



CAPTURING VALUE
DELIVERING RETURNS

10 February 2023

ASX MEDIA RELEASE

Microequities Asset Management Group Limited (“Microequities”) delivers \$3m Operating Profit from Investment management, \$3.2m NPAT.

Against the backdrop of challenging equity markets, our investment management team delivered strong outperformance whilst operationally the business demonstrated its robustness in a weak phase of the market cycle. In that context, we are pleased to deliver 1H23 Operating profit from investment management of \$3.0m. Recurring revenue has declined by 5% due to the mark to market movements of our managed funds. Whilst FUM declined by 9% YoY, it increased by 7% since the close of FY22.

Client numbers +7%, good pipeline into 2H23

Our active management of applying a disciplined value investment doctrine across growth assets has continued to deliver our clients with strong asset class outperformance. We are pleased to have delivered client growth of 7% and whilst new client wins slowed in the close of the first half inbound query levels remain high and management expects an improvement in client wins into 2H23.

Summary Profit or Loss Statement (\$000's unless stated)	31 Dec 2022 \$	31 Dec 2021 \$	% change
Funds Under Management ('FUM') (\$ million)	577.1	630.9	-9%
Recurring Revenue ¹	4,782.2	5,014.4	-5%
Ongoing Operating Expenses ²	-1,915.2	-1,902.9	-1%
Operating profit from recurring revenue	2,867.0	3,111.5	-8%
Performance fee Income	135.9	13,352.2	-99%
Operating profit from investment management	3,002.9	16,463.7	-82%
Interest revenue and other income	147.7	44.6	+231%
Other income and gains/(loss) on investments	1,665.1	1,797.3	-7%
Employee share-based payment expense	-320.6	-45.0	-613%
Tax expense	-1,176.7	-4,551.3	+74%
Profit attributable to non-controlling interesting	-158.1	-112.7	-40%
Profit from ordinary activities after tax attributable to the owners of Microequities Asset Management	3,160.3	13,596.6	-77%
Client Numbers (units)	966	903	+7%
Ongoing operating expenses to recurring revenue	40.05%	35.75%	-210bps

¹ Represents management fees

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



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First Half Dividend and Balance Sheet

The board of Microequities Asset Management Group Limited is pleased to declare a 1.8 cent per share fully franked dividend. 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. The balance sheet of the business remains extremely strong, with \$6 million in cash and net tangible assets of \$19.4 million +2.7% on pcp.

Outlook for FY23

We expect both the current and future capital markets to be highly conducive to our investment style which is predicated on allocating long term capital to profitable, undervalued, growth assets. Given our investment opportunity set we are highly confident that we will continue to deliver on our value proposition to our clients. We are also observing an increase in market pricing inefficiency thanks to the rising market share of index funds, exchange traded funds and other passive investment vehicles, providing competent active fund managers an excellent platform from which to deliver outperformance.

Carlos Gil
Chief Executive Officer, Chief Investment Officer

10 February 2023

This announcement has been authorised for release by the Board

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