,241 | 2,128,730 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share-based payments | - | 219,753 | - | - | 219,753 |
| Share buy-back | (28,899) | - | - | - | (28,899) |
| Distribution of profits to non-controlling interest | - | - | - | (137,241) | (137,241) |
| Dividends paid (note 11) | - | - | (1,330,369) | - | (1,330,369) |
| Balance at 31 December 2019 | <u>2,616,735</u> | <u>540,713</u> | <u>6,292,960</u> | <u>10</u> | <u>9,450,418</u> |
| Consolidated | | | | | |
| Balance at 1 July 2020 | 2,633,246 | 667,226 | 6,315,830 | 10 | 9,616,312 |
| Profit after income tax expense for the half-year | - | - | 4,785,437 | 127,331 | 4,912,768 |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | 4,785,437 | 127,331 | 4,912,768 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share-based payments | - | 275,321 | - | - | 275,321 |
| Share buy-back | (236,197) | - | - | - | (236,197) |
| Distribution of profits to non-controlling interest | - | - | - | (127,331) | (127,331) |
| Dividends paid (note 11) | - | - | (1,326,713) | - | (1,326,713) |
| Balance at 31 December 2020 | <u>2,397,049</u> | <u>942,547</u> | <u>9,774,554</u> | <u>10</u> | <u>13,114,160</u> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

| | Consolidated | |
|---|-------------------------|-------------------------|
| Note | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of GST) | 6,394,401 | 3,740,077 |
| Payments to suppliers and employees (inclusive of GST) | (1,408,699) | (1,610,407) |
| Dividends and distributions received | 8,656 | 11,762 |
| Interest received | 6,257 | 27,996 |
| Government grant received | 148,500 | - |
| Interest and other finance costs paid | (2,931) | (4,036) |
| Income taxes paid | (631,537) | (532,828) |
| Net cash from operating activities | <u>4,514,647</u> | <u>1,632,564</u> |
| Cash flows from investing activities | | |
| Payments for investments | - | (350,000) |
| Net cash used in investing activities | <u>-</u> | <u>(350,000)</u> |
| Cash flows from financing activities | | |
| Payments for share buy-backs | 10 (236,197) | (28,899) |
| Dividends paid | 11 (1,326,713) | (1,330,369) |
| Repayment of lease liabilities | (134,308) | (129,562) |
| Distribution of profits to non-controlling entity | (127,331) | (137,241) |
| Net cash used in financing activities | <u>(1,824,549)</u> | <u>(1,626,071)</u> |
| Net increase/(decrease) in cash and cash equivalents | 2,690,098 | (343,507) |
| Cash and cash equivalents at the beginning of the financial half-year | <u>3,688,350</u> | <u>4,680,498</u> |
| Cash and cash equivalents at the end of the financial half-year | <u><u>6,378,448</u></u> | <u><u>4,336,991</u></u> |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Microequities Asset Management Group Limited as a Group consisting of Microequities Asset Management Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Microequities Asset Management Group Limited's functional and presentation currency.

Microequities Asset Management Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3105, Level 31 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2020 and are not expected to have any significant impact for the full financial year ending 30 June 2021.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

The main business activities of the Group are the provision of funds management services. The Board of Directors are identified as the Chief Operating Decision Makers ('CODM'), and they consider the performance of the main business activities on an aggregated basis to determine the allocation of resources.

Other activities undertaken by the Group, including investing activities, are incidental to the main business activities.

Based on the internal reports that are used by the CODM the Group has one operating segment being the provision of funds management services with the objective of offering investment funds to wholesale and sophisticated investors. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and are therefore not duplicated. The Group operates only in Australia and information of revenue from products and services is included in note 4.

The information reported to the CODM is on a monthly basis.

Note 4. Revenue from contracts with customers

| | Consolidated | |
|------------------|---------------------|--------------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Management fees | 3,297,877 | 3,040,655 |
| Performance fees | 3,325,853 | 750,518 |
| Other revenue | 71,928 | 122,548 |
| | <u>6,695,658</u> | <u>3,913,721</u> |

Disaggregation of revenue

There is no disaggregation of revenue provided, as all revenue is generated in Australia and revenue is recognised over time.

Note 5. Other income and gain/(loss) on investments

| | Consolidated | |
|---------------------------------------|---------------------|--------------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Government grants (Covid-19) | 148,500 | - |
| Dividends and distributions | 20,914 | 30,485 |
| Unrealised gain/(loss) on investments | 1,343,729 | 620,706 |
| | <u>1,513,143</u> | <u>651,191</u> |

During the Coronavirus ('COVID-19') pandemic, the Group has received JobKeeper support payments amounting to \$111,000 from the Australian Government which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The Group is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

During the financial half-year, the Group received payments from the Australian Government amounting to \$37,500 as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Group will comply with any conditions attached.

Note 6. Trade and other receivables

| | Consolidated | |
|-------------------------------|---------------------|--------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | \$ |
| <i>Current assets</i> | | |
| Trade receivables | 1,563,481 | 546,492 |
| Other receivable | 4,167 | 50,333 |
| Trust distribution receivable | 6,367 | 36,951 |
| Interest receivable | 1,841 | 1,410 |
| | <u>1,575,856</u> | <u>635,186</u> |

Note 7. Financial assets at fair value through profit or loss

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Investment in unlisted Australian unit trusts - designated at fair value through profit or loss | <u>7,270,556</u> | <u>5,883,985</u> |

Refer to note 12 for further information on fair value measurement.

Note 8. Right-of-use assets

| | Consolidated | |
|--------------------------------|---------------------|--------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Right-of-use assets | 606,438 | 396,213 |
| Less: Accumulated depreciation | <u>(396,213)</u> | <u>(264,142)</u> |
| | <u>210,225</u> | <u>132,071</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| Consolidated | Office premises |
|-----------------------------|------------------------|
| | \$ |
| Balance at 1 July 2020 | 132,071 |
| Additions | 210,225 |
| Depreciation expense | <u>(132,071)</u> |
| Balance at 31 December 2020 | <u>210,225</u> |

Note 9. Trade and other payables

| | Consolidated | |
|-----------------------------|---------------------|--------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Trade payables | 186,239 | 150,841 |
| Accruals and other payables | <u>575,789</u> | <u>280,424</u> |
| | <u>762,028</u> | <u>431,265</u> |

Note 10. Issued capital

| | Consolidated | | | |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
| | 31 Dec 2020 | 30 Jun 2020 | 31 Dec 2020 | 30 Jun 2020 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | 132,190,331 | 132,671,252 | 3,444,032 | 3,680,229 |
| Less: Treasury shares | <u>(2,057,544)</u> | <u>(2,057,544)</u> | <u>(1,046,983)</u> | <u>(1,046,983)</u> |
| | <u>130,132,787</u> | <u>130,613,708</u> | <u>2,397,049</u> | <u>2,633,246</u> |

Note 10. Issued capital (continued)

Movements in ordinary share capital

| Details | Date | Shares | \$ |
|----------------|------------------|--------------------|------------------|
| Balance | 1 July 2020 | 132,671,252 | 3,680,229 |
| Share buy-back | 1 September 2020 | (31,581) | (12,021) |
| Share buy-back | 5 October 2020 | (88,988) | (40,285) |
| Share buy-back | 19 November 2020 | (10,000) | (4,920) |
| Share buy-back | 24 November 2020 | (89,762) | (44,911) |
| Share buy-back | 26 November 2020 | (98,920) | (51,490) |
| Share buy-back | 15 December 2020 | (70,023) | (36,448) |
| Share buy-back | 16 December 2020 | (12,665) | (6,592) |
| Share buy-back | 17 December 2020 | (10,000) | (5,020) |
| Share buy-back | 18 December 2020 | (36,500) | (18,253) |
| Share buy-back | 21 December 2020 | (32,482) | (16,257) |
| Balance | 31 December 2020 | <u>132,190,331</u> | <u>3,444,032</u> |

Share buy-back

During the financial half-year, the Company bought back 480,921 shares at a cost of \$236,197. The buy-back program is expected to expire on 24 September 2021.

Note 11. Dividends

Dividends paid during the financial half-year were as follows:

| | Consolidated 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|--|-----------------------------------|-------------------|
| Final dividend for the year ended 30 June 2020 of 1 cent per ordinary share (2019: 1 cent) | <u>1,326,713</u> | <u>1,330,369</u> |

On 18 February 2021, the directors declared a fully franked interim dividend for the year ending 30 June 2021 of 2.0 cents per ordinary share, to be paid on 12 March 2021 to eligible shareholders on the register on 1 March 2021. This equates to a total estimated distribution of \$2,643,807, based on the number of ordinary shares on issue as at 31 December 2020. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2020 financial statements and will be recognised in subsequent financial statements.

Note 12. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 Dec 2020 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|---------------|------------------|---------------|------------------|
| Assets | | | | |
| Investment in unlisted Australian unit trusts | - | 7,270,556 | - | 7,270,556 |
| Total assets | - | <u>7,270,556</u> | - | <u>7,270,556</u> |

Note 12. Fair value measurement (continued)

| Consolidated - 30 Jun 2020 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|---------------|---------------|---------------|-------------|
| Assets | | | | |
| Investment in unlisted Australian unit trusts | - | 5,883,985 | - | 5,883,985 |
| Total assets | - | 5,883,985 | - | 5,883,985 |

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2

Investments in unlisted Australian unit trusts

The investments are recorded at fair value determined on the basis of the published unit prices of those unlisted managed investment funds at the reporting date, adjusted where deemed appropriate, to reflect values based on recent actual market transactions.

Note 13. Earnings per share

| | Consolidated 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|--|--|---------------------------|
| Profit after income tax | 4,912,768 | 2,128,730 |
| Non-controlling interest | (127,331) | (137,241) |
| Profit after income tax attributable to the owners of Microequities Asset Management Group Limited | <u>4,785,437</u> | <u>1,991,489</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 132,554,421 | 130,394,571 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options over ordinary shares | 318,440 | 556,089 |
| Performance rights over ordinary shares | 2,040,143 | 1,127,433 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>134,913,004</u> | <u>132,078,093</u> |
| | Cents | Cents |
| Basic earnings per share | 3.61 | 1.53 |
| Diluted earnings per share | 3.55 | 1.51 |

The weighted average number of ordinary shares for half-year ended 31 December 2020 does not include 2,057,544 treasury shares (31 December 2019: 2,637,776).

Note 14. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 11, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Leslie Szekely
Chairman



Carlos Gil
Chief Executive Officer

18 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Microequities Asset Management Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Microequities Asset Management Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies 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:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) 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 Financial Report* section of our report. We are independent of the Company 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 responsibility for the review of the 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 Group's financial position as at 31 December 2020 and its financial 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.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman', is written over a horizontal line.

Tim Aman
Director

Sydney, 18 February 2021