



# 2022 Financial Year Annual Report

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The right investment partner for you.



Outthinking today.





Founded in 1991, Generation Development Group Limited is an ASX listed company that specialises in providing development capital to financial sector businesses.

**Investment Opportunities**

A trusted partner in providing smart and innovative tax effective investment solutions.



## Chairman's report



**Mr Robert Neil Coombe LLB (Hons)**

**Non-Executive Chairman**

### **What we achieved this year**

Financial year 2022 has been a ground-breaking year for Generation Development Group. We achieved record investment bond sales of \$639m which eclipse prior year sales by almost 60% and increased our funds under management from \$1.8bn to over \$2.2 billion. We have managed this by increasing our financial adviser footprint, with active financial advisers increasing by 11% to 1,689. Despite the challenging market conditions experienced in the second half of the financial year, the investment bond market enjoyed the largest annual inflows in over 20 years which saw the overall market increase close to 10%. Pleasingly, we increased our market share of inflows from 42% to 49% on an annualised basis, and based on current trend would expect to become the largest investment bond provider in the 2023 financial year.

Building on our track record of innovation, we launched our highly anticipated investment-linked lifetime annuity product, LifelIncome in March of this year. It not only combines the value of investment returns with income guaranteed for life, but also enables investors and financial advisers the ability to build their own portfolio and switch investments at any time.

We believe these features are a game changer for Lifetime annuities. While still in its infancy, we have received encouraging feedback from investors and financial advisers. This is reflected in the number of enquiries and sales generated since its launch. To our delight, LiferIncome received a 4-star rating from research investment house SQM. This early success bodes very well for an industry that continues to grow rapidly with the baby boomer population transitioning from the accumulation to decumulation stage of their life.

Our investment in Lonsec, in which we hold a 41% interest, continues to surpass expectations with underlying earnings increasing 48%. A highlight being a significant 85%, or \$1.7 billion increase in funds under management to now exceed \$3.6 billion. In 2022, Lonsec established strong foundations in the first year of its three-year accelerated growth plan. They invested in new technology in its core business, Lonsec Research, which will enable it to capitalise on cost and operational efficiencies as it continues to grow. In addition, they have also made several enhancements to their sales capability and capacity in its managed account business.

### Looking ahead

Whilst the worst of COVID-19 now appears behind us, offsetting this is increasing interest rate and the inflationary environment. Against this backdrop, we still expect the investment bond market to grow, and GDG to continue to capture a material market share utilising our now well-established distribution capabilities and continued product enhancements. As the investment bond is a long term tax effective investment that has a myriad of uses from estate planning, through to an alternative to superannuation, our view is that investors will look through any short term market movements, and instead continue to invest due to the strategies available that focus on the longer term investment horizon.

We expect LiferIncome sales to gain traction in the coming years as we continue educating the market as to the benefits of the product as well as getting it onto approved product lists for retail distribution. Without resting on our laurels, in what we believe is the most innovative annuity product in the market, we have already commenced working on further product enhancements that will create appeal to investors entering their retirement years.

We are excited with the prospects of the Lonsec accelerated growth strategy, with increased product coverage in the Research business especially with opportunities in the environmental, social, and corporate governance space. The recent inclusion of the Implemented Portfolios Limited business that was announced in July this year provides what was already a fast growing management account business, access to a new market comprising of high net wealth individuals and affluent retail clients. This acquisition has now increased Lonsec Investment Solutions funds management to well over \$5 billion dollars and we continue to see very strong growth in the forthcoming year.

I would like to applaud the team on a job well done in 2022 and look forward to a continuation of strong results into 2023.

A handwritten signature in black ink, appearing to be 'R. Coombe', written over a circular scribble.

**Mr Robert Neil Coombe LLB (Hons)**  
**Non-Executive Chairman**

29 August 2022

## Group performance highlights

We are extremely proud to have achieved record sales for the year of \$639m and closing Funds Under Management (FUM) of \$2,158m. This is an increase in FUM of 20%, or \$366m, on the previous year. In addition, underlying earnings of the investment bond business increased 57% to \$6.3m.

### Funds under management



### NPAT (Life / administration business only)



### Key highlights

Life Product Sales

**\$639 m**

↑ 58%

New Bond Numbers

**21 002**

↑ 44%

Saving Plans

**\$66.0 m**

↑ 32%

Approved Product List

**546**

↑ 8%

Active Financial Advisers

**1 689**

↑ 11%

## Summary of results

(Unaudited)

|   | Notes    | 2022<br>\$'000  | 2021<br>\$'000  | Change<br>% |
|---|----------|-----------------|-----------------|-------------|
| Life - Fees from Benefit Funds                                      |          | 24 149          | 17 957          | 34          |
| Administration services   |          | 391             | 410             | (5)         |
| Other income  |          | 1 373           | 1 182           | 16          |
| <b>Total revenue</b>  | <b>1</b> | <b>25 913</b>   | <b>19 549</b>   | <b>33</b>   |
| Personnel   |          | (11 899)        | (8 939)         | (33)        |
| Occupancy   |          | (295)           | (329)           | 10          |
| Communication   |          | (81)            | (124)           | 35          |
| Finance   |          | (143)           | (49)            | (192)       |
| Dealing and settlement  |          | (2 260)         | (1 507)         | (50)        |
| Marketing and promotional   |          | (479)           | (437)           | (10)        |
| Depreciation and amortisation                                       |          | (1 315)         | (919)           | (43)        |
| Expenses relating to Benefit Funds                                  |          | (4 821)         | (3 590)         | (34)        |
| Other expenses  |          | (7 615)         | (6 037)         | (26)        |
| <b>Total expenses</b>   | <b>1</b> | <b>(28 908)</b> | <b>(21 931)</b> | <b>(32)</b> |
| <b>Underlying loss before income tax</b>                            |          | <b>(2 995)</b>  | <b>(2 382)</b>  | <b>26</b>   |
| Income tax benefit - Life   | 2        | 9 341           | 6 494           | 44          |
| Income tax expense - AFS  | 3        | (4)             | (62)            | 94          |
| <b>Underlying profit after tax - Life / Administration business</b> |          | <b>6 342</b>    | <b>4 050</b>    | <b>57</b>   |

**Summary of results continued**

(Unaudited)

|   | Notes | 2022<br>\$'000 | 2021<br>\$'000 | Change<br>% |
|---|-------|----------------|----------------|-------------|
| <b>Underlying profit after tax - Life / Administration business (continued)</b> |       | <b>6 342</b>   | <b>4 050</b>   | <b>57</b>   |
| Investment in associates - share of profit normalised operations                | 4     | 2 048          | 580            | 253         |
| Product development costs*  | 5     | (3 023)        | (1 262)        | (140)       |
| <b>Underlying profit after tax</b>  |       | <b>5 367</b>   | <b>3 368</b>   | <b>59</b>   |
| <b>Other items (net of applicable tax)</b>                                      |       |                |                |             |
| Net gain on sale of Ascalon Capital Limited (Asia)                              |       | 50             | -              | nm          |
| Ascalon operational costs inclusive of foreign exchange gain                    | 6     | 56             | (929)          | nm          |
| Deferred tax asset on carry forward losses recognised / (utilised)              |       | (1 526)        | 578            | nm          |
| Transaction and completion costs  | 7     | (362)          | (484)          | 25          |
| Investment in associates - Lonsec's impairment of software*                     | 8     | (1 684)        | -              | nm          |
| <b>Statutory profit after tax</b>   |       | <b>1 901</b>   | <b>2 533</b>   | <b>(25)</b> |

**Notes:**

- Revenue and expenses reflected in the summary of results are attributable to the Shareholders of the Company.
- For income taxation purposes Generation Life Limited is a single taxpayer comprising policyholder Benefit Funds and a central management or shareholder fund with all the Company's assessable income, allowable deductions and other tax offsets being pooled.
- Austock Financial Services Pty Ltd (AFS) has been earmarked for voluntary deregistration. For income taxation purposes AFS is a single taxpayer and it has a tax liability of \$4k.
- Investment in associates for FY22 is based on its normalised profit after tax.
- Costs associated with the development and launching of Generation Life LifeIncome (LifeIncome), an investment-linked lifetime annuity, into the retirement income market. LifeIncome was launched on 30 March 2022.
- Includes Ascalon Capital Limited (Asia) trading loss of \$59k and realised foreign exchange gain of \$115k. Prior comparative period includes \$929k of Ascalon Capital Limited (Asia) trading loss.
- Includes non-capitalised amounts and amounts not attributed to share capital and fee paid to vendors.
- Impairment of Lonsec's Research Reimagined Program, the Board of Lonsec adopted buy over build approach due to lack of specialised technology resources to build the solution internally and the availability of ready-made technology.

\* Tax effected

**Summary of results continued**

(Unaudited)

|  | Notes    | 2022<br>\$'000  | 2021<br>\$'000  |
|--|----------|-----------------|-----------------|
| Cash, cash equivalents and investments - term deposits less than 90 days |          | 17 504          | 21 903          |
| Income tax receivable  |          | 6 225           | 3 895           |
| Trade and other receivables  |          | 2 857           | 1 609           |
| Right-of-use assets  |          | 4 185           | 4 969           |
| Property, plant and equipment and software                               |          | 3 169           | 1 811           |
| Generation Life - goodwill   |          | 547             | 547             |
| Deferred tax assets  |          | 1 220           | 2 654           |
| Financial assets   | 2        | 447             | -               |
| Investment in associates   |          | 28 941          | 28 277          |
| Other assets   |          | 2 719           | 1 057           |
| <b>Total assets</b>  | <b>1</b> | <b>67 814</b>   | <b>66 722</b>   |
| Trade and other payables   |          | (775)           | (1 220)         |
| Lease liabilities  |          | (4 238)         | (4 791)         |
| Provisions and other liabilities   |          | (5 450)         | (9 257)         |
| <b>Total liabilities</b>   | <b>1</b> | <b>(10 463)</b> | <b>(15 268)</b> |
| <b>Net assets</b>  |          | <b>57 351</b>   | <b>51 454</b>   |
| <b>Comprising:</b>   |          |                 |                 |
| Tangible assets  |          | 54 134          | 49 351          |
| Intangible assets  |          | 3 217           | 2 103           |
|  |          | <b>57 351</b>   | <b>51 454</b>   |
| Weighted average number of shares used for NTA purposes                  |          | 182 664 051     | 163 403 779     |
| NTA per share (cents)  |          | 29.64           | 30.20           |

## Discover Generation Development Group

At Generation Development Group, our values are the heart and purpose of everything we do. These values are the key strengths which define us at Generation Development Group - to provide forward thinking investment solutions to financial advisers and everyday Australians.

Living our values everyday defines our culture towards delivering on our corporate strategies, foster growth and help policyholders navigate through the financial complexities of tomorrow.

**We are outthinking today.**

### Ambition

To be known as Australia's most forward-thinking financial solutions company

### Purpose

We exist to help people embrace the future with excitement, rather than fear

### Idea

We prepare people today to navigate the financial complexities of tomorrow



## Our Corporate Environmental, Social and Governance (ESG) Principles

At Generation Development Group, we are going through a business evolution to introduce our ESG Principles as part of our long-term business strategy. As part of implementing this business evolution, we have defined the core areas (what they are, and just as importantly, what they are not) and articulating what this means in practice, integrating these principles as part of our organisational values.

### Education

Understand the environmental, social challenges and our purpose, engaging and empowering us to make a social impact.

### Innovation

Design and implement innovative solutions that focusses on our employees, policyholders, shareholders and society.

### Diversity and inclusion

Foster diversity that promotes individuality and inclusion in a space that inspires collaboration in everything we do.

### Supporting financial prosperity

Provide products and services that make a positive social impact, meeting the needs of our policyholders and supports their financial prosperity.



## Directors' Report

The directors of Generation Development Group Limited (the "Company") present the annual financial report for the Group, being the Company and its subsidiaries for the financial year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are detailed on pages 13 to 15.



**Mr Robert Neil Coombe LLB (Hons)**  
**Non-Executive Chairman**

Rob was appointed Executive Chairman of Generation Development Group on 18 July 2017 and assumed the position of Non-Executive Chairman on 1 July 2020.

He is presently Executive Chairman at Colonial First State, Chairman of Tibra Capital, member of the Advisory Board of 5V Capital Investors, Deputy Chairman of Surfing Australia and the Australian Indigenous Education Foundation. He is also a director of CIMB Group, one of the largest universal banks in the ASEAN region. He is a former Chairman of National Wealth Management Services Limited, the head company of MLC Wealth.

Between 2013 and 2019, Rob was Chairman and then CEO of Craveable Brands, the largest Australian owned quick service restaurant business.

Before joining Craveable Brands, Rob was responsible for all of Westpac's Retail, Business and Agri banking operations throughout Australia. Prior to this role, Rob spent six years as the CEO of BT Financial Group, responsible for all of Westpac's funds management, financial planning, insurance, private banking, broking, platform and superannuation businesses in Australia. In total, he has over 35 years corporate experience in both Australia and Asia.

In 2011, Rob was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector.



**Mr William Eric Bessemer MBA, B.Ec**  
**Non-Executive Director**

Bill initially joined the Group in 1995 and became chairman in 1999 until 2010.

Following a brief retirement, Bill resumed as a director on 9 February 2012 and became Chief Executive Officer on 29 May 2012, a position he held until 18 July 2017.

Bill remains on the Board of the Company as a Non-Executive Director. He has over 40 years' experience in banking and finance, specifically in the areas of debt and equity structuring, mergers and acquisitions and business recoveries.



**Giselle Collins B.Ec, CA, GDipAppFin, GAICD**  
**Independent Non-Executive Director (appointed on 18 November 2021)**

Giselle was appointed a director of Generation Development Group in November 2021, having served previously on the Generation Life Board since September 2018.

She is currently a non-executive chairman of Hotel Property Investments (ASX:HPI), Peak Rare Earths Resources (ASX:PEK) and Cooper Energy (ASX:COE) as well as a Trustee of the Royal Botanic Gardens and Domain Trust and Chairman of Larrakia Darwin Hotel as nominee for Indigenous Business Australia. Giselle is also Chairman of the Responsible Entity for AMP's registered managed investment schemes.

Giselle has a Bachelor of Economics degree from the University of Sydney and a Graduate Diploma in Applied Finance and Investments from the Securities Institute. She is a Graduate Member of the Australian Institute of Company Directors and a Member of Chartered Accountants Australia and New Zealand.



**Mr John David Wheeler**  
**Non-Executive Director (resigned on 18 November 2021)**

John was appointed a director on 7 March 2017.

He has over 40 years' experience in stockbroking, commencing his career in London before moving to Australia in 1985 with AC Goode and Co. as head of Global Trading.

In 1989 John set up his own client management business trading in options and futures. John then joined the Group in 1996, becoming its CEO in 1998 until retiring in 2007. He was involved in the corporate finance area, predominantly in capital raisings and marketing on behalf of major clients. Since then, he has been active in a number of private equity transactions involving capital raisings, deal structures and sale of businesses.



**Mr Jonathan James Tooth BA**  
**Non-Executive Director (resigned on 18 November 2021)**

Jonathan was appointed a director on 1 May 2012.

Jonathan has over 20 years' experience in providing corporate advisory services to ASX listed and unlisted small cap companies. He is a Director, Corporate of Henslow Pty Ltd providing specialist expertise in equity capital markets, strategy and planning, and mergers and acquisitions.

Prior to that Jonathan was employed for 10 years as a director of Austock Corporate Finance. Jonathan is also a Non-Executive Director of Sensera Limited.

## Directorship of Other Listed Companies

Directorships of other listed companies held by directors in the last three years immediately before the end of the financial year are as follows:

| Director    | Company   | Period from    | Period to   |
|-------------|---|----------------|-------------|
| J J Tooth   | Vita Life Sciences Limited                            | 26 July 2012   | 28 May 2021 |
|             | Sensera Limited                                       | 6 July 2016    | Current     |
| R N Coombe  | CIMB Group Holdings Berhad (Listed on Bursa Malaysia) | 2014           | Current     |
| G M Collins | Hotel Property Investments Limited                    | 19 April 2017  | Current     |
|             | Peak Rare Earths Limited                              | 9 March 2021   | Current     |
|             | Cooper Energy Limited                                 | 19 August 2021 | Current     |

## Directors' Shareholdings

The following table sets out the number of each director's relevant interest in shares and options over shares or interest in contracts relating to shares of the Company or a related body corporate as at the date of this report.

| Director     | Fully paid ordinary shares | Indirect interest in shares |
|--------------|----------------------------|-----------------------------|
| R N Coombe   | 5 980 592                  | 2 932 200                   |
| W E Bessemer | -                          | 13 161 899                  |
| J J Tooth    | 307 011                    | 9 393 743                   |
| J D Wheeler  | 9 000 000                  | 3 750 000                   |
| G M Collins  | -                          | 60 000                      |

## Remuneration of Directors and Senior Management

Information about the remuneration of directors and key management personnel is set out in the remuneration report from page 20.

### Mr Grant Hackett OAM

#### Chief Executive Officer, Generation Life Limited

GradDipFinPlan, EMBA (First Class Honours), GAICD

Grant was appointed Chief Executive Officer of the Group on 25 October 2018 and ceased on 1 February 2020, becoming the CEO and Managing Director of Generation Life Limited.

### Ms Amanda Gawne

#### Company Secretary

LLB, BCom, Grad Dip CSP, FGIA, FCIS

Amanda was appointed Company Secretary on 27 February 2018. Amanda has extensive company secretarial experience gained in a range of organisations.

### Mr Terence Wong

#### Chief Financial Officer

CA, BCom (Hons), LLB (Hons), Grad Dip FINSIA

Terence was appointed Chief Financial Officer of the Group on 19 March 2018.

### Mr Felipe Araujo

#### General Manager of Distribution, Marketing, and Operations

BBus, Economics and Finance, MAICD

Felipe was appointed General Manager of Distribution, Marketing, and Operations on 1 February 2020.

## Principal activities

The Group's principal activities in the course of the financial year were the marketing, management of life insurance and life investment products and services to the retail sector in Australia and the provision of administration services in the financial services industry.

## Review of operations

The consolidated statutory net profit attributable to shareholders is \$1.9 million (2021: profit \$2.5 million). A review of operations for the Group is set out on pages 4 to 11 of this annual report, commencing with the Chairman's Report. For key risks affecting the Group, refer to notes 3, 23 and 24 of the financial statements.

Effective 1 July 2021, the administration, registry and information technology services provided by Austock Financial Services Pty Ltd have been novated to Generation Development Services Pty Ltd (previously known as Ascalon Capital Managers Pty Ltd). This is purely an internal restructure and streamlining of our operations and will not have any effect operationally or commercially.

On 1 September 2021, the Group completed the sale of Ascalon Capital Limited (Asia) ("Ascalon") to Wayford Capital Partners Limited. Having invested in Ascalon in 2019, the Group endeavoured to launch, through its investment, a fund targeting hedge funds in Asia Pacific.

Unfortunately, this launch was impacted by a series of exogenous events in the markets which made fund raising extremely difficult. Instead of persevering with the launch or pursuing alternative fund management models, the Group decided to divest its interest in Ascalon and pursue other opportunities.

## Subsequent events

Other than those disclosed in note 28 to the financial statements, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group.

## Future developments

The Group's future developments will be to continue growing its investment bond and annuity business by increasing its market share and expanding its product suite. We expect to participate in further merger and acquisition opportunities in the financial services sector.

## Environmental regulation and performance

The Group's operations are not involved in any activities that have a marked influence on the environment. As such, the directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.

## Dividends

The company paid a fully franked final 2021 dividend of \$0.01 per ordinary share on 6 October 2021 and a fully franked 2022 interim dividend of \$0.01 per ordinary share on 8 April 2022. A dividend reinvestment plan (DRP) was in operation for these dividends.

On 29 August 2022, the company declared a fully franked final 2022 dividend of \$0.01 per ordinary share to be paid on 6 October 2022. The dividend is to be paid out of the Profits reserve. The company's DRP will continue to operate for this dividend.

## Our approach to ESG

The Group is committed to ensuring that ESG forms part of our long-term strategy.

Our ESG Framework sets out the minimum standards we seek to abide by, our targets and goals, and the governance and oversight in place to support our commitments. This plan has been split into three phases. FY22 saw the Group undertake the first phase which included extensive design, research and internal engagement on initiatives to develop our four core ESG principles.

The Group is now working with an external ESG consultant to build a framework that will underpin and rationally operationalise these principles into the business with the goal of integrating these principles into the way we operate as a business, how we engage with our clients and how we interact with the broader community.

We are committed to supporting Australia's transition to a more modern, resilient, and sustainable economy. We continuously engage with a diverse range of stakeholders, consider their views, and conduct our business in a responsible way whilst, never losing sight of the needs of our clients and vulnerable communities.

We believe that by championing these principles where we have strength and reach such as Education, Innovation, Diversity & Inclusion and Supporting Financial Prosperity, we will be able to make a tangible, practical and lasting impact on many of the Sustainable Development Goals which the country needs to achieve, to ensure a better tomorrow.

The Group Board recognises the importance of ESG to the long-term sustainability of the Company growth and its investors. The Board holds the CEO and Executive leadership team accountable by fulfilling its oversight responsibilities and by making recommendations on matters pertaining to culture, the environment, social impact and governance.

### Significant changes in the state of affairs

#### PDF status update

On 27 June 2022, the Group announced that the Innovation Investment Committee of Industry, Innovation and Science Australia (the PDF Committee) has advised that it has made an in principle decision to revoke GDG's PDF status. The basis for this is that the PDF Committee has formed an in principle view that there are various requirements of the PDF Act which were not satisfied in relation to GDG.

The PDF Committee invited GDG to provide submissions by 22 July 2022 as to why its PDF status should not be revoked. GDG disagrees with the in principle view of the PDF Committee and provided its submissions by the due date. As at the date of these financial statements being issued, there have been no material developments in this matter.

#### Equity raising

In September 2020, the Group raised \$35.0 million of equity via an Institutional Placement, issuing 50.0 million ordinary shares at \$0.70 per ordinary share. The proceeds were used to fund the acquisition of an effective 37% interest in Lonsec Holding Pty Ltd and the development of a new annuity product. On 1 July 2021, Lonsec undertook a selective buy-back and as a result, the Group's interest in Lonsec increased to 41%. No additional consideration was made.

In addition, on 19 October 2020, the Group made a 20% investment in Claimfast Pty Ltd (trading as Remediator). On 31 May 2022, the Group's holdings in Claimfast reduced to 12% following a subscription of additional shares that the Group did not participate.

### Indemnification and Insurance of Officers and Auditors

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify directors, officers, employees or auditor of the Company or of any related body corporate against a liability incurred.

The Company has entered into a Deed of Indemnity, Insurance and Access with each of its directors Messrs. Coombe, Bessemer, Tooth, Wheeler and Ms. Collins. The purpose of the Deed is to:

- confirm the indemnity provided by the Company in favour of directors under the Company's Constitution;
- include an obligation upon the Company to maintain adequate Directors and Officers liability insurance; and
- confirm the right of access to certain documents under the Corporations Act 2001.

### Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were six board meetings held.

| Director     | Eligible to attend | Attended |
|--------------|--------------------|----------|
| R N Coombe   | 6                  | 6        |
| W E Bessemer | 6                  | 6        |
| J D Wheeler  | 2                  | 2        |
| J J Tooth    | 2                  | 2        |
| G M Collins  | 4                  | 4        |

### Corporate Governance Statement

The Company's Corporate Governance Statement together with the Appendix 4G, can be viewed at [www.gendevdevelopmentgroup.com.au/corporate-governance](http://www.gendevdevelopmentgroup.com.au/corporate-governance) and has been lodged with the ASX.

### Audit Committee

The Audit Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee was formally abolished on 1 May 2012. Refer to the Corporate Governance Statement for further information.

### Non-audit services

The Group's external auditor is KPMG who are engaged to provide audit and audit related services in relation to the Group's financial statements and regulatory reporting obligations.

It is often in the interests of the Group to engage the services of its external auditor to assist in a range of related projects. The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts of interests in relation to the provision of non-audit related services by its external auditor.

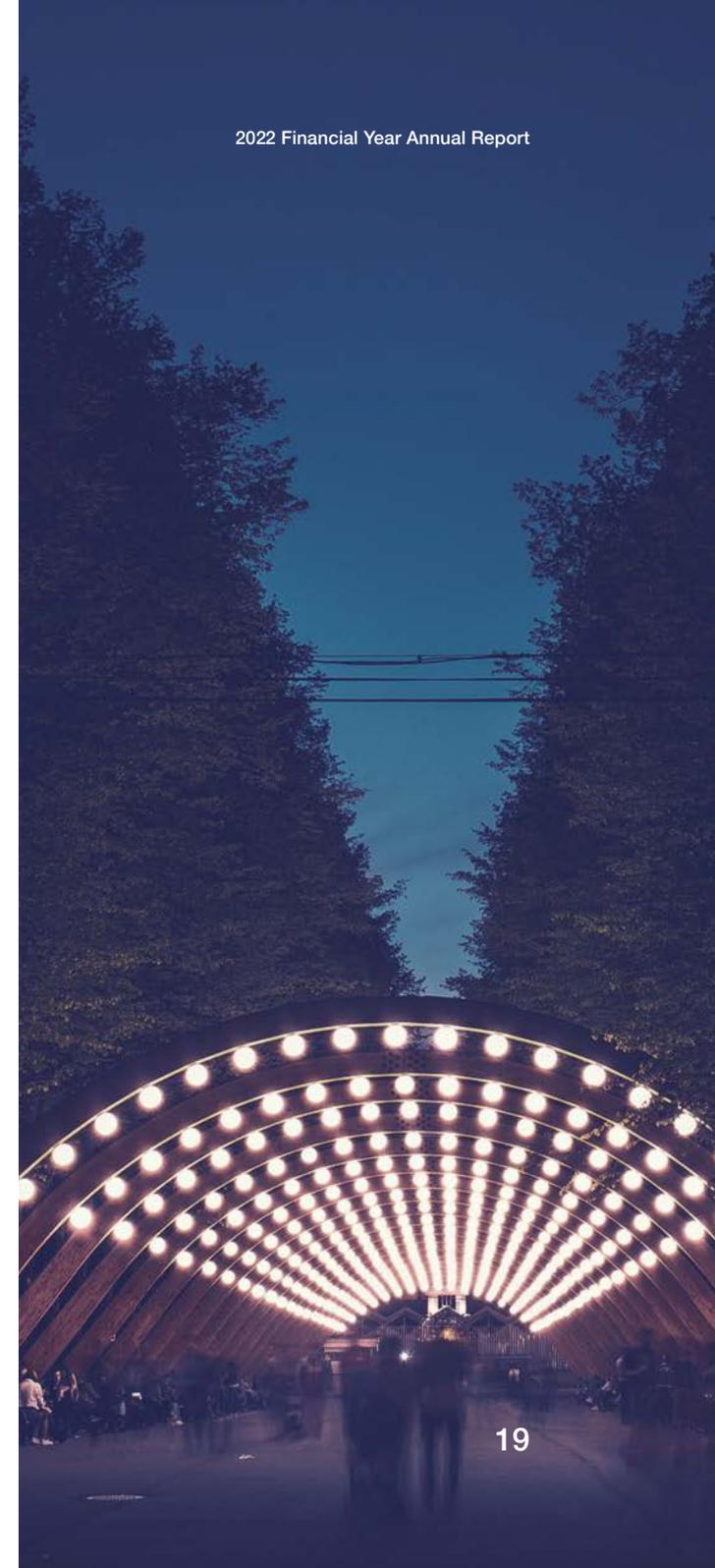
During the financial year ended 30 June 2022, the Group engaged its external auditors to provide professional services in relation to general consultancy for \$4,140. The Group has considered these services and is satisfied that the provision of these services by the auditors is compatible with and did not compromise the auditor independence requirements of the Corporations Act 2001.

### Auditor's independence declaration

The auditor's independence declaration is included on page 42 of the financial report and forms part of the Directors' Report for the year ended 30 June 2022.

### Rounding off of amounts

The Group is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and in accordance with that Class Order amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.



## Remuneration Report

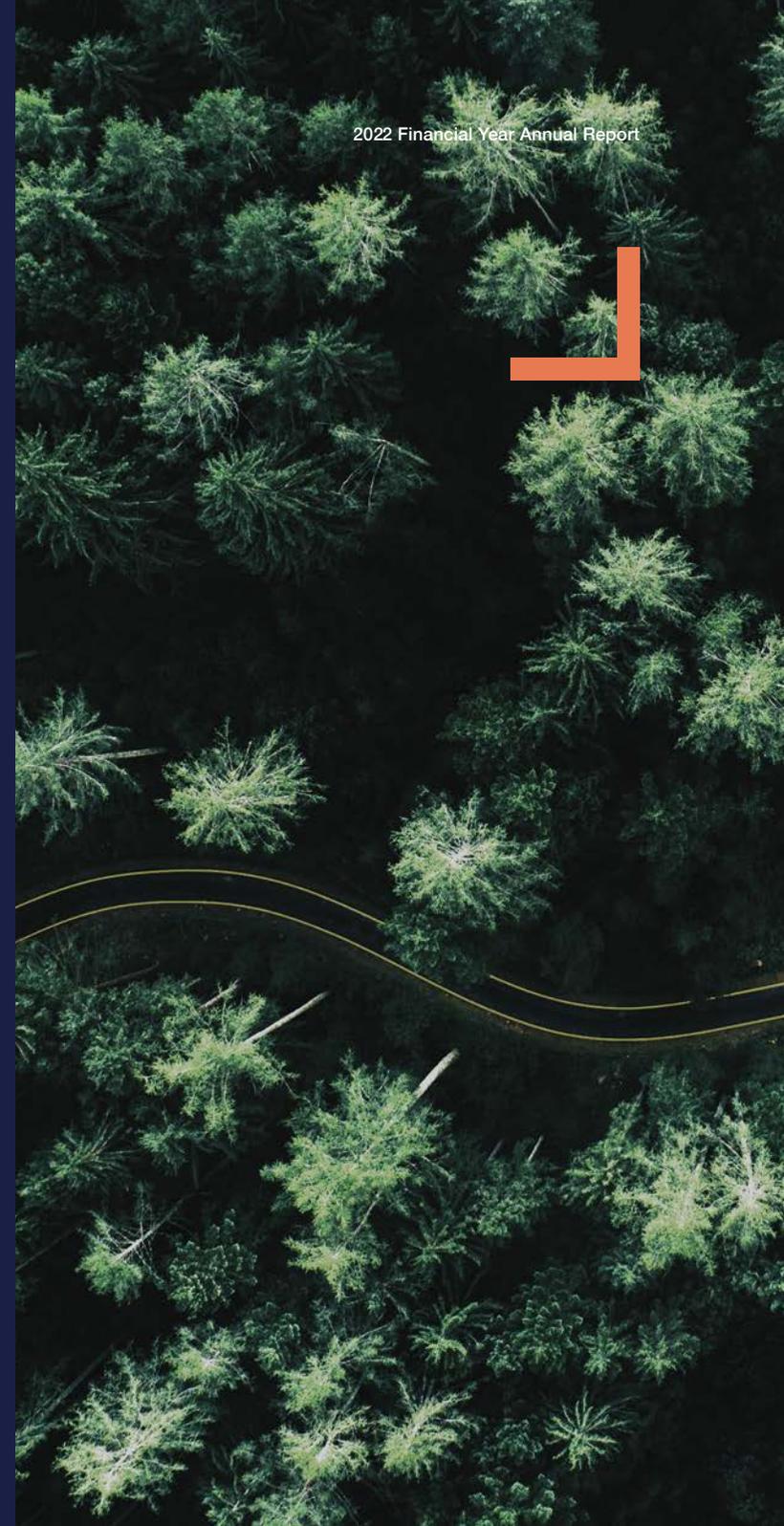
This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Generation Development Group Limited's directors and other key management personnel for the financial year ended 30 June 2022.

At the Company's last Annual General Meeting in November 2021, more than 75% of votes cast on the resolution to adopt the Remuneration Report were in favour of its adoption.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and other executives for the Group, and include the most highly remunerated Group executives.

The prescribed details of each person covered by this report are detailed below under the following headings:

- A. Key Management Personnel Details
- B. Remuneration Policies
- C. Other Information - Performance Rights Holdings
- D. Equity Holdings of Key Management Personnel
- E. Remuneration of Key Management Personnel
- F. Key Terms of Employment Contracts



## A. Key Management Personnel Details

The following persons acted as directors of the Company during and since the end of the financial year:

- Mr Robert Neil Coombe, Non-Executive Chairman.
- Mr William Eric Bessemer, Non-Executive Director.
- Ms Giselle Marie Collins, Independent Non-Executive Director (appointed 18 November 2021).
- Mr Jonathan James Tooth, Non-Executive Director (resigned 18 November 2021).
- Mr John David Wheeler, Non-Executive Director (resigned 18 November 2021).

The following persons represent the senior management of the Group during or since the end of the year:

- Mr Grant Hackett, Chief Executive Officer and Managing Director, Generation Life Limited.
- Mr Terence Wong, Chief Financial Officer.
- Mr Felipe Araujo, General Manager of Distribution, Marketing, and Operations.



## B. Remuneration Policies

The performance of the Group is highly dependent upon the quality of its directors and executives.

The Board accepts responsibility for determining and reviewing compensation arrangements for the directors and the senior management team. The Board assesses the appropriateness of the nature and amount of remuneration of directors, CEO and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

As part of assessing these remuneration arrangements, the Board has in place agreed key performance indicators (KPIs), both financial and non-financial, for each member of the executive team that is duly considered during the performance evaluation process. The KPIs may differ amongst team members based on their area of expertise and the degree to which they have direct control over the outcomes. All KPIs are strategically aligned to advance the Group's business and are tailored to individual executive team members to ensure they each remain motivated and are rewarded within a performance-based environment.

### Remuneration structure

In line with good corporate governance principles, non-executive directors do not receive performance-based pay for board remuneration.

### 1. Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on the directors in fulfilling their responsibilities. Details of the directors who have forfeited their director fees are reflected in page 38 of the Remuneration Report.

Non-executive director fees are reviewed annually by the Board. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

The Constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in a general meeting. The maximum amount for non-executive directors is \$500,000 per annum.

### 2. Senior management and executive director remuneration

Group Executives are subject to the Group's executive remuneration program which comprises the following components:

- Fixed remuneration component; and
- Variable remuneration component including both short-term incentives (STI) and long-term incentives (LTI).

In addition to this program, the CEO and Managing Director of Generation Life Limited, Mr Grant Hackett, the CFO of Generation Development Group Limited, Mr Terence Wong and the General Manager of Distribution, Marketing, and Operations, Mr Felipe Araujo are subject to Generation Life Limited's remuneration policy which is overseen by its Remuneration Committee. This policy and its operations is consistent with that of the Group and the disclosures in this remuneration report cover both.

### Fixed remuneration

The objective of fixed remuneration is to attract and retain key talent in a competitive environment. The fixed remuneration is set with reference to market competitive rates in comparison to similar positions in the industry, adjusted to account for the experience, ability and productivity of the individual employee and that of the overall Group.

### Variable remuneration

#### Short-term incentive (STI)

A STI is available to executives who achieve both financial (measured by achievement of annual financial plan - underlying profit after tax) and non-financial targets (set on individually basis predominately linked to the successful delivery of the Group's strategy plan). The Board of Directors is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements and the proportion of financial and non-financial targets.

The quantum of available STI arrangements is determined with reference to prevailing market conditions for comparable executives. STIs are payable in cash in the next financial year. The STI for CEO, CFO and General Manager of Distribution, Marketing, and Operations is between a range of 0% to 100% of the fixed base remuneration. All financial and non-financial targets were met during the year and all STIs are vested.

#### **Long-term incentive (LTI)**

The Group initiated an LTI plan effective 13 October 2017 to reward senior executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI entitlements are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long-term performance hurdles. The proportion of long-term incentives to fixed remuneration are provided at the Board's discretion unless specified.

The key elements of the Group's LTI plan are as follows:

- Eligible participants are granted rights over the Group's ordinary shares. Each right may be exercised if the performance conditions attached to that award are satisfied;
- For 2022, the Board has determined to retain the current two tranches of the performance hurdles. 50% of the rights are subject to performance hurdles measured using a market-based performance target (relative Total Shareholders Return ('TSR') against the ASX small Industrials benchmark index), and the remaining 50% of the rights are subject to Earnings per share growth (EPS) which is a non-market internal performance condition. Prior to 1 July 2020, the two tranches awarded were measured using TSR of 25% and 75% for the rights were subject to compound annual growth in funds under management ('FUM CAGR'), which is a non-market internal performance condition;
- The applicable measurement period is three years. The number of rights actually vesting will only be known after the end of the measurement period;
- The Board has sole discretion to award the vested tranches of LTI as shares or cash;
- Continued service during the measurement period is not a requirement in order for Rights to vest; and
- Details of the key valuation assumptions are disclosed in note 7 of the financial statements.

#### **Long-term incentive (LTI) – investment-linked lifetime annuity (GLI)**

The Board initiated a second LTI in financial year 2021 for the new GLI product. The performance measurement period for these rights is 3.5 years from the date of the sale of the first Generation Life investment-linked lifetime annuity policy. The vesting of these performance rights will be determined by the Generation Life investment-linked lifetime annuity product achieving a target FUM of \$700m (Target FUM) within the first 3 years of the measurement period. Continued service during the measurement period is not a requirement in order for these rights to vest. These rights were awarded and accepted on 30 June 2021. Accordingly, the Group have recognised the expense for these rights in full for the year ended 30 June 2021. The proportion of long-term incentives to fixed remuneration are provided at the Board's discretion unless specified.

#### **Tax-Exempt Share Plan**

For the Tax-Exempt Share Plan (ESS) that was effected on 24 June 2021, 62,999 ordinary shares with a fair value of \$53,000 were issued to eligible employees and carried a three-year minimum holding period. The Board of Directors have decided to discontinue this award to employees effective 27 June 2022 and remove the three-year minimum holding period and any restrictions on the employee's ability to sell the shares.

## LTI Grant

The total number of rights granted to senior management in the year to 30 June 2022 was 885,652 (2021: 1,234,570), details are as follows:

### 2022 GDG Performance Rights

| Senior Executive | Number of Rights Granted in year to 30 June 2022 | Performance Measure | Grant Date   | Expiry Date  | Grant Date Fair Value |
|------------------|--|---------------------|--------------|--------------|-----------------------|
| Grant Hackett    | 150 000  | TSR                 | 30 June 2022 | 30 June 2025 | \$0.711               |
|                  | 150 000  | EPS                 | 30 June 2022 | 30 June 2025 | \$0.418               |
| Terence Wong     | 183 016  | TSR                 | 30 June 2022 | 30 June 2025 | \$0.711               |
|                  | 183 016  | EPS                 | 30 June 2022 | 30 June 2025 | \$0.418               |
| Felipe Araujo    | 109 810  | TSR                 | 30 June 2022 | 30 June 2025 | \$0.711               |
|                  | 109 810  | EPS                 | 30 June 2022 | 30 June 2025 | \$0.418               |

The performance measurement period for these rights is 1 July 2022 to 30 June 2025. The table below shows the performance measures for the two tranches of the LTI.

| Senior Executive             | TSR  |                      | EPS Growth                        |                      |
|------------------------------|--|----------------------|-----------------------------------|----------------------|
|                              | Company's TSR Compared to the Small Industrials Total Return Index | Vesting % of Tranche | EPS During the Measurement Period | Vesting % of Tranche |
| Stretch                      | ≥200% of Index   | 100%                 | ≥30%                              | 100%                 |
| Between Target and Stretch   | >150% & < 200% of Index  | Pro-rata             | >20% & <30%                       | Pro-rata             |
| Target                       | 150% of Index  | 50%                  | 20%                               | 50%                  |
| Between Threshold and Target | >100% & < 150% of Index  | Pro-rata             | >10% & <20%                       | Pro-rata             |
| Threshold                    | =100% of Index   | 25%                  | 10%                               | 25%                  |
| Below Threshold              | <100% of Index   | 0%                   | <10%                              | 0%                   |

## LTI Grant

### 2021 GDG Performance Rights

| Senior Executive | Number of Rights Granted in year to 30 June 2022 | Performance Measure | Grant Date   | Expiry Date  | Grant Date Fair Value |
|------------------|--|---------------------|--------------|--------------|-----------------------|
| Grant Hackett    | 246 914  | TSR                 | 30 June 2021 | 30 June 2024 | \$0.475               |
|                  | 246 914  | EPS                 | 30 June 2021 | 30 June 2024 | \$0.269               |
| Terence Wong     | 246 914  | TSR                 | 30 June 2021 | 30 June 2024 | \$0.475               |
|                  | 246 914  | EPS                 | 30 June 2021 | 30 June 2024 | \$0.269               |
| Felipe Araujo    | 123 457  | TSR                 | 30 June 2021 | 30 June 2024 | \$0.475               |
|                  | 123 457  | EPS                 | 30 June 2021 | 30 June 2024 | \$0.269               |

The performance measurement period for these rights is 1 July 2021 to 30 June 2024. The table below shows the performance measures for the two tranches of the LTI.

| Senior Executive             | TSR  |                      | EPS Growth                        |                      |
|------------------------------|--|----------------------|-----------------------------------|----------------------|
|                              | Company's TSR Compared to the Small Industrials Total Return Index | Vesting % of Tranche | EPS During the Measurement Period | Vesting % of Tranche |
| Stretch                      | ≥200% of Index   | 100%                 | ≥30%                              | 100%                 |
| Between Target and Stretch   | >150% & < 200% of Index  | Pro-rata             | >20% & <30%                       | Pro-rata             |
| Target                       | 150% of Index  | 50%                  | 20%                               | 50%                  |
| Between Threshold and Target | >100% & < 150% of Index  | Pro-rata             | >10% & <20%                       | Pro-rata             |
| Threshold                    | =100% of Index   | 25%                  | 10%                               | 25%                  |
| Below Threshold              | <100% of Index   | 0%                   | <10%                              | 0%                   |

### Generation Life Investment-linked lifetime annuity (GLI) LTI Grant

| Senior Executive | Number of Rights Granted in year to 30 June 2021 | Performance Measure | Grant Date   | Expiry Date | Grant Date Fair Value |
|------------------|--|---------------------|--------------|-------------|-----------------------|
| Grant Hackett    | 555 556  | FUM                 | 30 June 2021 | 31 Dec 2024 | \$0.166               |
| Felipe Araujo    | 432 099  | FUM                 | 30 June 2021 | 31 Dec 2024 | \$0.166               |
| Terence Wong     | 246 914  | FUM                 | 30 June 2021 | 31 Dec 2024 | \$0.166               |

The Board had initiated a second LTI in financial year 2021 for the new GLI product. The performance measurement period for these rights is 3.5 years from the date of the sale of the first Generation Life investment-linked lifetime annuity policy. The vesting of these performance rights will be determined by the Generation Life investment-linked lifetime annuity product achieving a target FUM of \$700m (Target FUM) within the first 3 years of the measurement period. Continued service during the measurement period is not a requirement in order for these rights to vest. These rights were awarded and accepted on 30 June 2021. Accordingly, the Group have recognised the expense for these rights in full for the year ended 30 June 2021. The proportion of long-term incentives to fixed remuneration are provided at the Board's discretion unless specified.

Should the Target FUM not be achieved within the first 3 years of the Measurement Period, the Performance Rights will reduce as follows:

- 25% reduction if Target FUM achieved within 3 months of the end of the first 3 years of the Measurement Period,
- 50% reduction if Target FUM achieved within 6 months of the end of the first 3 years of the Measurement Period,
- 100% reduction if Target FUM not achieved prior to the end of the Measurement Period unless the Board exercises its discretion to determine otherwise.

The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.

## LTI Grant

### 2020 GDG Performance Rights

| Senior Executive | Number of Rights Granted in year to 30 June 2020 | Performance Measure | Grant Date   | Expiry Date  | Grant Date Fair Value |
|------------------|--|---------------------|--------------|--------------|-----------------------|
| Grant Hackett    | 361 664  | TSR                 | 30 June 2020 | 30 June 2023 | \$0.365               |
|                  | 361 664  | EPS                 | 30 June 2020 | 30 June 2023 | \$0.123               |
| Terence Wong     | 180 832  | TSR                 | 30 June 2020 | 30 June 2023 | \$0.365               |
|                  | 180 832  | EPS                 | 30 June 2020 | 30 June 2023 | \$0.123               |
| Felipe Araujo    | 271 248  | TSR                 | 30 June 2020 | 30 June 2023 | \$0.365               |
|                  | 271 248  | EPS                 | 30 June 2020 | 30 June 2023 | \$0.123               |

The performance measurement period for these rights is 1 July 2020 to 30 June 2023. The table below shows the performance measures for the two tranches of the LTI.

| Senior Executive             | TSR  |                      | EPS Growth                        |                      |
|------------------------------|--|----------------------|-----------------------------------|----------------------|
|                              | Company's TSR Compared to the Small Industrials Total Return Index | Vesting % of Tranche | EPS During the Measurement Period | Vesting % of Tranche |
| Stretch                      | ≥200% of Index   | 100%                 | ≥30%                              | 100%                 |
| Between Target and Stretch   | >150% & < 200% of Index  | Pro-rata             | >20% & <30%                       | Pro-rata             |
| Target                       | 150% of Index  | 50%                  | 20%                               | 50%                  |
| Between Threshold and Target | >100% & < 150% of Index  | Pro-rata             | >10% & <20%                       | Pro-rata             |
| Threshold                    | =100% of Index   | 25%                  | 10%                               | 25%                  |
| Below Threshold              | <100% of Index   | 0%                   | <10%                              | 0%                   |

**LTI Grant**

**2019 GDG Performance Rights**

| Senior Executive | Number of Rights Granted in year to 30 June 2019 | Performance Measure | Grant Date   | Expiry Date  | Grant Date Fair Value |
|------------------|--|---------------------|--------------|--------------|-----------------------|
| Robert Coombe    | 90 280   | TSR                 | 5 Nov 2019   | 30 June 2022 | \$0.293               |
|                  | 270 842  | FUM CAGR            | 5 Nov 2019   | 30 June 2022 | \$0.210               |
| Grant Hackett    | 282 167  | TSR                 | 28 June 2019 | 30 June 2022 | \$0.265               |
|                  | 846 502  | FUM CAGR            | 28 June 2019 | 30 June 2022 | \$0.465               |
| Terence Wong     | 112 867  | TSR                 | 28 June 2019 | 30 June 2022 | \$0.265               |
|                  | 338 601  | FUM CAGR            | 28 June 2019 | 30 June 2022 | \$0.465               |
| Felipe Araujo    | 112 867  | TSR                 | 28 June 2019 | 30 June 2022 | \$0.265               |
|                  | 338 601  | FUM CAGR            | 28 June 2019 | 30 June 2022 | \$0.465               |

The performance measurement period for these rights is 1 July 2019 to 30 June 2022. The table below shows the performance measures for the two tranches of the LTI.

| Senior Executive             | TSR  |                      | FUM  |                      |
|------------------------------|--|----------------------|--|----------------------|
|                              | Company's TSR Compared to the Small Industrials Total Return Index | Vesting % of Tranche | CAGR in Funds Under Management During the Measurement Period | Vesting % of Tranche |
| Stretch                      | ≥200% of Index   | 100%                 | ≥45%   | 100%                 |
| Between Target and Stretch   | >150% & < 200% of Index  | Pro-rata             | >25% & <45%  | Pro-rata             |
| Target                       | 150% of Index  | 50%                  | 25%  | 50%                  |
| Between Threshold and Target | >100% & < 150% of Index  | Pro-rata             | >15% & <25%  | Pro-rata             |
| Threshold                    | =100% of Index   | 25%                  | 15%  | 25%                  |
| Below Threshold              | <100% of Index   | 0%                   | <15%   | 0%                   |

## LTI Grant

### 2018 GDG Performance Rights

| Senior Executive | Number of Rights Granted in year to 30 June 2018 | Performance Measure | Grant Date  | Expiry Date  | Grant Date Fair Value |
|------------------|--|---------------------|-------------|--------------|-----------------------|
| Grant Hackett    | 58 630   | TSR                 | 27 Nov 2018 | 30 June 2020 | \$0.760               |
|                  | 175 892  | FUM CAGR            | 27 Nov 2018 | 30 June 2020 | \$0.310               |
| Felipe Araujo    | 29 315   | TSR                 | 27 Nov 2018 | 30 June 2020 | \$0.760               |
|                  | 87 946   | FUM CAGR            | 27 Nov 2018 | 30 June 2020 | \$0.310               |

The performance measurement period for these rights is 1 July 2018 to 30 June 2021. The table below shows the performance measures for the two tranches of the LTI.

| Senior Executive             | TSR  |                      | FUM  |                      |
|------------------------------|--|----------------------|--|----------------------|
|                              | Company's TSR Compared to the Small Industrials Total Return Index | Vesting % of Tranche | CAGR in Funds Under Management During the Measurement Period | Vesting % of Tranche |
| Stretch                      | ≥200% of Index   | 100%                 | ≥45%   | 100%                 |
| Between Target and Stretch   | >150% & < 200% of Index  | Pro-rata             | >25% & <45%  | Pro-rata             |
| Target                       | 150% of Index  | 50%                  | 25%  | 50%                  |
| Between Threshold and Target | >100% & < 150% of Index  | Pro-rata             | >15% & <25%  | Pro-rata             |
| Threshold                    | =100% of Index   | 25%                  | 15%  | 25%                  |
| Below Threshold              | <100% of Index   | 0%                   | <15%   | 0%                   |

### Other Share-Based Payments

No other share-based payments were issued during the period ending 30 June 2022.

### Consequences of performance on shareholder wealth

In considering Generation Development Group's performance and benefits for shareholders wealth, the Board has regard to the following indices in respect of the five financial years.

|  | FY-18 | FY-19  | FY-20   | FY-21 | FY-22 |
|--|-------|--------|---------|-------|-------|
| FUM (\$m)  | 887   | 1 073  | 1 295   | 1 792 | 2 158 |
| Share price at start of year (\$ per share)            | 0.66  | 1.16   | 0.53    | 0.65  | 0.86  |
| Share price at end of year (\$ per share)              | 1.16  | 0.53   | 0.65    | 0.86  | 1.25  |
| Change in share price (\$ per share)                   | 0.49  | (0.63) | 0.12    | 0.21  | 0.39  |
| Dividends paid (\$'000s)                               | 2 477 | 2 496  | 2 508   | 3 017 | 3 622 |
| Profit attributable to owners of the Company (\$'000s) | 388   | 5 286  | (1 637) | 2 533 | 1 901 |
| Basic EPS (cents per share)                            | 0.32  | 4.23   | (1.30)  | 1.55  | 1.04  |
| Diluted EPS (cents per share)                          | 0.32  | 4.23   | (1.30)  | 1.55  | 1.04  |



### C. Other Information - Performance Rights Holdings

The table below sets out details of deferred shares and rights that were granted to KMP during the 2022 financial year or in prior years and that then vested, were exercised/sold or which lapsed/were forfeited during this financial year. At 30 June 2022, the rights vested for 2018 grant were 245,623 and the rights that lapsed from the period were 115,499 all held by Rob Coombe. At 30 June 2021, the rights vested from 2017 and 2018 grant were 223,724 and the rights that lapsed from the period were 281,429 all held by senior executives. There is no service criteria for the rights granted.

| Directors/<br>Executives    | Type of instrument                | Grant date  | Fair value per right<br>at grant date | Performance<br>measure | Number granted   |
|-----------------------------|-----------------------------------|-------------|---------------------------------------|------------------------|------------------|
| Robert Coombe               | 2019 GDG Performance Rights       | 5 Nov 2018  | \$0.293                               | 25% TSR                | 90 280           |
|                             | 2019 GDG Performance Rights       | 5 Nov 2018  | \$0.210                               | 75% FUM                | 270 842          |
|                             |                                   |             |                                       |                        | <b>361 122</b>   |
| Grant Hackett               | 2018 GDG Performance Rights       | 27 Nov 2017 | \$0.760                               | 25% TSR                | 58 630           |
|                             | 2018 GDG Performance Rights       | 27 Nov 2017 | \$0.310                               | 75% FUM                | 175 892          |
|                             | 2019 GDG Performance Rights       | 28 Jun 2019 | \$0.265                               | 25% TSR                | 282 167          |
|                             | 2019 GDG Performance Rights       | 28 Jun 2019 | \$0.073                               | 75% FUM                | 846 502          |
|                             | 2020 GDG Performance Rights       | 30 Jun 2020 | \$0.365                               | 50% TSR                | 361 664          |
|                             | 2020 GDG Performance Rights       | 30 Jun 2020 | \$0.123                               | 50% EPS                | 361 664          |
|                             | 2021 GDG Performance Rights       | 30 Jun 2021 | \$0.475                               | 50% TSR                | 246 914          |
|                             | 2021 GDG Performance Rights       | 30 Jun 2021 | \$0.269                               | 50% EPS                | 246 914          |
|                             | 2021 GDG Performance Rights (GLI) | 30 Jun 2021 | \$0.166                               | 100% FUM               | 555 556          |
|                             | 2022 GDG Performance Rights       | 29 Jun 2022 | \$0.711                               | 50% TSR                | 150 000          |
| 2022 GDG Performance Rights | 29 Jun 2022                       | \$0.418     | 50% EPS                               | 150 000                |                  |
|                             |                                   |             |                                       |                        | <b>3 435 903</b> |

| Balance at<br>1 July 2021 | Issued during<br>the year | Vested*        | Vested % | Lapsed         | Lapsed % | Balance at 30 June<br>2022 | Financial Year of<br>actual performance<br>vesting |
|---------------------------|---------------------------|----------------|----------|----------------|----------|----------------------------|--|
| 90 280                    | -                         | -              | -        | 90 280         | 100      | -                          | 2022   |
| 270 842                   | -                         | 245 623        | 90       | 25 219         | 10       | -                          | 2022   |
| <b>361 122</b>            | -                         | <b>245 623</b> | -        | <b>115 499</b> | -        | -                          |  |
| -                         | -                         | 29 315         | 50       | 29 315         | 50       | -                          | 2021   |
| -                         | -                         | 87 946         | 50       | 87 946         | 50       | -                          | 2021   |
| 282 167                   | -                         | -              | -        | -              | -        | 282 167                    | 2023   |
| 846 502                   | -                         | -              | -        | -              | -        | 846 502                    | 2023   |
| 361 664                   | -                         | -              | -        | -              | -        | 361 664                    | 2024   |
| 361 664                   | -                         | -              | -        | -              | -        | 361 664                    | 2024   |
| 246 914                   | -                         | -              | -        | -              | -        | 246 914                    | 2025   |
| 246 914                   | -                         | -              | -        | -              | -        | 246 914                    | 2025   |
| 555 556                   | -                         | -              | -        | -              | -        | 555 556                    | 2025   |
| -                         | 150 000                   | -              | -        | -              | -        | 150 000                    | 2026   |
| -                         | 150 000                   | -              | -        | -              | -        | 150 000                    | 2026   |
| <b>2 901 381</b>          | <b>300 000</b>            | <b>117 261</b> | -        | <b>117 261</b> | -        | <b>3 201 381</b>           |  |

\* All rights vested during the year are all exercisable.

| Directors/<br>Executives | Type of instrument                | Grant date  | Fair value per right at<br>grant date | Performance<br>measure | Number granted   |
|--------------------------|-----------------------------------|-------------|---------------------------------------|------------------------|------------------|
| Felipe Araujo            | 2018 GDG Performance Rights       | 27 Nov 2017 | \$0.760                               | 25% TSR                | 29 315           |
|                          | 2018 GDG Performance Rights       | 27 Nov 2017 | \$0.310                               | 75% FUM                | 87 946           |
|                          | 2019 GDG Performance Rights       | 28 Jun 2019 | \$0.265                               | 25% TSR                | 112 867          |
|                          | 2019 GDG Performance Rights       | 28 Jun 2019 | \$0.073                               | 75% FUM                | 338 601          |
|                          | 2020 GDG Performance Rights       | 30 Jun 2020 | \$0.365                               | 50% TSR                | 271 248          |
|                          | 2020 GDG Performance Rights       | 30 Jun 2020 | \$0.123                               | 50% EPS                | 271 248          |
|                          | 2021 GDG Performance Rights       | 30 Jun 2021 | \$0.475                               | 50% TSR                | 123 457          |
|                          | 2021 GDG Performance Rights       | 30 Jun 2021 | \$0.269                               | 50% EPS                | 123 457          |
|                          | 2021 GDG Performance Rights (GLI) | 30 Jun 2021 | \$0.166                               | 100% FUM               | 432 099          |
|                          | 2022 GDG Performance Rights       | 29 Jun 2022 | \$0.711                               | 50% TSR                | 109 810          |
|                          | 2022 GDG Performance Rights       | 29 Jun 2022 | \$0.418                               | 50% EPS                | 109 810          |
|                          |                                   |             |                                       |                        | <b>2 009 858</b> |
| Terence Wong             | 2019 GDG Performance Rights       | 28 Jun 2019 | \$0.265                               | 25% TSR                | 112 867          |
|                          | 2019 GDG Performance Rights       | 28 Jun 2019 | \$0.073                               | 75% FUM                | 338 601          |
|                          | 2020 GDG Performance Rights       | 30 Jun 2020 | \$0.365                               | 50% TSR                | 180 832          |
|                          | 2020 GDG Performance Rights       | 30 Jun 2020 | \$0.123                               | 50% EPS                | 180 832          |
|                          | 2021 GDG Performance Rights       | 30 Jun 2021 | \$0.475                               | 50% TSR                | 246 914          |
|                          | 2021 GDG Performance Rights       | 30 Jun 2021 | \$0.269                               | 50% EPS                | 246 914          |
|                          | 2021 GDG Performance Rights (GLI) | 30 Jun 2021 | \$0.166                               | 100% FUM               | 246 914          |
|                          | 2022 GDG Performance Rights       | 29 Jun 2022 | \$0.711                               | 50% TSR                | 183 016          |
|                          | 2022 GDG Performance Rights       | 29 Jun 2022 | \$0.418                               | 50% EPS                | 183 016          |
|                          |                                   |             |                                       |                        | <b>1 919 906</b> |

| Balance at<br>1 July 2021 | Issued during<br>the year | Vested*       | Vested % | Lapsed        | Lapsed % | Balance at 30 June<br>2022 | Financial Year of<br>actual performance<br>vesting |
|---------------------------|---------------------------|---------------|----------|---------------|----------|----------------------------|--|
| -                         | -                         | 14 658        | 50       | 14 658        | 50       | -                          | 2021   |
| -                         | -                         | 43 973        | 50       | 43 973        | 50       | -                          | 2021   |
| 112 867                   | -                         | -             | -        | -             | -        | 112 867                    | 2023   |
| 338 601                   | -                         | -             | -        | -             | -        | 338 601                    | 2023   |
| 271 248                   | -                         | -             | -        | -             | -        | 271 248                    | 2024   |
| 271 248                   | -                         | -             | -        | -             | -        | 271 248                    | 2024   |
| 123 457                   | -                         | -             | -        | -             | -        | 123 457                    | 2025   |
| 123 457                   | -                         | -             | -        | -             | -        | 123 457                    | 2025   |
| 432 099                   | -                         | -             | -        | -             | -        | 432 099                    | 2025   |
| -                         | 109 810                   | -             | -        | -             | -        | 109 810                    | 2026   |
| -                         | 109 810                   | -             | -        | -             | -        | 109 810                    | 2026   |
| <b>1 672 977</b>          | <b>219 620</b>            | <b>58 631</b> | -        | <b>58 630</b> | -        | <b>1 892 597</b>           |  |
| 112 867                   | -                         | -             | -        | -             | -        | 112 867                    | 2023   |
| 338 601                   | -                         | -             | -        | -             | -        | 338 601                    | 2023   |
| 180 832                   | -                         | -             | -        | -             | -        | 180 832                    | 2024   |
| 180 832                   | -                         | -             | -        | -             | -        | 180 832                    | 2024   |
| 246 914                   | -                         | -             | -        | -             | -        | 246 914                    | 2025   |
| 246 914                   | -                         | -             | -        | -             | -        | 246 914                    | 2025   |
| 246 914                   | -                         | -             | -        | -             | -        | 246 914                    | 2025   |
| -                         | 183 016                   | -             | -        | -             | -        | 183 016                    | 2026   |
| -                         | 183 016                   | -             | -        | -             | -        | 183 016                    | 2026   |
| <b>1 553 875</b>          | <b>366 032</b>            | -             | -        | -             | -        | <b>1 919 906</b>           |  |

\* All rights vested during the year are all exercisable.

## D. Equity Holdings of Key Management Personnel

Details of shareholdings of Directors and other Key Management Personnel (or close family members or entities controlled, jointly controlled, or significantly influenced by them, or any entity over which any of the aforementioned hold significant voting power) are set out below.

### 2022

| Directors/Executives     | Class    | Balance 1 July 2021 | Received on vesting of performance rights | Shares Acquired | Shares Disposed | Others     | Balance 30 June 2022 |
|--------------------------|----------|---------------------|---|-----------------|-----------------|------------|----------------------|
| R N Coombe               | Ordinary | 8 667 169           | 245 623                                   | -               | -               | -          | 8 912 792            |
| W E Bessemer             | Ordinary | 13 046 899          | -   | 115 000         | -               | -          | 13 161 899           |
| G M Collins <sup>1</sup> | Ordinary | -                   | -   | 9 000           | -               | 51 000     | 60 000               |
| J J Tooth <sup>2</sup>   | Ordinary | 9 504 031           | -   | 176 723         | -               | 9 680 754  | -                    |
| J D Wheeler <sup>3</sup> | Ordinary | 12 500 000          | -   | 250 000         | -               | 12 750 000 | -                    |
| G Hackett                | Ordinary | 821 086             | -   | -               | 600 000         | -          | 221 086              |
| F Araujo                 | Ordinary | 59 631              | -   | -               | -               | -          | 59 631               |
| T Wong                   | Ordinary | -                   | -   | -               | -               | -          | -                    |

1. Appointed as Non-Executive Director of Generation Development Group Limited on 18 November 2021. Giselle held 51,000 shares at the time of appointment.

2. Resigned as Non-Executive Director of Generation Development Group Limited on 18 November 2021.

3. Resigned as Non-Executive Director of Generation Development Group Limited on 18 November 2021.

## 2021

| Directors/Executives | Class    | Balance 1 July 2021 | Received on vesting of performance rights | Shares Acquired | Shares Disposed | Balance 30 June 2022 |
|----------------------|----------|---------------------|---|-----------------|-----------------|----------------------|
| R N Coombe           | Ordinary | 7 600 000           | -   | 1 067 169       | -               | 8 667 169            |
| W E Bessemer         | Ordinary | 12 671 099          | -   | 375 800         | -               | 13 046 899           |
| J J Tooth            | Ordinary | 8 983 545           | -   | 520 486         | -               | 9 504 031            |
| J D Wheeler          | Ordinary | 10 510 000          | -   | 2 001 493       | 11 493          | 12 500 000           |
| G Hackett            | Ordinary | 697 776             | 117,261                                   | 106 049         | 100 000         | 821 086              |
| F Araujo             | Ordinary | 1 000               | 58,631                                    | -               | -               | 59 631               |
| T Wong               | Ordinary | -                   | -   | -               | -               | -                    |

## E. Remuneration of Key Management Personnel

Remuneration shown below relates to the period in which the director or executive was a member of key management personnel.

### 2022

|                                | Salary and fees | Cash bonus     | Annual leave entitlement | Long service leave entitlement | Superannuation | Long-term incentives | Other share issue | Termination benefits | Total            | Performance-based proportion |
|--------------------------------|-----------------|----------------|--------------------------|--------------------------------|----------------|----------------------|-------------------|----------------------|------------------|------------------------------|
| <b>Directors</b>               |                 |                |                          |                                |                |                      |                   |                      |                  |                              |
| R N Coombe <sup>1</sup>        | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| W E Bessemer <sup>1</sup>      | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| G M Collins <sup>2</sup>       | 29 167          | -              | -                        | -                              | 2 917          | -                    | -                 | -                    | 32 084           | 0%                           |
| J J Tooth <sup>1,3</sup>       | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| J D Wheeler <sup>1,4</sup>     | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| <b>Sub total</b>               | <b>29 167</b>   | <b>-</b>       | <b>-</b>                 | <b>-</b>                       | <b>2 917</b>   | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>32 084</b>    | <b>0%</b>                    |
| <b>Other Senior Executives</b> |                 |                |                          |                                |                |                      |                   |                      |                  |                              |
| G Hackett                      | 400 000         | 295 100        | 65 823                   | 27 091                         | 23 568         | 169 369              | -                 | -                    | 980 951          | 47.3%                        |
| T Wong                         | 265 000         | 19 250         | 41 925                   | 12 749                         | 23 568         | 206 649              | -                 | -                    | 569 141          | 39.7%                        |
| F Araujo                       | 275 000         | 275 000        | 48 498                   | 18 179                         | 23 568         | 123 989              | -                 | -                    | 764 234          | 52.2%                        |
| <b>Sub total</b>               | <b>940 000</b>  | <b>589 350</b> | <b>156 246</b>           | <b>58 019</b>                  | <b>70 704</b>  | <b>500 007</b>       | <b>-</b>          | <b>-</b>             | <b>2 314 326</b> | <b>47.1%</b>                 |
| <b>Total</b>                   | <b>969 167</b>  | <b>589 350</b> | <b>156 246</b>           | <b>58 019</b>                  | <b>73 621</b>  | <b>500 007</b>       | <b>-</b>          | <b>-</b>             | <b>2 346 410</b> | <b>47.1%</b>                 |

1. Elected to forfeit director fees.

2. Appointed as Non-Executive Director of Generation Development Group Limited on 18 November 2021.

3. Resigned as Non-Executive Director of Generation Development Group Limited on 18 November 2021.

4. Resigned as Non-Executive Director of Generation Development Group Limited on 18 November 2021.

## 2021

|                                | Salary and fees | Cash bonus     | Annual leave entitlement | Long service leave entitlement | Superannuation | Long-term incentives | Other share issue | Termination benefits | Total            | Performance-based proportion |
|--------------------------------|-----------------|----------------|--------------------------|--------------------------------|----------------|----------------------|-------------------|----------------------|------------------|------------------------------|
| <b>Directors</b>               |                 |                |                          |                                |                |                      |                   |                      |                  |                              |
| R N Coombe <sup>1,2</sup>      | -               | 250 000        | -                        | -                              | -              | -                    | -                 | -                    | 250 000          | 100%                         |
| W E Bessemer <sup>1</sup>      | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| J J Tooth <sup>1</sup>         | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| J D Wheeler <sup>1</sup>       | -               | -              | -                        | -                              | -              | -                    | -                 | -                    | -                | -                            |
| <b>Sub total</b>               | <b>-</b>        | <b>250 000</b> | <b>-</b>                 | <b>-</b>                       | <b>-</b>       | <b>-</b>             | <b>-</b>          | <b>-</b>             | <b>250 000</b>   | <b>100%</b>                  |
| <b>Other Senior Executives</b> |                 |                |                          |                                |                |                      |                   |                      |                  |                              |
| G Hackett                      | 326 406         | 244 800        | 40 719                   | 15 079                         | 21 694         | 275 775              | -                 | -                    | 924 473          | 56.3%                        |
| T Wong                         | 250 004         | 12 500         | 27 389                   | 6 863                          | 21 694         | 224 618              | -                 | -                    | 543 068          | 43.7%                        |
| F Araujo                       | 244 400         | 183 300        | 39 858                   | 10 949                         | 21 694         | 163 466              | -                 | -                    | 663 667          | 52.2%                        |
| <b>Sub total</b>               | <b>820 810</b>  | <b>440 600</b> | <b>107 966</b>           | <b>32 891</b>                  | <b>65 082</b>  | <b>663 859</b>       | <b>-</b>          | <b>-</b>             | <b>2 131 208</b> | <b>51.8%</b>                 |
| <b>Total</b>                   | <b>820 810</b>  | <b>690 600</b> | <b>107 966</b>           | <b>32 891</b>                  | <b>65 082</b>  | <b>663 859</b>       | <b>-</b>          | <b>-</b>             | <b>2 381 208</b> | <b>56.9%</b>                 |

1. Elected to forfeit director fees.

2. Special exertion fee approved by the Board in recognition of his work on Lonsec.

## F. Key Terms of Employment Contracts

The Group has entered into service contracts with each senior executive, excluding the non-executive directors, that are capable of termination with a notice period of between 1 to 3 months. The Group retains the right to terminate a contract immediately by making payment equal to the relevant 1 to 3 month period pay in lieu of notice. The key management personnel are entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified from year to year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

### Loans and other transactions with key management personnel

There were no loans made to Directors or key executives as at 30 June 2022 (2021: nil).

Directors and their family members have invested in the Benefit Funds managed by Generation Life Limited. These investments were undertaken on commercial terms. The value of these investments as at 30 June 2022 is \$1,611,096 (2021: \$3,624,186).

The directors' report is signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the directors



**Robert Neil Coombe**  
Non-Executive Chairman

29 August 2022



## Auditor's Independence Declaration



### Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Generation Development Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Generation Development Group Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten version of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters'.

Dean Waters

*Partner*

Melbourne

29 August 2022

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## Independent Auditor's Report



## Independent Auditor's Report

To the shareholders of Generation Development Group Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Generation Development Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statements of financial position as at 30 June 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor’s Report



**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

**Recoverability of deferred tax assets - \$856k**

Refer to Note 9(c) to the Financial Report

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| <p>The recoverability of deferred tax assets is a key audit matter due to the degree of judgement required by us in assessing the Group’s forecasts of future taxable profits, particularly when this extends beyond the normal business planning cycle.</p> <p>It is the Group’s policy to recognise deferred tax assets in accordance with AASB 112 Income Taxes. These are primarily attributable to unused tax losses.</p> <p>The Group assesses whether sufficient forecast taxable profits are likely to be generated against which the tax losses can be utilised, to enable the assets to be realised.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• examining the nature and timing of the unused tax losses having regard to the relevant tax legislation as to their relevance in recognising an asset;</li> <li>• assessing the Group’s forecast earnings growth against historic performance;</li> <li>• assessing the accuracy of previous forecasts to inform our evaluation of the Group’s current forecast taxable profits;</li> <li>• challenging the Group’s forecast taxable profits and growth assumptions using our knowledge of the Group, their past performance, business and customers, information published by regulatory and other bodies and our industry experience. We compared growth rates to Board approved forecasts;</li> <li>• understanding the timing of forecast taxable profits and considering the consistency of the timeframes of expected recovery to our knowledge of the business and its plans;</li> <li>• testing the consistency of forecasts used in making the recoverability assessments with those forecasts used by the Group for impairment testing;</li> <li>• recalculating the amount of previously recognised tax losses written off against the recorded amount disclosed and assessing the adequacy of the Group’s disclosures in respect of the tax assets de-recognised, in accordance with accounting standards;</li> <li>• assessing the disclosures in the Financial Report</li> </ul> |

## Independent Auditor's Report



|  |   |
|--|---|
|  | against the requirements of the accounting standards. |
|--|---|

### Other Information

Other Information is financial and non-financial information in Generation Development Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it

Independent Auditor's Report



exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

**Report on the Remuneration Report**

**Opinion**

In our opinion, the Remuneration Report of Generation Development Group Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

**Directors' responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

**Our responsibilities**

We have audited the Remuneration Report included in pages 20 to 40 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Dean Waters

*Partner*

Melbourne

29 August 2022

## Directors' Declaration

In the opinion of the directors of Generation Development Group Limited (the "Company"):

The consolidated financial statements and notes that are set out on pages 48 to 132 and the Remuneration report on pages 20 to 40 in the Directors' report, are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

The directors draw attention to note 1 on the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

On behalf of the directors



**Robert Neil Coombe**  
Non-Executive Chairman

29 August 2022

**Consolidated statement of profit or loss and other comprehensive income**  
**For the financial year ended 30 June 2022**

|  | Notes | 2022<br>\$'000   | 2021<br>\$'000  |
|--|-------|------------------|-----------------|
| <b>Revenue, other income and investment revaluations</b>       |       |                  |                 |
| Revenue from contracts with customers                          | 5 (a) | 7 836            | 4 226           |
| Interest income  | 5 (b) | 511              | 610             |
| Revaluation of investments                                     | 5 (c) | (278 424)        | 180 597         |
| Other income   | 5 (d) | 2 104            | 1 515           |
| Distribution and dividend income                               |       | 91 880           | 80 497          |
| <b>Total Revenue, other income and investment revaluations</b> |       | <b>(176 093)</b> | <b>267 445</b>  |
| <b>Expenses</b>  |       |                  |                 |
| Personnel expenses   | 7 (a) | (13 859)         | (11 033)        |
| Occupancy expenses   |       | (295)            | (391)           |
| Communication expenses   |       | (81)             | (138)           |
| Finance expenses   |       | (143)            | (51)            |
| Dealing and settlement expenses                                |       | (7 214)          | (5 461)         |
| Marketing and promotional expenses                             |       | (567)            | (610)           |
| Depreciation and amortisation expenses                         | 7 (b) | (1 315)          | (832)           |
| Impairment expenses  | 7 (c) | -                | (89)            |
| Other expenses   | 7 (d) | (12 145)         | (7 260)         |
| Policyholder withdrawals - insurance                           |       | (700)            | (156)           |
| <b>Total Expenses</b>  |       | <b>(36 319)</b>  | <b>(26 021)</b> |
| Investment in associates - share of profit / (loss)            | 6     | 364              | 580             |
| <b>(Loss) / profit before income tax expense</b>               |       | <b>(212 048)</b> | <b>242 004</b>  |

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 29 form part of these consolidated financial statements.

**Consolidated statement of profit or loss and other comprehensive income (continued)**  
**For the financial year ended 30 June 2022**

|   | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|---|-------|----------------|----------------|
| Income tax benefit / (expense)  | 9 (a) | 74 019         | (66 015)       |
| Loss / (profit) attributable to policyholders                                 |       | 139 930        | (173 456)      |
| <b>Net Profit / (loss) attributable to shareholders of the Company</b>        |       | <b>1 901</b>   | <b>2 533</b>   |
| <b>Total comprehensive income attributable to shareholders of the Company</b> |       | <b>1 901</b>   | <b>2 533</b>   |
| <b>Earnings Per Share</b>   |       |                |                |
| Basic (cents per share)   | 16    | 1.04           | 1.55           |
| Diluted (cents per share)   | 16    | 1.04           | 1.55           |

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 29 form part of these consolidated financial statements.

**Consolidated statement of financial position**  
**As at 30 June 2022**

|                           | Notes  | 2022<br>\$'000   | 2021*<br>\$'000  |
|---------------------------|--------|------------------|------------------|
| <b>Assets:</b>            |        |                  |                  |
| Cash and cash equivalents |        | 89 443           | 95 132           |
| Income tax receivable     |        | 6 229            | 3 895            |
| Trade receivables         |        | 6 864            | 1 669            |
| Other assets              | 11     | 61 697           | 47 025           |
| Financial assets          | 10     | 2 003 839        | 1 726 195        |
| Investment in associates  | 6      | 28 941           | 28 277           |
| Right-of-use assets       | 18 (a) | 4 185            | 4 969            |
| Plant and equipment       |        | 499              | 255              |
| Deferred tax assets       | 9 (c)  | 45 314           | 3 268            |
| Intangible assets         | 12     | 3 217            | 2 103            |
| <b>Total assets</b>       |        | <b>2 250 228</b> | <b>1 912 788</b> |
| <b>Liabilities:</b>       |        |                  |                  |
| Trade and other payables  |        | 6 909            | 4 700            |
| Current tax liability     |        | 9 208            | 25 661           |
| Lease liabilities         | 18 (b) | 4 238            | 4 791            |
| Other liabilities         |        | 4 064            | 8 144            |
| Provisions                | 13     | 1 436            | 1 090            |
| Deferred tax liabilities  | 9 (d)  | 4 877            | 41 828           |
| Policyholder liabilities  | 29     | 2 162 145        | 1 775 120        |
| <b>Total liabilities</b>  |        | <b>2 192 877</b> | <b>1 861 334</b> |
| <b>Net assets</b>         |        | <b>57 351</b>    | <b>51 454</b>    |

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 29 form part of these consolidated financial statements.

\* Refer to 1(V).

**Consolidated statement of financial position (continued)**

As at 30 June 2022

|                             | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------|-------|----------------|----------------|
| <b>Equity:</b>              |       |                |                |
| Issued capital              | 14    | 88 517         | 79 118         |
| Share-based payment reserve |       | 2 337          | 4 112          |
| Other reserve               |       | -              | 104            |
| Profits reserve             | 15    | 16 432         | 12 548         |
| Retained earnings           | 15    | (49 935)       | (44 428)       |
| <b>Total equity</b>         |       | <b>57 351</b>  | <b>51 454</b>  |

A subsidiary of the Company, Generation Life Limited, is a Friendly Society in accordance with the Life Insurance Act 1995. The funds operated by Generation Life Limited and any trusts controlled by those funds, are treated as statutory funds in accordance to the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance to Accounting Standards.

The accompanying notes 1 to 29 form part of these consolidated financial statements.

**Consolidated statement of changes in equity**  
**For the financial year ended 30 June 2022**

|  | Issued<br>Capital<br>\$'000 | Share-based<br>payment<br>reserve<br>\$'000 | Other<br>reserve<br>\$'000 | Profits<br>reserve^<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total<br>\$'000 |
|--|-----------------------------|---|----------------------------|-------------------------------|--------------------------------|-----------------|
| <b>Year End 30 June 2022</b>                   |                             |   |                            |                               |                                |                 |
| Balance at 1 July 2021                         | 79 118                      | 4 112                                       | 104                        | 12 547                        | (44 427)                       | 51 454          |
| Net profit for the year                        | -                           | -   | -                          | 7 507                         | (5 606)                        | 1 901           |
| <b>Total comprehensive income for the year</b> | <b>-</b>                    | <b>-</b>                                    | <b>-</b>                   | <b>7 507</b>                  | <b>(5 606)</b>                 | <b>1 901</b>    |
| <b>Transactions with owners</b>                |                             |   |                            |                               |                                |                 |
| Issue of ordinary shares*                      | 6 969                       | -   | -                          | -                             | -                              | 6 969           |
| Share-based payments                           | 2 430                       | (1 775)                                     | -                          | -                             | 98                             | 753             |
| Dividend paid                                  | -                           | -   | -                          | (3 622)                       | -                              | (3 622)         |
| Other items                                    | -                           | -   | (104)                      | -                             | -                              | (104)           |
| <b>Balance at 30 June 2022</b>                 | <b>88 517</b>               | <b>2 337</b>                                | <b>-</b>                   | <b>16 432</b>                 | <b>(49 935)</b>                | <b>57 351</b>   |
| <b>Year End 30 June 2021</b>                   |                             |   |                            |                               |                                |                 |
| Balance at 1 July 2020                         | 45 207                      | 3 370                                       | 222                        | 7 212                         | (38 640)                       | 17 371          |
| Net profit for the year                        | -                           | -   | -                          | 8 353                         | (5 820)                        | 2 533           |
| <b>Total comprehensive income for the year</b> | <b>-</b>                    | <b>-</b>                                    | <b>-</b>                   | <b>8 353</b>                  | <b>( 5820)</b>                 | <b>2 533</b>    |
| <b>Transactions with owners</b>                |                             |   |                            |                               |                                |                 |
| Issue of ordinary shares                       | 33 911                      | -   | -                          | -                             | -                              | 33 911          |
| Share-based payments                           | -                           | 742   | -                          | -                             | -                              | 742             |
| Dividend paid                                  | -                           | -   | -                          | (3 017)                       | -                              | (3 017)         |
| Other items                                    | -                           | -   | (118)                      | -                             | 32                             | (86)            |
| <b>Balance at 30 June 2021</b>                 | <b>79 118</b>               | <b>4 112</b>                                | <b>104</b>                 | <b>12 548</b>                 | <b>(44 428)</b>                | <b>51 454</b>   |

The accompanying notes 1 to 29 form part of these consolidated financial statements.

\* Refer to note 14 for the breakdown of shares issued during the financial year.

^ The profits reserve represents accumulated profit of the parent entity to preserve their profit character. Such profits are available to enable payment of franked dividends in the future should the Directors declare by resolution.

**Consolidated statement of cash flows**  
**For the financial year ended 30 June 2022**

|  | Notes     | 2022<br>\$'000 | 2021*<br>\$'000 |
|--|-----------|----------------|-----------------|
| <b>Cash Flows from Operating Activities:</b>                             |           |                |                 |
| Receipts from customers  |           | 19 965         | 17 342          |
| Distributions and dividends received                                     |           | 78 993         | 60 927          |
| Payments to suppliers and employees                                      |           | (43 720)       | (34 694)        |
| Interest received - benefit funds  |           | 341            | 918             |
| Finance and borrowing costs  |           | (142)          | (48)            |
| Income tax received  |           | 8 101          | 5 159           |
| Income tax paid  |           | (31 864)       | (11 421)        |
| Net cash outflow from sales and purchases of investments - benefit funds |           | (558 196)      | (326 095)       |
| Policyholders contributions received                                     |           | 642 284        | 404 917         |
| Policyholders withdrawals paid   |           | (110 793)      | (90 359)        |
| <b>Net cash flow from / (used in) operating activities</b>               | <b>22</b> | <b>4 969</b>   | <b>26 646</b>   |
| <b>Cash Flows from Investing Activities:</b>                             |           |                |                 |
| Interest received  |           | 46             | 12              |
| Investment in associates inclusive of acquisition costs                  |           | (300)          | (21 049)        |
| Annuity project costs  |           | (4 262)        | (1 771)         |
| Net gain on sale of Ascalon Capital Limited (Asia)                       |           | 50             | -               |
| Term deposit matured / (invested)  |           | (447)          | -               |

The accompanying notes 1 to 29 form part of these consolidated financial statements.

\*Refer to 1(V).

**Consolidated statement of cash flows (continued)**  
**For the financial year ended 30 June 2022**

|   | Notes | 2022<br>\$'000 | 2021*<br>\$'000 |
|---|-------|----------------|-----------------|
| Purchase of property, plant and equipment                   |       | (445)          | (238)           |
| Payment of software   |       | (1 444)        | (865)           |
| Loss on impairment of computer equipment                    |       | -              | (89)            |
| <b>Net cash flows (used in) / from investing activities</b> |       | <b>(6 802)</b> | <b>(24 000)</b> |
| <b>Cash Flows from Financing Activities:</b>                |       |                |                 |
| Dividends paid  |       | (3 303)        | (2 888)         |
| Payment of lease liabilities                                |       | (654)          | (457)           |
| Interest paid on finance lease liabilities                  |       | 101            | 7               |
| Issue of additional shares                                  |       | -              | 33 729          |
| <b>Net cash flows (used in) / from financing activities</b> |       | <b>(3 856)</b> | <b>30 391</b>   |
| Net (decrease) / increase in cash held                      |       | (5 689)        | 33 037          |
| Cash and cash equivalents at beginning of the year          |       | 95 132         | 62 095          |
| <b>Cash and cash equivalents at end of the year</b>         |       | <b>89 443</b>  | <b>95 132</b>   |

The accompanying notes 1 to 29 form part of these consolidated financial statements.

\*Refer to 1(V).



## Notes to the Consolidated Financial Statements

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## Corporate Information

### About Generation Development Group

This consolidated financial report for the year ended 30 June 2022 was authorised for issue by the directors on 29 August 2022.

Generation Development Group Limited (the “Company”) is a for profit public company listed on the Australian Securities Exchange (ASX: GDG) incorporated in Australia. The Company operates as a Pooled Development Fund. The Company’s registered office and principal place of business is Level 17, 447 Collins Street, Melbourne, Victoria, Australia, 3000.

The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is involved in the provision of Life investment services within the Australian Life Insurance sector.

### Statement of compliance

The consolidated financial report is a general purpose financial report (Tier 1) which has been prepared in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB).

### Basis of preparation

The consolidated financial report has been prepared on the basis of historical cost, except for assets recognised and measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. The Statement of Financial Position is presented in order of liquidity. All amounts have been rounded to the nearest thousand dollars in accordance with ASIC Corporations Instrument 2016/191. Unless otherwise stated, all amounts are presented in Australian dollars, which is the functional currency of the Company and its subsidiaries.

### COVID-19

The financial year saw the continuation of COVID-19 lockdowns in Sydney and Melbourne, which impacted the global economy and the ability for businesses to trade normally. The vaccine mandate was successfully rolled out across Australia enabling the easing of restriction before Christmas. Subsequently, the Omicron variant and international conflicts continue to impact businesses with disruption to supply chains, causing rising costs and labour shortages. The Group has implemented a flexible model for its employees that allow working both remotely and in-person.

The associated volatility of market conditions has and may continue to affect businesses, including financial performance, personnel and operations, while other adverse economic factors could lead to slower or even negative growth in the financial services sector. Economic growth is forecast to slow and RBA have signalled they will take further steps to do what is necessary to ensure inflation returns to target over time.

The Board will continue to monitor the situation by exercising judgement on the Group’s activities and operations.

### Use of estimates and judgements

In the application of the Group’s accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. Refer to note 2 for a discussion of critical estimates and judgements in applying the Group’s accounting policies and key sources of estimation uncertainty.

## 1. Summary of significant accounting policies

### New standards, interpretations and amendments adopted

In April 2021, IFRIC issued a final agenda decision regarding configuration or customisation costs in a cloud computing arrangement.

The decision provides additional guidance on how to determine whether configuration or customisation expenditure relating to cloud computing arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is recognised in the Income Statement.

The Group's accounting policy has historically been to capitalise costs related to cloud computing arrangements in line with prevailing accounting standards and interpretations, where they meet the relevant criteria for capitalisation.

As a result of the final agenda decision and new guidance, the Group is required to retrospectively apply the decision as a change in accounting policy, and instead expense certain costs relating to cloud computing arrangements or, in certain circumstances, to defer these expenses as a prepayment and recognise over the term of the cloud computing arrangement. The application has had no material impact to the Group.

Several other amendments and interpretations applied for the first time during the year, but these did not have an impact on the Group's financial statements and hence, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### Standards and interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

#### AASB 17 Insurance Contracts

AASB 17 Insurance Contracts (AASB 17) is a new accounting standard for all types of insurance contracts and replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. A further amendment was approved in March 2022 to add a transition option that permits an entity to apply a classification overlay relating to comparative information about the financial assets presented on the initial application of AASB 17 and AASB 9 Financial Instruments at the same time.

AASB 17 introduces three new measurement models. The general model measures insurance contracts based on the fulfillment cash flows (the present value of estimated future cash flows with an explicit risk adjustment for non-financial risk) and the contractual service margin (the unearned profit that will be recognised as services are provided over the coverage period).

A modified version of the general model (premium allocation approach) is permitted in certain circumstances. The premium allocation approach is similar to the current measurement model used for general insurance.

The measurement model requirements are applied at an aggregated level rather than at an individual contract level. Contracts are initially aggregated into portfolios (comprised of contracts subject to similar risks that are managed together) and then divided into groups based on the expected profitability of contracts and the periods in which the contracts are written. Contracts may not be grouped if they are written more than 12 months apart. Under the level of aggregation requirements, the identification and measurement of contracts that are expected to be loss making will be performed at a lower granularity than occurs for the liability adequacy test under current accounting standards, with any loss component recognised on initial recognition of the group of contracts.

The Group is in the process of assessing the impact of these measurement models to the financial statements. The Group will adopt AASB 17 for the reporting period beginning on 1 July 2023.

### Other significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The consolidated financial report has been prepared on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial report.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report and have been applied consistently to all periods presented.

### A. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2022 and the results of all controlled subsidiaries for the year then ended. This includes the benefit funds of its subsidiary, Generation Life Limited and any controlled entities.

The benefit funds are treated as statutory funds in accordance with Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the Group, are shown separately from shareholder funds in the notes to the financial statements.

Control is achieved where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A list of controlled entities appears in note 20 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

### i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

The transaction costs incurred by the Group in connection with the business combination, such as finders' fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

**ii. Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**B. AASB 15 Revenue from Contracts with Customers**

The Group's accounting policy for revenue within the scope of AASB 15 is to recognise revenue as performance obligations are satisfied.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group's revenue consists of management fees for rendering of services, and distribution and dividend income from investments. Other sources of revenue include interest income from term deposit investments. The following specific recognition criteria must also be met before revenue is recognised:

**i. Rendering of services**

Revenue from the rendering of services is recognised in the statement of comprehensive income when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the sales consideration.

*Funds administration fee income*

Funds administration fee income is calculated based on daily FUM, paid monthly in arrears. This is recognised over time.

*Initial and ongoing adviser fees*

Initial and ongoing Adviser fees are calculated based on the policyholders' agreements with their advisers, and paid monthly in arrears. Initial fees are recognised at a point in time, and ongoing fees are recognised over time.

*Premium revenue for life insurance contracts*

Life insurance premiums are recognised as revenue when risk is transferred. Excess of premiums received over payments to customers and expenses (the margin) is recognised over the life of the contract in a manner that reflects the pattern of risk accepted from the policyholder.

**ii. Distribution and Dividend revenue**

Distribution and dividend revenue from investments is recognised when the owners' right to receive payment has been established. Distribution and dividend income receivable is recognised as accrued income.

**iii. Interest income**

Interest income is recognised on an accruals basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**C. Equity accounting in associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost including acquisition related costs. On the date of acquisition of an equity-accounted investee, fair values are attributed to the investee's identifiable assets and liabilities. Any positive difference between the cost of the investment and the investor's share of the fair value of the identifiable net assets acquired is goodwill, which is included in the carrying amount of the investment in the equity-accounted investee and is not shown separately.

After initial recognition, the consolidated financial statements include the Group's share of profit or loss of equity accounted investees. Dividends received or receivable reduce the carrying amount of the equity accounted investment. Details of investment made in associates are listed in note 6.

#### **D. Employee benefits**

##### ***i. Short-term employee benefits***

Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date, discounted using Milliman Group of 100 Discount Rate attaching to Group of 100.

##### ***ii. Share-based payment***

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The equity instruments provided in these arrangements are equity instruments of the ultimate parent entity, Generation Development Group Limited.

The fair value determined at the grant date of the award is recognised over the vesting period, based on the Group's estimate of the value of the award that will eventually vest, with the corresponding increase to share-based payments reserve.

#### **E. Foreign currency**

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Generation Development Group Limited and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences and borrowing costs are recognised in profit or loss in the period in which they arise.

## F. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks (net of outstanding bank overdrafts), which meet the offsetting requirements of AASB 132, and other cash equivalents that are short-term, highly liquid investments, readily convertible to known amounts of cash subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of recognition.

## G. Trade and other receivables

Trade receivables are recognised at amortised cost using the effective interest method, less any allowance for expected credit losses. The Group has applied a simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

To measure the expected credit losses, receivables have been grouped based on days overdue. The modelling methodology applied in estimating ECL in these financial statements is consistent with that applied for the year ended 30 June 2021. Trade receivables include unsettled investment transactions in the Benefit Funds.

## H. Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services, including unsettled investment transactions in the Benefit Funds. The carrying value of payables are assumed to approximate their fair values due to their short-term nature and normally settled within 30 to 45 days.

## I. Financial assets

### *i. Recognition of financial assets*

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value (net of transaction costs) through profit or loss.

### *i. Classification & measurement of financial assets*

There are three measurement classifications for financial assets under AASB 9: amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). Financial assets are classified into these measurement classifications based on the business model within which the financial assets are managed and the contracted cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent solely payments of principal and interest).

The resultant financial asset classifications are as follows:

- Amortised cost: Financial assets with contractual cash flows that comprise solely payments of principal and interest only and which are held in a business model whose objective is to collect their cash flows;
- FVOCI: Financial assets with contractual cash flows that comprise solely payments of principal and interest only and which are held in a business model whose objective is to collect their cash flows or to sell; and
- FVTPL: Any other financial assets not falling into the categories above are measured at FVTPL.

All of the Group's financial assets are managed within business models whose objective is solely to collect contractual cash flows and are classified as amortised cost, except for the financial instruments including cash and cash equivalents, and unlisted unit trusts within the Policyholder Benefit Funds, which are not held for trading and continue to be classified as fair value through profit or loss. Term deposits are valued at amortised costs.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 23. All benefit fund assets represent assets backing either life insurance or life investment policyholder liabilities. All financial assets belonging to the life insurance or life investment contracts are classified as financial assets at fair value through profit or loss.

## **ii. Impairment of financial assets**

Under AASB 9, the Group uses the expected credit loss (ECL) model to recognise impairment losses against financial assets not recognised FVTPL.

Under the ECL model, a dual measurement approach applies whereby a financial asset will attract an ECL allowance equal to either 12 months of expected credit losses (losses resulting from possible defaults within the next 12 months), or lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset). The latter applies if there has been a significant deterioration in the credit quality of the asset since origination, albeit lifetime ECLs will always be recognised for assets without a significant financing component.

AASB 9 also permits the Group to adopt a set of practical expedients, including that short duration trade receivables which do not contain a significant financing component will have minimal expected credit losses, and that debt instruments that are determined to have a low credit risk at the reporting date and credit risk has not increased significantly since origination have loss allowances measured as equivalent to 12 month ECLs.

ECLs are a probability weighted estimate of credit losses, measured as the present value of all cash shortfalls. This is the difference between the cash flows due to the entity in accordance with the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate of the financial asset.

The Group's financial assets not recognised at FVTPL are represented by short term trade receivables, plus cash equivalents and investments in term deposits with investment grade domestic bank counterparties. Therefore credit risk is considered low with minimal ECLs recognised.

These financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Where a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

## J. Impairment of non-financial assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## K. Plant and equipment

### i. Recognition and measurement

Plant and equipment, leasehold improvements and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item. If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

### ii. Depreciation

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write-off the net cost of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The rates used in the calculation of depreciation for the current and comparative period are as follows:

| Category               | Rate      |
|------------------------|-----------|
| Leasehold improvements | 20%       |
| Computer equipment     | 33%       |
| Computer software      | 14% - 20% |
| Furniture and fittings | 20%       |

**L. Goodwill**

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Goodwill is not amortised and subsequently measured at its cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating unit (CGU) Generation Life. The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in subsequent periods.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

**M. Software assets**

Costs incurred in acquiring software and licenses that will contribute to future period financial benefit through revenue generation and/or cost reduction are capitalised as computer software. Computer software is initially recognised at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software, licenses over the estimated useful life, which is 5 years.

**N. Right-of-Use Assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability and the provision for the restoration of the site, adjusted for, as applicable, any lease payment made at or before the commencement date net of any lease incentives received, and any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjustment for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with term of 12 months or less and lease of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**O. Lease Liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price or a purchase option when exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost, using the effective interest method. The carrying amounts are measured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### **P. Issued capital**

Ordinary shares are classified as equity. Ordinary issued capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### **Q. Income tax**

##### ***i. Current tax***

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### ***ii. Deferred tax***

Deferred tax is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributable to that asset or liability for taxation purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### ***iii. Current and deferred tax for the period***

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### **R. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation, its carrying amount and the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be recovered and the amount of the receivable can be measured reliably.

## S. Policyholder liabilities

### i. Life insurance contracts

During the year, there was 25 funds classified as life insurance contracts per AASB 1038 Life Insurance Contracts, being the Oddfellows Fund and 24 new LifeIncome Benefit Funds. Consequently, contributions to the funds are disclosed as premiums and are recorded as revenue in the profit and loss and benefits paid from the funds are disclosed as claims and are recorded as expenses in the profit and loss. Reinsurance expenses are classified under other expenses in the consolidated profit or loss.

Generation Life Limited has appointed an actuary to determine that the value of the policy liabilities and the solvency of the funds have been determined using methods and assumptions consistent with the actuarial standards and in accordance with the Life Insurance Act 1995.

The Oddfellows Fund contains a guaranteed component within the Fund, as follows:

| <b>Participating policies -<br/>Oddfellows Fund</b> | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|---|------------------------|------------------------|
| “Guaranteed” component of participating policies    | 5 055                  | 5 378                  |

The key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and future mortality, resignations and retirements, refer to note 24.

### Sensitivity Analysis

The Oddfellows Benefit Fund is classified as defined benefit. However, as these contracts are now operating as accumulation accounts, is valued the same way as the remaining account based Benefit Funds at the fair value of the assets. There is no mortality risk and no projection is being performed for these funds.

The new LifeIncome contract meets the definition of a life insurance contract. The policy liabilities are calculated using the accumulation approach where the expected number of units are multiplied by the 30 June unit price at the valuation date.

The expected number of units at the valuation date are calculated using a projection method based on the best estimate mortality basis and discounted. On a net of reinsurance basis, no profits emerge in the benefit fund given the 100% reinsurance of mortality risk to Hannover Life Re of Australia Limited (HLRA).

If mortality experience is lighter/heavier than allowed for in the determination of the Guaranteed Annual Income Units (GAIU) at policy inception, then any shortfall/excess of policyholder units held in the benefit fund are made up / released and passed onto the reinsurer.

### ii. Life investment contracts

The Group’s remaining 70 funds are classified as life investment contracts per AASB1038. The following 4 benefit funds include a non-guaranteed terminal bonus which may be reduced:

- Heritage Investment Bond Fund
- Deferred Annuity Achiever
- Funeral Plan Fund
- Select Mortgage Annuity

The following 2 funds are capital guaranteed:

- Funeral Benefit Fund
- Flexible Insurance Fund

| <b>Capital guaranteed component</b> | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|-------------------------------------|------------------------|------------------------|
| Funeral Bond Fund (Druids)          | 4 087                  | 4 330                  |
| Flexible Insurance Fund No. 1       | 3 619                  | 3 975                  |

For these investment account products, the policy liability is the accumulation of amounts invested by policyholders less fees specified in the policy, plus investment earnings allocated as a bonus plus unallocated surplus. Where exit fees are payable, no reduction in the accumulation is made because exit fees are a liability to the management fund.

For the remaining 64 investment linked benefit funds, the policy liability is the accumulation of amounts invested by policyholders less fees specified in the policy plus investment earnings allocated. Where exit fees are payable, no reduction in the accumulation is made because exit fees are a liability to the management fund.

No investment linked policy is subject to any investment guarantee. The surrender value of investment account policies is \$11,242,208 (2021: \$12,650,934).

#### **T. Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### **U. Benefit Funds**

Under the Life Insurance Act 1995 (Life Act), the Group's Life Insurance and Life Investment business is conducted with external policyholders within separate statutory funds ('Benefit Funds'), which are distinguished from each other and from Shareholders' Funds ('the Management Fund'). Policyholder assets and liabilities are not attributable to shareholders. The profit or loss each year is 100% fully attributable to policyholders (note 29).

The Benefit Funds and the Management Fund are presented as a single set of financial statements, with additional disclosures being presented in note 29 showing all major components of the financial statements disaggregated between the Benefit Funds and the Management Fund.

This financial report therefore comprises the Generation Life Limited Management Fund and 95 Benefit Funds. The Benefit Funds have been classified as either life investment or life insurance contracts according to the rules of the benefit funds (refer note 24), as required under AASB 1038 Life Insurance Contracts and other requirements of the Life Act. There are 70 life investment contract benefit funds and 25 life insurance contract benefit funds. The assets of each benefit fund are regarded as assets backing either life investment or life insurance contract liabilities according to the classification of the fund to which they belong.

The operating expenses of the benefit funds have been apportioned between contract acquisition, contract maintenance, investment management and other expenses according to the descriptions given in the Product Disclosure Statement (PDS) and the fund rules.

#### ***i. Assets backing Policyholder Liabilities***

The assets of the Group are assessed under AASB 1038 Life Insurance Contracts to be assets that are held to back life insurance policy liabilities and assets that represent owners' funds.

**ii. Restriction on use**

Assets held in the Benefit Funds are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the Benefit Funds and controlled trusts are held for the benefit of the Policyholders of those funds, and are subject to the constitution and rules of those funds.

Restrictions on the use of assets invested for policyholders in statutory funds include:

- Benefit fund rules;
- Life Insurance Act 1995 requirements;
- Prudential Standards;
- Actuarial Standards; and
- Company policies and procedures.

**iii. Classification of Benefit Funds**

The 95 Benefit funds are classified as either Life Insurance or Life Investment contracts according to the Benefit Fund rules. Criteria considered in the classification process include the level of insurance risk accepted under the contract and the existence of discretionary participation features (such as discretion by the Board over the level of bonus).

**V. Comparatives**

Certain comparative amounts have been reclassified to conform with the current year's presentation.

**W. Segment reporting**

The Group has the following two strategic divisions, which are its reportable segments. All segments' operating results are regularly reviewed by the Group's Chief Financial Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**i. Operating segments****Benefit Funds Management and Fund Administration**

The provision of administration and management services to the Benefit Funds of Generation Life Limited and administration services to institutional clients.

**Other Businesses**

This segment pertains to investment in Associates - Lonsec 41% (2021: 37%) and Claimfast 12% (2021: 20%) and Ascalon Capital Limited (Asia). Details of investment made in associates are listed in note 6.

**ii. Non-operating segment**

Benefit Funds represents the operating result and financial position of the Benefit Funds which are required to be consolidated in the Group's financial statements in accordance with the accounting standards.

**W. Segment reporting (continued)**

The reportable segments are divisions engaged in providing either different products or services. The statutory benefit funds are classified as a non-operating segment. Details of the operating and non-operating segments are detailed below:

**30 June 2022**

|   | Operating Segments  |                          |                                      | Non-operating<br>Segment | Elimination<br>\$'000 | Consolidated Total<br>\$'000 |
|---|---|--------------------------|--------------------------------------|--------------------------|-----------------------|------------------------------|
|   | Benefit Funds<br>Management & Funds<br>Administration<br>\$'000 | Other Business<br>\$'000 | Operating Segment<br>Total<br>\$'000 | Benefit Funds<br>\$'000  |                       |                              |
| External revenue                              | 6 906   | 465                      | 7 371                                | (183 100)                | -                     | (175 729)                    |
| Inter-segment revenue                         | 19 007  | -                        | 19 007                               | 167                      | (19 174)              | -                            |
| <b>Segment revenue</b>                        | <b>25 913</b>   | <b>465</b>               | <b>26 378</b>                        | <b>(182 933)</b>         | <b>(19 174)</b>       | <b>(175 729)</b>             |
| Expenses                                      | (33 472)  | (59)                     | (33 531)                             | (21 962)                 | 19 174                | (36 319)                     |
| Income tax benefit / (expense)                | 9 054   | -                        | 9 054                                | 64 965                   | -                     | 74 019                       |
| Loss / (profit) attributable to policyholders | -   | -                        | -                                    | 139 930                  | -                     | 139 930                      |
| <b>Net profit / (loss) after tax</b>          | <b>1 495</b>  | <b>406</b>               | <b>1 901</b>                         | <b>-</b>                 | <b>-</b>              | <b>1 901</b>                 |
| <b>Segment assets and liabilities</b>         |   |                          |                                      |                          |                       |                              |
| Segment total assets                          | 67 814  | -                        | 67 814                               | 2 182 414                | -                     | 2 250 228                    |
| Segment total liabilities                     | (10 463)  | -                        | (10 463)                             | (2 182 414)              | -                     | (2 192 877)                  |
| <b>Segment net assets</b>                     | <b>57 351</b>   | <b>-</b>                 | <b>57 351</b>                        | <b>-</b>                 | <b>-</b>              | <b>57 351</b>                |
| <b>Other Segment Information</b>              |   |                          |                                      |                          |                       |                              |
| Depreciation and amortisation                 | (1 315)   | -                        | (1 315)                              | -                        | -                     | (1 315)                      |
| Goodwill                                      | 547   | -                        | 547                                  | -                        | -                     | 547                          |
| Movement in non-current assets                | 1 583   | -                        | 1 583                                | 43 480                   | -                     | 45 063                       |

**W. Segment reporting (continued)**

30 June 2021

|   | Operating Segments  |                          |                                      | Non-operating Segment   |                       | Consolidated Total<br>\$'000 |
|---|---|--------------------------|--------------------------------------|-------------------------|-----------------------|------------------------------|
|   | Benefit Funds<br>Management & Funds<br>Administration<br>\$'000 | Other Business<br>\$'000 | Operating Segment<br>Total<br>\$'000 | Benefit Funds<br>\$'000 | Elimination<br>\$'000 |                              |
| External revenue                              | 5 358   | 230                      | 5 588                                | 261 857                 | -                     | 267 445                      |
| Inter-segment revenue                         | 14 494  | 580                      | 15 074                               | 518                     | (15 012)              | 580                          |
| <b>Segment revenue</b>                        | <b>19 852</b>   | <b>810</b>               | <b>20 662</b>                        | <b>262 375</b>          | <b>(15 012)</b>       | <b>268 025</b>               |
| Expenses                                      | (24 459)  | (1 159)                  | (25 618)                             | (15 415)                | 15 012                | (26 021)                     |
| Income tax benefit / (expense)                | 7 489   | -                        | 7 489                                | (73 504)                | -                     | (66 015)                     |
| (Profit) / Loss attributable to policyholders | -   | -                        | -                                    | (173 456)               | -                     | (173 456)                    |
| <b>Net profit / (loss) after tax</b>          | <b>2 882</b>  | <b>(349)</b>             | <b>2 533</b>                         | <b>-</b>                | <b>-</b>              | <b>2 533</b>                 |
| Segment assets and liabilities                |   |                          |                                      |                         |                       |                              |
| Segment total assets                          | 66 184  | 539                      | 66 723                               | 1 846 065               | -                     | 1 912 788                    |
| Segment total liabilities                     | (15 212)  | (57)                     | (15 269)                             | (1 846 065)             | -                     | (1 861 334)                  |
| <b>Segment net assets</b>                     | <b>50 972</b>   | <b>482</b>               | <b>51 454</b>                        | <b>-</b>                | <b>-</b>              | <b>51 454</b>                |
| <b>Other Segment Information</b>              |   |                          |                                      |                         |                       |                              |
| Depreciation and amortisation                 | (919)   | (3)                      | (922)                                | -                       | -                     | (922)                        |
| Goodwill                                      | 547   | -                        | 547                                  | -                       | -                     | 547                          |
| Movement in non-current assets                | 33 540  | (3)                      | 33 537                               | (9 017)                 | -                     | 24 520                       |

## 2. Use of estimates and judgement

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The following are the significant areas of estimation uncertainty and critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### COVID-19 pandemic

The ongoing uncertainties with COVID-19 pandemic has moderated, however there has been emergence of new risks associated with the global supply chain disruptions, labour shortages, economic price pressures and geopolitical tensions. The estimation and judgment in the preparation of consolidated statements where relevant is disclosed in the notes of the consolidated financial statements.

### Intangible assets (goodwill & capitalised software)

Management judgement is used to assess the recoverable value of goodwill and other intangible assets. The carrying amount of goodwill is based on assumptions including forecasts used for determining cashflows, available headroom, and the sensitivities of the recoverable amount to reasonably possible changes in assumptions. The Group undertakes an annual assessment to evaluate whether the carrying value of goodwill on the balance sheet is impaired.

Judgement is needed in determining the useful life of capitalised software. Capitalised software and other intangible assets are assessed for indicators of impairment annually, including those assets not ready for use. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying value of the asset is written down immediately.

### Valuation of financial assets

The fair value of assets that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the balance sheet date.

For investments with no active market, fair value for units in managed unlisted funds are calculated using disclosed offer prices provided from the responsible entity through third party data or directly from the responsible entity. Fair value from fixed interest assets where the principle prices are derived from the most liquid over the counter markets are provided via a reputable third party data vendor.

Management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market.

### Share-based payments

When determining the grant date fair value of share-based payments, the Group utilises standard market techniques for valuation, including a Monte-Carlo Simulation pricing model, which take into account performance hurdles. Further details of the significant assumptions employed are disclosed in note 7.

### Deferred tax assets

Management uses their judgement in determining the value of carry forward tax losses. Reference is made to forecasts and budgets to ensure the recoverability of tax losses remains probable over the foreseeable future. Tax losses are only recognised as deferred tax assets to the extent that management considers it is probable that there will be future taxable profit available against which the tax losses can be utilised.

### Policyholder liabilities

The appointed actuary of Generation Life Limited uses their judgement in determining the fair value of policyholder liabilities related to life insurance contracts and life investment contracts with discretionary participating features. Refer to:

- Note 3 Financial Instruments for terms and conditions of insurance business, including key variables affecting timing and uncertainty of future cash flows;
- Note 24 for critical estimation assumptions for determining insurance policyholder liabilities; and
- Note 29 for disaggregated disclosures for each life insurance benefit fund.

### 3. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further qualitative disclosures are included throughout this financial report.

#### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has adopted an approved Risk Management Plan, which reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.

The Board recognises the broad range of risks that the Group faces as a participant in the financial services industry. Increasingly, the risk of climate change is being considered within the investment process. The Group considers the risk of climate change within its risk management framework and work to ensure that these risks are mitigated where possible. The Group is not currently materially exposed to climate risk.

Day-to-day responsibility for risk management has been delegated to executive management, with review occurring at Board level. The Chief Executive Officer of Generation Life Limited and Chief Financial Officer of the Group are required to provide to the Board an annual certification that the Group's risk management system is operating efficiently and effectively in all material respects.

#### Capital management

The Group manages its capital to ensure that its wholly owned subsidiary - Generation Life Limited will be able to continue as a going concern while maximising the return to stakeholders. Generation Life Limited has an Internal Capital Adequacy Assessment Plan (ICAAP) which includes its capital management plans that has been approved by its board in accordance with APRA Prudential Standards. Refer to note 26.

The Group's capital structure consists of cash, cash equivalents, investments and equity attributable to equity holders of the parent, comprising issued capital and retained earnings as disclosed in notes 14 and 15 respectively.

#### A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and financial assets. The Group does not have any specific concentration of credit risk with a single counterparty.

##### *Trade and other receivables*

The credit risk for trade receivables for the Group is the risk that financial assets recognised on the statement of financial position exceed their carrying amount, net of any provisions for doubtful debts.

##### *Financial assets*

Given the strong credit ratings of external bank counterparties and investments backing policyholder liabilities being invested with reputable counterparties in the managed funds sector, the Group is of the view that all counterparties are expected to meet their obligations.

**A. Credit risk (continued)**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties including the Group's bank counterparties.

**Exposure to Credit Risk**

The carrying amount of the Group's financial assets represents the Group's maximum exposure to credit risk:

|   | Note | Consolidated<br>2022<br>\$'000 | 2021*<br>\$'000  |
|---|------|--------------------------------|------------------|
| Financial assets designated as fair value through profit and loss | 10   | 1 977 769                      | 1 689 975        |
| Financial assets designated as amortised cost                     | 10   | 26 070                         | 36 220           |
| Accrued income  | 11   | 59 206                         | 46 150           |
| Trade receivables   |      | 6 864                          | 1 669            |
| Cash and cash equivalents   |      | 89 443                         | 95 132           |
| <b>Total</b>  |      | <b>2 159 352</b>               | <b>1 869 146</b> |

\*Refer to 1(V).

All receivables are denominated in Australian dollars and relate to Australian customers.

**A. Credit risk (continued)****Impairment losses**

The aging of the Group's trade and other receivables and loan assets at balance sheet date was:

|                            | <b>Consolidated</b> |               |
|----------------------------|---------------------|---------------|
|                            | <b>2022</b>         | <b>2021</b>   |
|                            | <b>\$'000</b>       | <b>\$'000</b> |
| Not past due               | 6 864               | 1 669         |
| Past due 1 to 30 days      | -                   | -             |
| Past due 31 to 90 days     | -                   | -             |
| Past due more than 91 days | -                   | -             |
| <b>Total</b>               | <b>6 864</b>        | <b>1 669</b>  |

In determining the recoverability of receivables, the Group considers any change in the credit quality of the receivable from the date recognised to balance sheet date. There are no past due of impaired receivables as at 30 June 2022 (2021: nil).

## B. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments.

The following are the contractual maturities of financial liabilities, including estimated interest payments, at reporting date:

|   | Carrying<br>amount<br>\$'000 | Contractual<br>cash flows<br>\$'000 | 6 months<br>or less<br>\$'000 | 6 to 12<br>months<br>\$'000 | 1 to 2<br>years<br>\$'000 | 2 to 5<br>years<br>\$'000 | More than<br>5 years<br>\$'000 | Investment<br>Linked<br>\$'000 |
|---|------------------------------|-------------------------------------|-------------------------------|-----------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|
| <b>As at 30 June 2022</b>                             |                              |                                     |                               |                             |                           |                           |                                |                                |
| Trade and other payables                              | 6 909                        | (6 909)                             | (6 909)                       | -                           | -                         | -                         | -                              | -                              |
| Lease liabilities                                     | 4 238                        | (4 548)                             | (399)                         | (357)                       | (1 389)                   | (1 488)                   | (915)                          | -                              |
| <b>Subtotal</b>                                       | <b>11 147</b>                | <b>(11 457)</b>                     | <b>(7 308)</b>                | <b>(357)</b>                | <b>(1 389)</b>            | <b>(1 488)</b>            | <b>(915)</b>                   | <b>-</b>                       |
| Policyholder liabilities (investment) (a)             | 2 153 703                    | -                                   | -                             | -                           | -                         | -                         | -                              | (2 153 703)                    |
| Policyholder liabilities (insurance) - Oddfellows (b) | 6 417                        | (6 523)                             | (252)                         | (252)                       | (471)                     | (1 242)                   | (4 305)                        | -                              |
| Policyholder liabilities (insurance) - LifeIncome (c) | 2 025                        | (2 025)                             | (39)                          | (39)                        | (90)                      | (288)                     | (1 569)                        | -                              |
| <b>Subtotal</b>                                       | <b>2 162 145</b>             | <b>(8 548)</b>                      | <b>(291)</b>                  | <b>(291)</b>                | <b>(561)</b>              | <b>(1 530)</b>            | <b>(5 874)</b>                 | <b>(2 153 703)</b>             |
| <b>Total</b>  | <b>2 173 292</b>             | <b>(20 005)</b>                     | <b>(7 599)</b>                | <b>(648)</b>                | <b>(1 950)</b>            | <b>(3 018)</b>            | <b>(6 789)</b>                 | <b>(2 153 703)</b>             |

**B. Liquidity risk (continued)**

|   | Carrying<br>amount<br>\$'000 | Contractual<br>cash flows<br>\$'000 | 6 months<br>or less<br>\$'000 | 6 to 12<br>months<br>\$'000 | 1 to 2<br>years<br>\$'000 | 2 to 5<br>years<br>\$'000 | More than<br>5 years<br>\$'000 | Investment<br>Linked<br>\$'000 |
|---|------------------------------|-------------------------------------|-------------------------------|-----------------------------|---------------------------|---------------------------|--------------------------------|--------------------------------|
| <b>As at 30 June 2021</b>                             |                              |                                     |                               |                             |                           |                           |                                |                                |
| Trade and other payables                              | 4 700                        | (4 700)                             | (4 700)                       | -                           | -                         | -                         | -                              | -                              |
| Lease liabilities*                                    | 4 791                        | (5 189)                             | (274)                         | (380)                       | (1 427)                   | (1 436)                   | (1 672)                        | -                              |
| <b>Subtotal</b>                                       | <b>9 491</b>                 | <b>(9 889)</b>                      | <b>(4 974)</b>                | <b>(380)</b>                | <b>(1 427)</b>            | <b>(1 436)</b>            | <b>(1 672)</b>                 | <b>-</b>                       |
| Policyholder liabilities (investment) (a)             | 1 768 095                    | -                                   | -                             | -                           | -                         | -                         | -                              | (1 768 095)                    |
| Policyholder liabilities (insurance) - Oddfellows (b) | 7 025                        | (7 022)                             | (292)                         | (292)                       | (446)                     | (1 180)                   | (4 811)                        | -                              |
| <b>Subtotal</b>                                       | <b>1 775 120</b>             | <b>(7 022)</b>                      | <b>(292)</b>                  | <b>(292)</b>                | <b>(446)</b>              | <b>(1 180)</b>            | <b>(4 811)</b>                 | <b>(1 768 095)</b>             |
| <b>Total</b>  | <b>1 784 611</b>             | <b>(16 911)</b>                     | <b>(5 266)</b>                | <b>(672)</b>                | <b>(1 873)</b>            | <b>(2 616)</b>            | <b>(6 483)</b>                 | <b>(1 768 095)</b>             |

\*Refer to 1(V).

- (a) For investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The owner has no direct exposure to any risk in those assets. Therefore, the tables in this section show the policyholder liability without any maturity profile analysis. There is low liquidity risk for these Policyholder liabilities as these are considered long term investments by the policyholders and any redemptions by the policyholders are fully supported by the sale of the underlying investments of the benefit funds.
- (b) Policyholder liabilities – Oddfellows, relating to insurance products are mostly due upon death of the policyholder and therefore an estimate of maturity has been made.
- (c) Policyholder liabilities – LifeIncome, relating to insurance products are calculated using a projection method based on the best estimate mortality basis and discounted. These funds commenced on 22 March 2022.

### C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of the Group's holdings of financial instruments. The objective of market risk management at the group level is to manage and control market risk exposures within acceptable fund parameters, while optimising the return for policyholders.

Concentration risk in any asset class, counterparty or sector is low with financial instruments held in a diversified manner across the asset class universe. The makeup of the financial asset book has a diversified profile which mostly reflects the duration profile of policyholders in the Group's products.

### I. Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and purchases or investments are denominated and the respective functional currencies of the Company. The functional currency of the Company is primarily the AUD with certain investments denominated in US Dollar (USD), Swiss Francs (CHF), Euro (EUR), Great Britain Pound (GBP) and Hong Kong Dollar (HKD). It is the Group's policy to minimise the exposure of management account expenses to movement in foreign exchange rate by either pricing contracts in AUD or where not available hedging material exposures back to AUD. For investment linked products the group is agnostic to currency exposure as this risk is passed through to investors. Funds with guarantees have no exposure to foreign currency as at 30 June 2022.

|                              | USD<br>\$'000 | CHF<br>\$'000 | EUR<br>\$'000 | GBP<br>\$'000 | HKD<br>\$'000 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>30 June 2022</b>          |               |               |               |               |               |
| Cash and cash equivalents    | 8 237         | 16            | 16            | 18            | 9             |
| Financial Assets             | 60 250        | 7 452         | 11 817        | 9 169         | -             |
| <b>Total exposure in AUD</b> | <b>68 487</b> | <b>7 468</b>  | <b>11 833</b> | <b>9 187</b>  | <b>9</b>      |
|                              | USD<br>\$'000 | CHF<br>\$'000 | EUR<br>\$'000 | GBP<br>\$'000 | HKD<br>\$'000 |
| <b>30 June 2021</b>          |               |               |               |               |               |
| Cash and cash equivalents    | 5 459         | 15            | 17            | 20            | 9             |
| Financial Assets             | 81 791        | 8 105         | 8 292         | 6 102         | 5 052         |
| <b>Total exposure in AUD</b> | <b>87 250</b> | <b>8 120</b>  | <b>8 309</b>  | <b>6 122</b>  | <b>5 061</b>  |

## I. Currency risk

### i. Sensitivity analysis

A 10% change in the exchange rates will have the following effect on the financial statements for the financial year ended 30 June 2022:

| Currency     | Movement in variable against<br>\$ | 2022                            | 2021                            |
|--------------|------------------------------------|---------------------------------|---------------------------------|
|              |                                    | Change in Profit / (loss)<br>\$ | Change in Profit / (loss)<br>\$ |
| USD          | + 10%                              | 6 849                           | 8 725                           |
|              | - 10%                              | (6 849)                         | (8 725)                         |
| CHF          | + 10%                              | 747                             | 812                             |
|              | - 10%                              | (747)                           | (812)                           |
| EUR          | + 10%                              | 1 183                           | 831                             |
|              | - 10%                              | (1 183)                         | (831)                           |
| GBP          | + 10%                              | 919                             | 612                             |
|              | - 10%                              | (919)                           | (612)                           |
| HKD          | + 10%                              | 1                               | 506                             |
|              | - 10%                              | (1)                             | (506)                           |
| <b>Total</b> | <b>+ 10%</b>                       | <b>(9 699)</b>                  | <b>11 486</b>                   |
|              | <b>- 10%</b>                       | <b>(9 699)</b>                  | <b>(11 486)</b>                 |

**ii. Interest rate risk**

Interest rate risk arises from the potential for changes in interest rates to have an adverse effect on the net earnings of the Group. The Group's earnings are affected by movements in market interest rates due to funds borrowed and/or held in high interest deposit accounts.

At the reporting date the interest rate profile of the Group interest bearing financial instruments was:

|                                  | <b>Consolidated</b> |                |
|----------------------------------|---------------------|----------------|
|                                  | <b>2022</b>         | <b>2021*</b>   |
|                                  | <b>\$'000</b>       | <b>\$'000</b>  |
| <b>Fixed rate instruments</b>    |                     |                |
| Financial assets                 | 28 922              | 39 833         |
|                                  | <b>28 922</b>       | <b>39 833</b>  |
| <b>Variable rate instruments</b> |                     |                |
| Financial assets                 | 141 849             | 128 841        |
|                                  | <b>141 849</b>      | <b>128 841</b> |

\*Refer to 1(V).

ii. *Interest rate risk (continued)*

*Sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates would have the following effect on the statement of comprehensive income:

|                           | <b>Consolidated</b>           |                               |
|---------------------------|-------------------------------|-------------------------------|
|                           | <b>1% Increase<br/>\$'000</b> | <b>1% Decrease<br/>\$'000</b> |
| <b>30 June 2022</b>       |                               |                               |
| Variable rate instruments | 1 366                         | (281)                         |
| <b>Total</b>              | <b>1 366</b>                  | <b>(281)</b>                  |
| <b>30 June 2021*</b>      |                               |                               |
| Variable rate instruments | 1 111                         | (228)                         |
| <b>Total</b>              | <b>1 111</b>                  | <b>(228)</b>                  |

\*Refer to 1(V).

**iii. Equity price risk**

The Group is exposed to equity price risk. Any overall downturn in the equities market may impact on the future results of the Group as a whole, however the explicit form of this risk is borne by policyholders.

At the reporting date the carrying amount of the Group's assets exposed to equity price risk was:

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2022</b>         | <b>2021</b>      |
|  | <b>\$'000</b>       | <b>\$'000</b>    |
| <b>Financial assets at fair value through profit or loss</b> |                     |                  |
| Units in managed funds and equities <sup>1</sup>             | 1 921 870           | 1 652 660        |
|  | <b>1 921 870</b>    | <b>1 652 660</b> |

1. All risk relating to equity prices is borne by policyholders.

A change of 10% in equity prices would have the following effect on the statement of comprehensive income:

|  | <b>Consolidated</b> |                     |
|--|---------------------|---------------------|
|  | <b>10% Increase</b> | <b>10% Decrease</b> |
|  | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>30 June 2022</b>                              |                     |                     |
| Units in managed funds and equities <sup>1</sup> | 192 187             | (192 187)           |
|  | <b>192 187</b>      | <b>(192 187)</b>    |
| <b>30 June 2021</b>                              |                     |                     |
| Units in managed funds and equities <sup>1</sup> | 165 266             | (165 266)           |
|  | <b>165 266</b>      | <b>(165 266)</b>    |

1. All risk relating to equity prices is borne by policyholders.

**Insurance risk**

Insurance risk is the likelihood and financial impact of events which may occur that will expose the Group to financial loss and consequently the inability to meet its liabilities. Life insurance contract liabilities are calculated in accordance with actuarial standards.

The Group's objective is to satisfactorily manage these risks in line with the Risk Management Statement approved by the board. In addition, the Group's wholly owned subsidiary - Generation Life Limited receives advice from the Appointed Actuary, in accordance with APRA Prudential Standard LPS 310. The longevity risk is 100% reinsured to Hannover Life Re of Australia Limited (HLRA) and the Group carries no longevity risk. If mortality experience is lighter/heavier than allowed for in the determination of the Guaranteed Annual Income Units (GAIU) at policy inception, then any shortfall/excess of policyholder units held in the benefit fund are made up/released and passed onto the reinsurer.

**Solvency**

Solvency margin requirements established by actuarial professional standards and by regulators are in place to reinforce safeguards for policyholders' interests, being primarily the ability to meet future payments to Policyholders. The solvency requirement establishes the required excess of the value of the insurers' assets (at a Benefit Fund level) over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be maintained throughout the period, not just at period end. These solvency requirements take into account specific risks faced by the Group.

### Terms and conditions of insurance business

The table below provides an overview of the key variables upon which the timing and uncertainty of the future cash flows of the various life insurance and investment contracts on issue are determined.

| Type of contract                                     | Details of contract workings   | Nature of compensation for claims   | Key variables affecting timing and uncertainty of future cash flows               |
|--|--|---|---|
| Discretionary participating life insurance contracts | The sum insured is specified at inception and guaranteed. Bonuses are added annually, and can either be guaranteed or non-guaranteed (based on actuarial advice). A further terminal bonus may be added on surrender, death or maturity.                       | Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the sum insured.     | Mortality, surrenders, and market earnings on the assets backing the liabilities. |
| Discretionary participating investment contracts     | Gross value of premiums received is invested and investment management fees are deducted monthly. Bonuses are added annually and a further terminal bonus may be added on surrender, death or maturity.  | Annual bonuses are declared (by Actuary) from the surplus (carryforward surplus plus current year operating profit) and added to the account balance. | Surrenders, expenses and market earnings on the assets backing the liabilities.   |
| Unit linked investment contracts                     | Gross value of premiums received is invested in units and investment management fees are deducted monthly.   | Investment return is the earnings on the assets less any management fees.   | Market risk, expenses, withdrawals.   |
| Investment linked insurance contracts                | Guaranteed annuity income units when policyholder is insured against longevity risk but bears all the investment risk. The longevity risk is 100% reinsured to Hannover Life Re of Australia Limited (HLRA) and the Company carries no longevity risk overall. | Income is determined by the unit price of the chosen investment option on the guaranteed units and the survival of the policyholder.                  | Market risk, Reinsurer credit risk, expenses, withdrawals.                        |

## 4. Key management personnel

The Directors and other Key Management Personnel of the Group during 2022 were as follows:

### Directors

**Mr Robert Neil Coombe**

Non-Executive Chairman

**Mr William Eric Bessemer**

Non-Executive Director

**Ms Giselle Marie Collins**

Independent Non-Executive Director (appointed 18 November 2021)

**Mr Jonathan James Tooth**

Non-Executive Director (resigned 18 November 2021)

**Mr John David Wheeler**

Non-Executive Director (resigned 18 November 2021)

### Key Management Personnel

**Mr Grant Hackett OAM**

Chief Executive Officer Generation Life Limited

**Mr Terence Wong**

Chief Financial Officer

**Mr Felipe Araujo**

General Manager of Distribution, Marketing, and Operations

The aggregate compensation made to Directors and other Key Management Personnel of the Group is set out below:

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | <b>2022</b>         | <b>2021*</b>  |
|  | <b>\$'000</b>       | <b>\$'000</b> |
| Short-term employee benefits                           | 1 715               | 1 619         |
| Long-term employee benefits                            | 58                  | 33            |
| Share based payments                                   | 500                 | 664           |
| Post-employment benefits (superannuation contribution) | 74                  | 65            |
|  | <b>2 347</b>        | <b>2 381</b>  |

\*Refer to 1(V).

## 5. Revenue

The Group's main revenue streams are fee revenues earned from contracts with customers for life investment management and investment administration services.

### A. Revenue from contracts with customers

In the following table, revenue is disaggregated by type of service, major service lines and timing of revenue recognition.

|  | 2022<br>\$'000 | 2021*<br>\$'000 |
|--|----------------|-----------------|
| <b>Major service lines and type of service</b> |                |                 |
| Placement fee                                  | -              | 49              |
| Fee income - Funds administration              | 391            | 410             |
| Adviser fee                                    | 5 142          | 3 766           |
| Premium revenue for life insurance contracts   | 2 303          | 1               |
|  | <b>7 836</b>   | <b>4 226</b>    |
| <b>Timing of revenue recognition</b>           |                |                 |
| Services transferred over time                 | 4 745          | 3 707           |
| Services transferred at a point of time        | 3 091          | 519             |
|  | <b>7 836</b>   | <b>4 226</b>    |

\*Refer to 1(V).

**B. Interest income**

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Interest income   | 45             | 44             |
| Interest income in Benefit Funds - investment contracts | 387            | 529            |
| Interest income in Benefit Funds - insurance contracts  | 79             | 37             |
|   | <b>511</b>     | <b>610</b>     |

**C. Revaluation income**

|  | 2022<br>\$'000   | 2021<br>\$'000 |
|--|------------------|----------------|
| Realised gain / (loss) on sale of investments - Management Fund          | -                | 13             |
| Realised (loss) / gain on sale of investments - Benefit Funds            | (9 195)          | 27 661         |
| Foreign exchange gain / (loss)   | 320              | (1 325)        |
| Unrealised (loss) / gain on assets designated as FVTPL - Management Fund | (8)              | -              |
| Unrealised (loss) / gain on assets designated as FVTPL - Benefit Funds   | (269 541)        | 154 248        |
|  | <b>(278 424)</b> | <b>180 597</b> |

**D. Other income**

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Other income                             | 1 315          | 1 231          |
| Other income - Benefit Funds             | 63             | 44             |
| Revaluation of policyholders liabilities | 608            | 167            |
| Lease rental income                      | 118            | 73             |
|  | <b>2 104</b>   | <b>1 515</b>   |

**6. Investment in associates****Lonsec Holding Pty Ltd**

On 14 October 2020, the Group acquired a 37% interest in Lonsec Holding Pty Ltd (Lonsec), Australia's largest qualitative research firm whose research ratings are used by many fund managers, superannuation funds and dealer groups. Lonsec also has an investment solutions division.

On 1 July 2021 Lonsec undertook a selective buy-back and as a result, the Company's equity interest in Lonsec has increased to 41% from 37%. No additional consideration was made.

On 3 November 2021, the Group issued 9,499,007 fully paid ordinary shares in GDG (New Shares) to the existing vendors of Lonsec Holdings Pty Ltd, representing deferred consideration in connection with its acquisition in Lonsec on 14 October 2020.

During the year, there were transactions between the Group's wholly owned subsidiary - Generation Life Limited and Lonsec Holdings Pty Ltd, totalling to \$63,900 relating to the cost of independently reviewing investment strategies developed by Generation Life. The amount has been eliminated on consolidation.

### Claimfast Pty Ltd

On 19 October 2020, the Group acquired 20% interest in Claimfast Pty Ltd (trading as Remediator), Australia's newest consumer remediation service that helps Australians claim refunds from their bank and insurer if they have been mis-sold products or services, or paid for goods or services they did not need or never received.

During the financial year, the Group has invested an additional \$300,000, bringing its total value of investment to \$700,000 and maintaining its 20% interest. On 30 May 2022, its interest was diluted to 12% following additional capital subscription made by Claimfast that the Group did not participate. As a result, the Group no longer has significant influence and carries the investment at fair value through profit and loss (FVTPL).

### Carrying amount of investment in associates

A reconciliation of the carrying amount of investment in Lonsec and Claimfast is provided below:

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Opening balance at the beginning of financial year   | 28 277         | -              |
| Investment in associates at cost inclusive of deferred consideration and acquisition costs | -              | 27 697         |
| Share of profit / (loss)   | 364            | 580            |
| Additional investment in Claimfast   | 300            | -              |
| <b>Closing balance at end of financial year</b>  | <b>28 941</b>  | <b>28 277</b>  |

### Summarised financial information for associates for the year ended 30 June 2022

The following table summarises the financial information of Lonsec and Claimfast as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Lonsec. As noted above, the Group has a 12% interest in Claimfast as at 30 June 2022. The carrying amount of the Group's investment in Claimfast has been reduced to nil as at 30 June 2022 (2021: \$458k). The Group has recognised losses totalling \$458k, representing the Group's share of its investment in Claimfast up to 30 May 2022. Subsequently, the Group has not recognised losses totalling \$123k in relation to its interest in Claimfast because the Group has no obligation in respect of these losses.

**Summarised financial information for associates for the year ended 30 June 2022 (continued)**

|   | <b>Lonsec<br/>\$'000</b> |
|---|--------------------------|
| Cash and cash equivalents   | 12 446                   |
| Other current assets  | 5 803                    |
| Non-current assets  | 26 149                   |
| Total assets  | 44 398                   |
| Current financial liabilities   | 27 445                   |
| Non-current financial liabilities   | 3 436                    |
| Total liabilities   | 30 881                   |
| <b>Net assets (100%)</b>  | <b>13 517</b>            |
| <b>Share of net assets</b>  | <b>5 542</b>             |
| Goodwill included in carrying amount  | 23 399                   |
| <b>Carrying amount of investment in associates at end of financial year</b> | <b>28 941</b>            |
| Revenue   | 40 668                   |
| Expenses <sup>^</sup>   | (37 458)                 |
| Profit before income tax and interest                                       | 3 210                    |
| Interest income   | 110                      |
| Interest expense  | (416)                    |
| Tax expense   | (834)                    |
| <b>Total comprehensive income</b>   | <b>2 070</b>             |
| <b>Investment in associates - share of comprehensive income</b>             | <b>822</b>               |

<sup>^</sup> includes write-off of Lonsec's Research Reimagined Program.

## Summarised financial information for associates for the year ended 30 June 2021

|   | Lonsec <sup>1</sup><br>\$'000 | Claimfast <sup>2</sup><br>\$'000 |
|---|-------------------------------|----------------------------------|
| Cash and cash equivalents   | 12 053                        | 821                              |
| Other current assets  | 3 358                         | 98                               |
| Non-current assets  | 28 012                        | 42                               |
| Total assets  | 43 423                        | 961                              |
| Current financial liabilities   | 16 507                        | 70                               |
| Non-current financial liabilities   | 11 031                        | -                                |
| Total liabilities   | 27 538                        | 60                               |
| <b>Net assets (100%)</b>  | <b>15 885</b>                 | <b>901</b>                       |
| <b>Share of net assets</b>  | <b>5 877</b>                  | <b>180</b>                       |
| Goodwill included in carrying amount  | 22 242                        | -                                |
| <b>Carrying amount of investment in associates at end of financial year</b> | <b>28 119</b>                 | <b>180</b>                       |
| Revenue   | 32 868                        | 215                              |
| Expenses  | (28 326)                      | (1 349)                          |
| Profit before income tax and interest                                       | 4 542                         | (1 134)                          |
| Interest income   | 219                           | -                                |
| Interest expense  | (469)                         | -                                |
| Tax expense   | (310)                         | 35                               |
| <b>Total comprehensive income</b>   | <b>3 982</b>                  | <b>(1 099)</b>                   |
| <b>Investment in associates - share of comprehensive income</b>             | <b>822</b>                    | <b>(242)</b>                     |

1. The Group's share of profit from Lonsec for FY21 was for the period 14 October 2020 to 30 June 2021 with an interest of 37%.
2. The Group's share of loss from Claimfast for FY21 was for the period 19 October 2020 to 30 June 2021 with an interest of 20%.

## 7. Expenses

### A. Personnel expenses

|                               | 2022<br>\$'000 | 2021*<br>\$'000 |
|-------------------------------|----------------|-----------------|
| Salaries and related expenses | 13 106         | 10 142          |
| Share-based payments          | 753            | 838             |
| Employee share scheme         | -              | 53              |
|                               | <b>13 859</b>  | <b>11 033</b>   |

\*Refer to 1(V).

#### i. GDG Performance Rights LTI arrangements

Under the executive LTI plan awards were made to executives and other key talent who are able to influence the generation of shareholders wealth and thus have a direct impact on the Group's performance against long-term performance hurdles. The eligible participants are granted rights to shares based on a percentage of their base salary. On 30 June 2022, total number of rights granted was 1,383,459 valued at \$753,028. The number of rights actually vesting will only be known at the end of the measurement period once the performance hurdles reflected below are met. The Group has sole discretion to award the vested tranches of LTI as shares or cash. The share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in share-based payment reserve.

The summary of key valuation assumptions for grants granted in the year ending 30 June 2022 is set out below:

| Grant date                  | 30 June 2022           | 30 June 2021           |
|-----------------------------|------------------------|------------------------|
| Performance measure         | 50% TSR / 50% EPS      | 50% TSR / 50% EPS      |
| Fair value methodology      | Monte Carlo simulation | Monte Carlo simulation |
| Start of performance period | 1 July 2022            | 1 July 2021            |
| Testing date                | 30 June 2025           | 30 June 2024           |
| Measurement period          | 3 years                | 3 years                |
| Value of rights granted     | \$753 028              | \$601 590              |

**ii. GDG Performance Rights (GLI) Investment-linked lifetime annuity - LTI arrangement**

The GLI-LTI plan operates in the same manner as the Group's LTI plan, for certain executive employees, dependent on their position in the Group's remuneration framework. The performance measures approved by the Board for these employees are determined by the Generation Life investment-linked lifetime annuity product achieving a target FUM of \$700m (Target FUM) during the first 3 years of the measurement period. On 30 June 2021, the total number of rights granted was 1,234,569 valued at \$204,630. The number of right actually vesting will be known at the end of the measurement period once the performance hurdle is met. The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the measurement period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate. The share-based payment granted to employees is recognised as an expense, with a corresponding increase in share-based payment reserve. No further performance rights were granted under this plan in the year ending 30 June 2022.

Valuation assumption for grant in the year ending 30 June 2021 is set out below:

| <b>Grant date</b>           | <b>30 June 2021</b> |
|-----------------------------|---------------------|
| Performance measure         | FUM                 |
| Start of performance period | 1 July 2021         |
| Testing date                | 30 June 2024        |
| Measurement period          | 3.5 years           |
| Value of rights granted     | \$204 630           |

**B. Depreciation and amortisation expenses**

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Computer equipment                       | 158            | 121            |
| Other property plant and equipment       | 42             | 54             |
| Capitalised software                     | 330            | 287            |
| Depreciation - right of use assets (ROU) | 785            | 465            |
| Reversal of makegood – 15 William Street | -              | (95)           |
|  | <b>1 315</b>   | <b>832</b>     |

**C. Impairment expenses**

|                      | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------|----------------|----------------|
| Computer equipment   | -              | 9              |
| Other impairment     | -              | 20             |
| Capitalised software | -              | 60             |
|                      | -              | <b>89</b>      |

**D. Other expenses**

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Other expenses   | 10 104         | 7 083          |
| Other expenses in Benefit Funds - investment contracts | 186            | 178            |
| Other expenses in Benefit Funds - insurance contracts  | 1              | (1)            |
| Movement in Annuities Benefit Funds                    | 1 854          | -              |
|  | <b>12 145</b>  | <b>7 260</b>   |

## 8. Remuneration of auditors

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | <b>2022</b>         | <b>2021</b>   |
|  | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Audit services</b>  |                     |               |
| Audit and review of financial reports of the Group and Controlled Entities | 377                 | 342           |
| <b>Other Audit - Related Services</b>                                      |                     |               |
| Assurance services   | -                   | -             |
| <b>Non-Audit Services</b>  |                     |               |
| Other non-audit services (tax services)                                    | 4                   | 5             |
|  | <b>381</b>          | <b>347</b>    |

## 9. Income tax

At 30 June 2022 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

### A. Income tax recognised in profit and loss

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | <b>2022</b>         | <b>2021*</b>  |
|  | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Income tax expense / (benefit) comprises:</b>   |                     |               |
| <b>Current Tax</b>                                 |                     |               |
| Current income tax expense / (benefit)             | 4 978               | 21 642        |
| <b>Deferred tax (benefit) / expense</b>            |                     |               |
| Derecognition / (recognition) of tax losses        | 1 103               | (578)         |
| Derecognition / (recognition) of timing difference | (80 100)            | 44 952        |
|  | <b>(74 019)</b>     | <b>66 015</b> |

\*Refer to 1(V).

**B. Reconciliation of the prima facie income tax expense as pre-tax profit with the income tax expense charged to the income statement**

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2022</b>         | <b>2021</b>   |
|   | <b>\$'000</b>       | <b>\$'000</b> |
| (Loss) / profit before income tax attributable to shareholders      | 211 928             | 242 003       |
| Income tax (benefit) / expense calculated at 30% (2021: 30%)        | (63 578)            | 72 601        |
| Non-deductible expenses   | 11 849              | 6 231         |
| (Deductible expenses) / Assessable income                           | (1 042)             | (1 871)       |
| Non-assessable income   | (5 957)             | (4 447)       |
| Effect of 15% tax rate*   | (1 376)             | 2             |
| Amount paid on behalf of FuneralBond holders                        | 6                   | 3             |
| Prior year adjustment to current income tax expense                 | (88)                | -             |
| Change in unrecognised temporary differences                        | 94                  | (1 274)       |
| Franking dividends / foreign tax credits received                   | (13 143)            | (5 230)       |
| Prior year tax losses utilised                                      | (784)               | -             |
| <b>Income tax (benefit) / expense recognised in Profit and Loss</b> | <b>(74 019)</b>     | <b>66 015</b> |

\* There are 2 complying funds that have a 15% tax rate.

At 30 June 2022 neither Generation Development Group Limited nor any of its controlled entities were members of a tax consolidated group.

**C. Deferred Tax Assets**

Balance of deferred tax assets and movements during the year comprise of:

|                                       | Opening Balance<br>\$'000 | Consolidated<br>(Credited) / charged<br>to Income<br>\$'000 | Closing Balance<br>\$'000 |
|---------------------------------------|---------------------------|---|---------------------------|
| <b>2022</b>                           |                           |   |                           |
| Provision                             | 695                       | (332)   | 363                       |
| Unrealised losses on financial assets | 614                       | 43 481  | 44 095                    |
| Tax losses                            | 1 959                     | (1 103)   | 856                       |
|                                       | <b>3 268</b>              | <b>42 046</b>   | <b>45 314</b>             |
| <b>2021</b>                           |                           |   |                           |
| Provision                             | 144                       | 551   | 695                       |
| Unrealised losses on financial assets | 9 630                     | (9 016)   | 614                       |
| Tax losses                            | 1 804                     | 155   | 1959                      |
|                                       | <b>11 578</b>             | <b>(8 310)</b>  | <b>3 268</b>              |

Unrealised losses on financial assets will be reversed as markets recover and are borne by policyholders.

Deferred tax assets of \$856k has been recognised for carried forward income tax losses and is expected to be recovered through generation of future taxable profits.

**D. Deferred Tax Liabilities**

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2022</b>         | <b>2021</b>   |
|   | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Deferred tax liabilities comprise:</b>           |                     |               |
| Unrealised gains on financial assets                | 4 877               | 41 828        |
| <b>Total deferred tax liabilities - Non-current</b> | <b>4 877</b>        | <b>41 828</b> |

|                                      | <b>Opening Balance</b> | <b>Consolidated</b>            | <b>Closing Balance</b> |
|--------------------------------------|------------------------|--------------------------------|------------------------|
|                                      | <b>\$'000</b>          | <b>(Charged) / credited to</b> | <b>\$'000</b>          |
|                                      |                        | <b>Income</b>                  |                        |
|                                      |                        | <b>\$'000</b>                  |                        |
| <b>2022</b>                          |                        |                                |                        |
| Unrealised gains on financial assets | 41 828                 | (36 951)                       | 4 877                  |
|                                      | <b>41 828</b>          | <b>(36 951)</b>                | <b>4 877</b>           |
| <b>2021</b>                          |                        |                                |                        |
| Unrealised gains on financial assets | 5 893                  | 35 934                         | 41 828                 |
|                                      | <b>5 893</b>           | <b>35 934</b>                  | <b>41 828</b>          |

**PDF status update**

On 27 June 2022, the Group announced that the Innovation Investment Committee of Industry, Innovation and Science Australia (the PDF Committee) has advised that it has made an in principle decision to revoke GDG's PDF status. The PDF Committee invited GDG to provide submissions by 22 July 2022 as to why its PDF status should not be revoked. GDG disagrees with the in principle view of the PDF Committee and provided its submissions by the due date.

As at the date of these financial statements being issued, there have been no material developments in this matter.

## 10. Financial assets

|   | <b>Consolidated</b> |                  |
|---|---------------------|------------------|
|   | <b>2022</b>         | <b>2021</b>      |
|   | <b>\$'000</b>       | <b>\$'000</b>    |
| Financial assets carried at amortised cost - Term deposits (a)                  | 26 070              | 36 220           |
| Financial assets carried at fair value through profit or loss - Investments (b) | 1 977 769           | 1 689 975        |
| <b>Total Financial assets</b>   | <b>2 003 839</b>    | <b>1 726 195</b> |
| Current   | 2 003 839           | 1 726 195        |
| Non-current   | -                   | -                |
|   | <b>2 003 839</b>    | <b>1 726 195</b> |

(a) The term deposits have maturities ranging from three to twelve months

(b) Investments are amounts invested by the benefit funds in unlisted externally managed funds, listed securities and fixed interest assets

## 11. Other assets

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2022</b>         | <b>2021</b>   |
|   | <b>\$'000</b>       | <b>\$'000</b> |
| Accrued income  | 234                 | 204           |
| Accrued income - dividend and distribution receivable | 58 972              | 45 946        |
| Goods and Services tax receivable                     | 376                 | 443           |
| Prepayment  | 2 115               | 432           |
| <b>Total Other assets - Current</b>                   | <b>61 697</b>       | <b>47 025</b> |

## 12. Intangible assets

|  | Software*<br>\$'000 | Goodwill<br>\$'000 | Total<br>\$'000 |
|--|---------------------|--------------------|-----------------|
| <b>Gross Carrying Amount:</b>                          |                     |                    |                 |
| <b>Balance at 30 June 2020</b>                         | 1 431               | 547                | 1 978           |
| Additions  | 925                 | -                  | 925             |
| Disposals  | (198)               | -                  | (198)           |
| <b>Balance at 30 June 2021</b>                         | <b>2 158</b>        | <b>547</b>         | <b>2 705</b>    |
| Additions  | 1 722               | -                  | 1 722           |
| Disposals  | -                   | -                  | -               |
| <b>Balance at 30 June 2022</b>                         | <b>3 880</b>        | <b>547</b>         | <b>4 427</b>    |
| <b>Accumulated amortisation and impairment losses:</b> |                     |                    |                 |
| <b>Balance at 30 June 2020</b>                         | (453)               | -                  | (453)           |
| Amortisation expense                                   | (288)               | -                  | (288)           |
| Amortisation reversal on write-offs                    | 139                 | -                  | 139             |
| Impairment   | -                   | -                  | -               |
| <b>Balance at 30 June 2021</b>                         | <b>(602)</b>        | <b>-</b>           | <b>(602)</b>    |
| Amortisation expense                                   | (608)               | -                  | (608)           |
| Impairment   | -                   | -                  | -               |
| <b>Balance at 30 June 2022</b>                         | <b>(1 210)</b>      | <b>-</b>           | <b>(1 210)</b>  |
| <b>Carrying Amount (non-current):</b>                  |                     |                    |                 |
| As at 30 June 2022                                     | 2 670               | 547                | 3 217           |
| As at 30 June 2021                                     | 1 556               | 547                | 2 103           |
| As at 30 June 2020                                     | 978                 | 547                | 1 525           |

\* Refer to 1(V).

### Impairment testing for cash - generating units containing goodwill

For the purpose of impairment testing, all goodwill is allocated to the Generation Life business, which is designated as the Cash-Generating Unit for the purposes of evaluating any potential impairment (the “CGU”). The recoverable amounts for the CGU have been determined based on its value in use, determined by discounting the forecasted future cash flows to be generated from the continuing use of the CGU, covering a period of five years. Cash flows were projected assuming the continuation of the present cost structure. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

The key assumptions used in the calculation of the value in use were the average revenue growth rate, discount rate and the terminal value growth rate. The assumptions employed represent the Group’s assessment of future trends and have been based on data from both internal and external sources:

- Average 5-year revenue growth rate of 25% (2021: 25%) - Board approved 5-year business plan
- A pre-tax discount rate of 10.8% (2021: 12.5%) - market estimate of the weighted average cost of capital of the Group
- Terminal growth rate of 3% (2021: 3%) - long-term average growth rate for the industry

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. As at 30 June 2022, the recoverable amount of the CGU was most sensitive to changes in the average revenue growth rate and discount rate. Based on the sensitivity analysis performed, if the average growth rate fell below 11.7%, it would result in the carrying amount of the CGU to exceed the recoverable amount. Management notes that at a pre-tax discount rate at 20%, the recoverable amount still exceeds the carrying value. Management continues to monitor the estimates to assess whether there is any impact to the carrying value of the CGU.

## 13. Provisions

### Employee entitlements

The provision for employee entitlements represents the total benefits accrued to employees for annual leave and long service leave. The calculation of this provision has been performed in accordance with accounting policy note 1(R).

### Claims

The provisions for claims relates to the acquisition by Generation Life Limited of Manchester Unity Limited in the 2006 financial year. When Generation Life acquired Manchester Unity, Manchester Unity Policyholders were entitled to a \$330 once off demutualisation benefit. The provision represents the estimated amounts owing to Policyholders who have not claimed their demutualisation benefit at balance date, as calculated by the independent appointed actuary.

### Office leasehold restoration

The provision for office restoration represents the estimated cost to vacate and return the leased office premises to the property landlord in satisfaction of its lease agreement. It is expected that the provision will be utilised at lease expiry.

|   | Employee Entitlements<br>\$'000 | Consolidated<br>Claims<br>\$'000 | Office Restoration<br>\$'000 | Total<br>\$'000 |
|---|---------------------------------|----------------------------------|------------------------------|-----------------|
| <b>2022</b>                             |                                 |                                  |                              |                 |
| Balance at 1 Jul 2021                   | 876                             | 10                               | 204                          | 1 090           |
| Made during the year                    | 785                             | -                                | -                            | 785             |
| Used / released during the year         | (437)                           | (2)                              | -                            | (439)           |
| <b>Total provisions at 30 June 2022</b> | <b>1 224</b>                    | <b>8</b>                         | <b>204</b>                   | <b>1 436</b>    |
| <b>Current</b>                          | 1 082                           | 8                                | -                            | 1 090           |
| <b>Non-current</b>                      | 142                             | -                                | 204                          | 346             |
| <b>2021</b>                             |                                 |                                  |                              |                 |
| Balance at 1 Jul 2020                   | 635                             | 14                               | 125                          | 774             |
| Made during the year                    | 523                             | -                                | 204                          | 727             |
| Used / released during the year         | (282)                           | (4)                              | (125)                        | (411)           |
| <b>Total provisions at 30 June 2021</b> | <b>876</b>                      | <b>10</b>                        | <b>204</b>                   | <b>1 090</b>    |
| <b>Current</b>                          | 787                             | 10                               | -                            | 797             |
| <b>Non-current</b>                      | 89                              | -                                | 204                          | 293             |

## 14. Issued capital

|   | Consolidated 2022  |               | Consolidated 2021  |               |
|---|--------------------|---------------|--------------------|---------------|
|   | Number             | \$'000        | Number             | \$'000        |
| <b>Fully Paid Ordinary Shares</b>           |                    |               |                    |               |
| Balance at beginning of financial year      | 176 051 600        | 79 118        | 125 644 887        | 45 207        |
| Issued during the year <sup>1,2</sup>       | 9 988 598          | 9 399         | 50 406 713         | 33 911        |
| <b>Balance at end of the financial year</b> | <b>186 040 198</b> | <b>88 517</b> | <b>176 051 600</b> | <b>79 118</b> |

1. On 3 November 2021, the Group issued 9,499,007 fully paid ordinary shares to the existing vendors of Lonsec Holdings Pty Ltd, valued at \$6,649k, representing deferred consideration in connection with its acquisition in Lonsec on 14 October 2020.
2. 243,968 shares, valued at \$128k, were issued during the year under Dividend Reinvestment Plan (DRP).

## 15. Retained earnings

|  | 2022                            |                                       |                 | 2021                            |                                       |                 |
|--|---------------------------------|---------------------------------------|-----------------|---------------------------------|---------------------------------------|-----------------|
|  | Profits reserve Total<br>\$'000 | Accumulated losses<br>Total<br>\$'000 | Total<br>\$'000 | Profits reserve Total<br>\$'000 | Accumulated losses<br>Total<br>\$'000 | Total<br>\$'000 |
| Opening balance at beginning of financial year   | 12 547                          | (44 427)                              | (31 880)        | 7 212                           | (38 640)                              | (31 428)        |
| Net profit / (loss) attributable to shareholders | 7 507                           | (5 606)                               | 1 901           | 8 353                           | (5 820)                               | 2 533           |
| Dividends paid                                   | (3 622)                         | -                                     | (3 622)         | (3 017)                         | -                                     | (3 017)         |
| Other items                                      | -                               | 98                                    | 98              | -                               | 32                                    | 32              |
| <b>Closing balance at end of financial year</b>  | <b>16 432</b>                   | <b>(49 935)</b>                       | <b>(33 503)</b> | <b>12 548</b>                   | <b>(44 428)</b>                       | <b>(31 880)</b> |

The profits reserve represents accumulated profit of the parent entity to preserve their profit character. Such profits are available to enable payment of franked dividends in the future should the Directors declare by resolution.

## 16. Earnings Per Share

|   | Consolidated            |                         |
|---|-------------------------|-------------------------|
|   | 2022<br>Cents per Share | 2021<br>Cents per Share |
| <b>Earnings per Share:</b>  |                         |                         |
| Basic   | 1.04                    | 1.55                    |
| Diluted   | 1.04                    | 1.55                    |
|   | <b>2022<br/>\$'000</b>  | <b>2021<br/>\$'000</b>  |
| The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows: |                         |                         |
| Earnings used for basic and diluted earnings per share calculations   | 1 901                   | 2 533                   |
| Weighted average number of ordinary shares for the purposes of basic EPS  | 182 664 051             | 163 403 779             |
| Weighted average number of ordinary shares for the purposes of diluted EPS  | 182 667 841             | 163 411 593             |

## 17. Dividends

A final fully franked dividend of \$1,762,972 (one cent per ordinary share) for 2021 was paid on 6 October 2021. An interim fully franked dividend of \$1,859,394 (one cent per ordinary share) for 2022 was paid on 8 April 2022. The dividend was paid out of the Profits Reserve. The DRP was in operation for both these dividends.

|                            | <b>Consolidated</b> |               |
|----------------------------|---------------------|---------------|
|                            | <b>2022</b>         | <b>2021</b>   |
|                            | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Recognised Amounts:</b> |                     |               |
| Dividends paid             | 3 622               | 3 017         |
|                            | <b>3 622</b>        | <b>3 017</b>  |

### Franking credits

Franking credits available to the Group and subsidiaries based on the tax rate of 30% are as follows:

|  | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Generation Development Group Limited   | 1 876         | 3 429         |
| Austock Financial Services Pty Limited | 10 837        | 10 837        |
| Generation Life Limited                | 14            | 14            |
| Bonds Custodian Pty Limited            | 24            | 24            |
|  | <b>12 751</b> | <b>14 304</b> |

## 18. Right-of-use assets / Lease liabilities

Information about leases for which the Group is a lessee is presented below:

### A. Right-of-use assets

|   | Rental Premises<br>\$'000 | Office Equipments<br>\$'000 | Total<br>\$'000 |
|---|---------------------------|-----------------------------|-----------------|
| Balance as at 1 July 2021                       | 4 898                     | 71                          | 4 969           |
| Depreciation charge for the year                | (751)                     | (33)                        | (784)           |
| Additions to right-of-use lease assets          | -                         | -                           | -               |
| Derecognition of right-of-use lease assets      | -                         | -                           | -               |
| <b>Balance as at 30 June 2022 (non-current)</b> | <b>4 147</b>              | <b>38</b>                   | <b>4 185</b>    |

|   | Rental Premises<br>\$'000 | Office Equipments<br>\$'000 | Total<br>\$'000 |
|---|---------------------------|-----------------------------|-----------------|
| Balance as at 1 July 2020                       | 374                       | 104                         | 478             |
| Depreciation charge for the year                | (432)                     | (33)                        | (465)           |
| Additions to right-of-use lease assets          | 4 956                     | -                           | 4 956           |
| Derecognition of right-of-use lease assets      | -                         | -                           | -               |
| <b>Balance as at 30 June 2021 (non-current)</b> | <b>4 898</b>              | <b>71</b>                   | <b>4 969</b>    |

**B. Lease liabilities**

|                                   | Rental Premises<br>\$'000 | Office Equipments<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|---------------------------|-----------------------------|-----------------|
| Balance as at 1 July 2021         | 4 721                     | 70                          | 4 791           |
| Cash lease payments               | (620)                     | (34)                        | (654)           |
| Finance lease interest            | 100                       | 1                           | 101             |
| <b>Balance as at 30 June 2022</b> | <b>4 201</b>              | <b>37</b>                   | <b>4 238</b>    |
| <b>Current</b>                    | <b>624</b>                | <b>31</b>                   | <b>655</b>      |
| <b>Non-current</b>                | <b>3 577</b>              | <b>6</b>                    | <b>3 583</b>    |
|                                   | Rental Premises<br>\$'000 | Office Equipments<br>\$'000 | Total<br>\$'000 |
| Balance as at 1 July 2020         | 385                       | 103                         | 488             |
| Cash lease payments               | (423)                     | (34)                        | (457)           |
| Finance lease interest            | 6                         | 1                           | 7               |
| Additions to lease liabilities    | 4 753                     | -                           | 4 753           |
| <b>Balance as at 30 June 2021</b> | <b>4 721</b>              | <b>70</b>                   | <b>4 791</b>    |
| <b>Current</b>                    | <b>521</b>                | <b>31</b>                   | <b>552</b>      |
| <b>Non-current</b>                | <b>4 200</b>              | <b>39</b>                   | <b>4 239</b>    |

**C. Lease liabilities - Maturity analysis of contractual discounted cash flows**

|   | Rental Premises <sup>1</sup><br>\$'000 | Office Equipments <sup>2</sup><br>\$'000 | Total<br>\$'000 |
|---|--|--|-----------------|
| Amounts due in less than one year                 | 624                                    | 31                                       | 655             |
| Amounts due between one and five years            | 2 804                                  | 6  | 2 810           |
| Amounts due in greater than five years            | 773                                    | -  | 773             |
| <b>Total lease liabilities as at 30 June 2022</b> | <b>4 201</b>                           | <b>37</b>                                | <b>4 238</b>    |

|   | Rental Premises <sup>1</sup><br>\$'000 | Office Equipments <sup>2</sup><br>\$'000 | Total<br>\$'000 |
|---|--|--|-----------------|
| Amounts due in less than one year                 | 521                                    | 31                                       | 552             |
| Amounts due between one and five years            | 3 361                                  | 39                                       | 3 400           |
| Amounts due in greater than five years            | 839                                    | -  | 839             |
| <b>Total lease liabilities as at 30 June 2021</b> | <b>4 721</b>                           | <b>70</b>                                | <b>4 791</b>    |

1. The Group entered into a 7 year lease agreement with CBUS for part level 17/447 Collins Street with occupancy commencing on 18 June 2021, and a 2 year lease agreement with CBRE for 2 office suites in Sydney with occupancy commencing on 1 February 2021.
2. Office Equipments relate to the 5 year leases for photocopying equipments, expiring on 20 August 2023.

## 19. Contingent liabilities

### Banking facilities

The Group has the following finance facilities with National Australia Bank Limited:

- Direct debit facility of \$10,000,000 (2021: \$10,000,000) to be used for clients' accounts as part of the Generation Life business
- Electronic channel facility of \$5,000,000 (2021: \$5,000,000) to allow for transactions to be debited in the clearing account when funds are in the process of being cleared; and
- NAB credit card facilities of \$150,000 (2021: \$150,000) used by senior staff for business travel and client entertainment.

The above direct debit facility and the NAB credit card facility are backed by term deposits of \$120,000 and \$150,000 respectively.

The Company has issued letters of support in respect of certain of its subsidiaries in the normal course of business. Under these letters, the Company undertakes to ensure that those subsidiaries continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

### Bank guarantee

The Group has the following bank guarantees in respect of its office tenancies:

- Bank guarantee of \$29,337 in respect of the office at Suite 211, Level 2 and Suite 116, Level 1 of 165-167, Phillip Street, Sydney.
- Bank guarantee of \$492,383 in respect of the office at Level 17, 447 Collins Street, Melbourne.

## 20. Controlled entities

| Name of Entity  | Country of Incorporation | 2022 Ownership Interest | 2021 Ownership Interest |
|---|--------------------------|-------------------------|-------------------------|
| <b>Parent entity</b>  |                          |                         |                         |
| Generation Development Group Limited  | Australia                | -                       | -                       |
| <b>Controlled entities</b>  |                          |                         |                         |
| Generation Life Limited   | Australia                | 100%                    | 100%                    |
| Austock Nominees Pty Limited  | Australia                | 100%                    | 100%                    |
| Austock Financial Services Pty Limited  | Australia                | 100%                    | 100%                    |
| Bonds Custodian Pty Limited   | Australia                | 100%                    | 100%                    |
| Austock Capital Management Pty Limited  | Australia                | 100%                    | 100%                    |
| Generation Development Services Pty Limited (formerly Ascalon Capital Managers Pty Limited) | Australia                | 100%                    | 100%                    |

## 21. Related parties

### A. Equity interests in related entities

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 to the financial statements.

### B. Transactions with key management personnel

In addition, the following transactions occurred between the ultimate parent entity and the controlled entities of the Group and key management personnel:

- Directors and their family members have invested in the Benefit Funds managed by Generation Life Limited. These investments were undertaken on commercial terms. The value of these investments as at 30 June 2022 is \$1,611,096 (2021: \$3,624,186).

### C. Transactions within the wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly owned group; and
- Wholly owned controlled entities.

The ultimate parent entity in the wholly owned group is Generation Development Group Limited.

During the year the parent entity has provided services and operating infrastructure as part of general management assistance to its controlled entities on normal commercial terms and conditions no more favourable than those available to other parties dealing on an arm's length basis. Services include: board and company secretarial, information systems support, accounting and financial services, and human resources services. Operating infrastructure comprises premises, fittings and furniture, computer hardware and software, and communication facilities. The following transactions occurred with its wholly owned controlled entities and are eliminated on consolidation:

- Provided management assistance services for a cost of \$3,133,430 (2021: \$3,070,770).
- Provided sales force services on commercial arm's length terms for a total value of \$15,924,955 (2021: nil).
- Acquired 559,908 shares for consideration of \$14,999,916 (2021: 74,654 shares for consideration of \$1,999,981).

### D. Transactions with other related parties

During the year, there were transactions between the Group's wholly owned subsidiary - Generation Life Limited and Lonsec Holdings Pty Ltd, totalling to \$26,199 relating to the cost of independently reviewing investment strategies developed by Generation Life. Transactions are conducted on an arm's length basis under normal commercial terms and conditions. Apart from that, there were no other transactions with related parties for the year ended 30 June 2022.

## 22. Notes to the Statement of Cash Flows

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | <b>2022</b>         | <b>2021*</b>  |
|  | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Reconciliation of the operating profit / (loss) after tax to the net cash flows from operations</b> |                     |               |
| (Loss) / profit from ordinary activities after tax   | (138 029)           | 175 988       |
| Depreciation and amortisation  | 1 315               | 922           |
| Deferred consideration   | 6 649               | -             |
| Share-based payments   | -                   | 743           |
| Employee share scheme  | -                   | 53            |
| Interest income / term deposit   | (46)                | (930)         |
| Revaluation of investment  | 1 413               | (167)         |
| Ongoing policyholder deduction   | (4 354)             | (3 242)       |
| Net contribution by policyholders  | 529 888             | 314 712       |
| Investment in associates   | 300                 | (3 905)       |
| <b>Change in assets and liabilities</b>  |                     |               |
| (Increase) / decrease in receivables   | (7 473)             | 251           |
| (Increase) / decrease in other assets  | (14 250)            | (19 534)      |
| (Increase) / decrease in financial assets  | (277 645)           | (506 679)     |
| (Increase) / decrease in income tax asset  | (2 388)             | (1 623)       |
| (Increase) / decrease in deferred tax asset  | (42 045)            | 8 310         |
| (Decrease) / increase in deferred tax liability  | (36 951)            | 35 935        |
| Increase / (decrease) in payables  | 3 891               | 5 307         |
| Increase / (decrease) in provisions  | 345                 | 324           |
| Increase / (decrease) in other liabilities   | 748                 | 3 050         |
| (Decrease) / increase in income tax liability  | (16 399)            | 17 131        |
| <b>Net cash flow provided / (used) in operating activities</b>   | <b>4 969</b>        | <b>26 646</b> |

\* Refer to 1(V).

## 23. Financial instruments

Excluding policyholder assets and liabilities, there are no financial instruments recognised and measured at fair value. The Group has determined that the carrying values of financial instruments carried at amortised cost approximate fair value. These financial instruments are represented by cash and cash equivalents, trade receivables, interest in term deposits and trade payables, which are short term in nature or are floating rate instruments that are re-priced on or near the end of the reporting period.

### Classification and measurement

The Group classifies its financial assets into the following measurement categories:

- (a) financial assets held at fair value through profit or loss, and
- (b) amortised cost.

Financial liabilities are classified as either held at fair value through profit or loss, or held at amortised cost.

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

### Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and settle the liability simultaneously. There are no financial assets and financial liabilities that are offset in the Group's statement of financial position, or are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

### Fair value hierarchy - financial instruments at fair value

The table below shows the valuation methods for different levels of financial instruments by fair value hierarchy.

**Level 1:** Fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities. This comprises listed securities.

**Level 2:** Fair value for units in managed unlisted funds are calculated using disclosed offer prices provided from the responsible entity through third party data or directly from the responsible entity. Fair value from fixed interest assets where the principle prices are derived from the most liquid over the counter markets are provided via a reputable third party data vendor.

**Level 3:** Fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

|  | Level 1<br>\$'000 | Level 2<br>\$'000  | Level 3<br>\$'000 | Total<br>\$'000    |
|--|-------------------|--------------------|-------------------|--------------------|
| <b>30 June 2022</b>  |                   |                    |                   |                    |
| Listed Securities  | 800 435           | -                  | -                 | 800 435            |
| Units in externally managed unlisted funds and fixed interest assets | -                 | 1 177 334          | -                 | 1 177 334          |
| <b>Financial assets at fair value through profit or loss</b>         | <b>800 435</b>    | <b>1 177 334</b>   | <b>-</b>          | <b>1 977 769</b>   |
| Policyholder Liabilities   | -                 | (2 162 145)        | -                 | (2 162 145)        |
| <b>Financial liabilities at a fair value through profit or loss</b>  | <b>-</b>          | <b>(2 162 145)</b> | <b>-</b>          | <b>(2 162 145)</b> |
| <b>30 June 2021</b>  |                   |                    |                   |                    |
| Listed Securities  | 642 897           | -                  | -                 | 642 897            |
| Units in externally managed unlisted funds                           | -                 | 1 047 078          | -                 | 1 047 078          |
| <b>Financial assets at fair value through profit or loss</b>         | <b>642 897</b>    | <b>1 047 078</b>   | <b>-</b>          | <b>1 689 975</b>   |
| Policyholder Liabilities   | -                 | (1 775 120)        | -                 | (1 775 120)        |
| <b>Financial liabilities at a fair value through profit or loss</b>  | <b>-</b>          | <b>(1 775 120)</b> | <b>-</b>          | <b>(1 775 120)</b> |

During the financial year ended 30 June 2021, investments in the Level 2 hierarchy was transferred to Level 1 investments. The value of these investments amounted to \$457,819,728 as at 30 June 2021.

## 24. Actuarial assumptions and methods - Life Insurance contracts

Ms Caroline Bennet FIAA, the Appointed Actuary, has reviewed and satisfied herself as to the accuracy of the data from which the amounts of the policyholder liabilities have been determined and that the amount of such liabilities is consistent with the relevant actuarial standards and legislation in Australia. Further, she has considered the requirements of LPS700 Paragraph 11 in relation to the proposed distribution of surplus and provided advice to the Board that the proposed bonus declaration has considered the relevant requirements.

There has been no changes to the key assumption categories during the financial year ended 30 June 2022 (2021: nil) that may have effects on the profit and retained earnings. The key assumption categories are as follows:

- a. discount rate
- b. future bonus rate
- c. mortality rates
- d. discontinuance rates
- e. maintenance expenses

**Reconciliation of changes in Oddfellows and Assurance life insurance liabilities**

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Life insurance liability at the beginning of the year  | 7 025          | 7 273          |
| Actuarial Revaluation                                  | (608)          | (167)          |
| Payment of terminal bonus                              | -              | -              |
| Allocation of bonus                                    | -              | -              |
| Payment of terminated fund                             | -              | (81)           |
| <b>Life insurance liability at the end of the year</b> | <b>6 417</b>   | <b>7 025</b>   |

The payment of the terminated fund (Assurance) occurred in prior financial year.

**Reconciliation of changes in LifeIncome life insurance liabilities**

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Life insurance liability at the beginning of the year  | -              | -              |
| Premium received                                       | 2 303          | -              |
| Revaluation  | (245)          | -              |
| Annuity payment  | (33)           | -              |
| <b>Life insurance liability at the end of the year</b> | <b>2 025</b>   | <b>-</b>       |

Please refer to Note 29 for further details of the policy liabilities of the 25 insurance funds. LifeIncome Funds commenced on 22 March 2022.

**Allocation of profits/losses**

A Life Insurance contract profit of \$nil (2021: \$nil) and the allocation of bonus of \$nil (2021: \$nil) has been provided for in the provision of final bonus to policyholders.

## Insurance risks

The Assurance Fund was terminated in June 2021. Whilst the Oddfellows Fund is classified as an insurance fund, this fund no longer carries any mortality insurance risk. The appointed actuary has calculated the best estimate liability arising from these contracts. The Group maintains sufficient assets to meet these liabilities. The key assumptions for the policy liability calculation have been a discount rate based on the expected future earnings on the assets and future mortality, resignations and retirements. As at year end, these assumptions were:

### Oddfellows Fund

|   | 2022  | 2021  |
|---|---|---|
| Discount rate   | 3.70%   | 1.65%   |
| Inflation rate  | n/a   | n/a   |
| Mortality   | Australian Life Tables<br>2010-2012 less 40%  | Australian Life Tables<br>2010-2012 less 40%  |
| Morbidity   | n/a   | n/a   |
| Future maintenance and investment management expense                              | 2.00%   | 2.00%   |
| Taxation rates  | 0%  | 0%  |
| Rates of discontinuance   | 0%  | 0%  |
| Surrender values  | n/a   | n/a   |
| Rates of future supportable participating benefits                                | Terminal bonus at \$164.00 per member   | Terminal bonus at \$164.00 per member   |
| Crediting policy adopted in determining future supportable participating benefits | Allocation of surplus above statutory requirements as non-guaranteed terminal bonus | Allocation of surplus above statutory requirements as non-guaranteed terminal bonus |

Note: Oddfellows Fund is now effectively a contribution accumulation fund.

**Lifeline Benefit Funds**

|   | 2022  | 2021 |
|---|---|------|
| Discount rate   | 2.5% or 5.0% Lifeline Booster Rate plus 0.35% mortality provision   | n/a  |
| Inflation rate  | n/a   | n/a  |
| Mortality   | HR_AUS_2017 Life Tables with annual mortality improvement factors less 0-55%-for males and 0-65% for female | n/a  |
| Morbidity   | n/a   | n/a  |
| Future maintenance and investment management expense (as a percentage of assets)  | 0.92%   | n/a  |
| Taxation rates  | 0%  | n/a  |
| Rates of discontinuance   | 0%  | n/a  |
| Surrender values  | n/a   | n/a  |
| Rates of future supportable participating benefits                                | n/a   | n/a  |
| Crediting policy adopted in determining future supportable participating benefits | n/a   | n/a  |

Note: Lifeline Funds commenced on 22 March 2022.

## 25. Net policy liabilities - Life insurance contracts

|   | Oddfellows Fund |                |                |                |
|---|-----------------|----------------|----------------|----------------|
|   | Current basis   |                | Previous basis |                |
|   | 2022<br>\$'000  | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>Insurance contract policy liabilities</b>                            |                 |                |                |                |
| <b>Best estimate liability</b>  |                 |                |                |                |
| Value of future policy benefits   | 4 107           | 4 469          | 5 188          | 5 596          |
| Less value of future contributions                                      | -               | -              | -              | -              |
| Value of future expenses  | 2 416           | 2 553          | 1 334          | 1 426          |
|   | <b>6 523</b>    | <b>7 022</b>   | <b>6 522</b>   | <b>7 022</b>   |
| <b>Value of future profits</b>  |                 |                |                |                |
| Policy owner bonuses (Current year unallocated surplus is not included) | (106)           | 3              | (106)          | 3              |
|   | <b>(106)</b>    | <b>3</b>       | <b>(106)</b>   | <b>3</b>       |
| Total value of declared bonuses   | -               | -              | -              | -              |
| <b>Total net policy liabilities</b>                                     | <b>6 417</b>    | <b>7 025</b>   | <b>6 416</b>   | <b>7 025</b>   |

|  | Lifeline Funds |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | Current basis  |                | Previous basis |                |
|  | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| <b>Insurance contract policy liabilities</b>                           |                |                |                |                |
| <b>Best estimate liability</b>   |                |                |                |                |
| Value of future policy benefits  | 1 836          | -              | -              | -              |
| Less value of future contributions                                     | -              | -              | -              | -              |
| Value of future expenses   | 189            | -              | -              | -              |
|  | <b>2 025</b>   | -              | -              | -              |
| <b>Value of future profits</b>   |                |                |                |                |
| Shareholder profits (Current year unallocated surplus is not included) | -              | -              | -              | -              |
|  | -              | -              | -              | -              |
| Total value of declared bonuses  | -              | -              | -              | -              |
| <b>Total net policy liabilities</b>                                    | <b>2 025</b>   | -              | -              | -              |

## 26. Capital Adequacy

The Group manages its capital to ensure that its wholly owned subsidiary - Generation Life Limited will be able to continue as a going concern while maximising the return to stakeholders. Generation Life Limited has an Internal Capital Adequacy Assessment Plan (ICAAP) which includes its capital management plans that has been approved by the board in accordance with APRA Prudential Standards. The table below represents the number of times coverage of the aggregated of all benefit funds in Generation Life Limited over the prescribed capital amount. The financial position of each individual fund is disclosed in note 29.

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Assets Available for Prudential Capital Requirement</b>                |                |                |
| (a) Capital Base  | 11 653         | 6 140          |
| (b) Prescribed capital amount   | 8 723          | 4 833          |
| Capital in excess of prescribed capital amount = (a) - (b)                | 2 930          | 1 307          |
| <b>Capital adequacy multiple (%) (a) / (b)</b>                            | <b>134%</b>    | <b>127%</b>    |
| <b>Capital Base comprises:</b>  |                |                |
| Net Assets  | 43 969         | 26 474         |
| Regulatory adjustment applied in calculation of Tier 1 capital            | (32 316)       | (20 443)       |
| <b>(A) Common Equity Tier 1 Capital</b>                                   | <b>11 653</b>  | <b>6 031</b>   |
| Additional Tier 1 Capital   | -              | -              |
| Regulatory adjustment applied in calculation of Additional Tier 1 capital | -              | -              |
| <b>(B) Total Additional Tier 1 Capital</b>                                | <b>-</b>       | <b>-</b>       |
| Tier 2 Capital  | -              | 109            |
| Regulatory adjustment applied in calculation of Tier 2 capital            | -              | -              |
| <b>(C) Total Tier 2 Capital</b>   | <b>-</b>       | <b>109</b>     |
| <b>Total capital base</b>   | <b>11 653</b>  | <b>6 140</b>   |

## 27. Parent Entity Disclosures

As at and throughout the financial year ended 30 June 2022 the parent company of the Group was Generation Development Group Limited.

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Results of the Parent Entity</b>                        |                |                |
| Profit / (Loss) for the period                             | 7 507          | 8 352          |
| Total comprehensive income for the period                  | <b>7 507</b>   | <b>8 352</b>   |
| <b>Financial Position of the Parent Entity at Year End</b> |                |                |
| Current assets   | 8 858          | 15 239         |
| <b>Total assets</b>  | <b>113 884</b> | <b>102 235</b> |
| Current liabilities  | (7 731)        | (7 659)        |
| <b>Total liabilities</b>                                   | <b>(7 990)</b> | <b>(7 873)</b> |
| <b>Net assets</b>  | <b>105 894</b> | <b>94 363</b>  |
| <b>Total equity of the parent entity comprising of:</b>    |                |                |
| Share capital  | 88 517         | 79 119         |
| Financial asset reserve                                    | 34 925         | 34 925         |
| Share-based payment  | 1 244          | 3 087          |
| Accumulated losses   | (18 792)       | (22 768)       |
| Total equity   | <b>105 894</b> | <b>94 363</b>  |

## 27. Parent Entity Disclosures (continued)

### Parent entity contingencies

Other than the contingent liabilities disclosed in note 19 to the financial statements, the parent entity does not have any contingencies at 30 June 2022 (2021: \$nil).

### Parent entity capital commitments for acquisition of property, plant and equipment

The parent entity does not have any capital commitments to acquire property, plant and equipment at 30 June 2022 (2021: \$nil).

### Parent entity guarantees in respect of its subsidiaries

The Company has issued letters of support in respect of certain subsidiaries in the normal course of business. Under these letters, the Company undertakes to ensure that those subsidiaries continue to meet their regulatory capital obligations subject to caps and certain conditions including that the entity remains a controlled entity of the Company.

## 28. Subsequent Events

On 21 July 2022, the Group's associate, Lonsec entered into an agreement to acquire 100% of Implemented Portfolio Limited.

On 22 July 2022, the Group provided its submissions of its disagreement with the in principle view of the PDF Committee to revoke GDG's PDF status. As at the date of these financial statements being issued, there have been no material developments in this matter.

The Company declared a final fully franked 2022 dividend of \$0.01 per ordinary share on 29 August 2022 to be paid on 6 October 2022. The dividend is to be paid out of the Profits Reserve. The Company's Dividend Reinvestment Plan (DRP) has been activated for this dividend.

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the Consolidated Financial Statements that has significantly or may significantly affect the operations of the group, the result of those operations, or state of the Group's affairs in future financial periods.

## 29. Disaggregated information by fund

The financial information by individual benefit funds are set out below. The solvency requirements are all nil as a result of the APRA Prudential Capital Requirements and Prudential Standard LPS 110 Paragraph 46.

|                                       | Funeral Fund \$ | Heritage Investment Bond Fund \$ | Investment Bond ^ \$ | Cash Achiever ^ \$ | Deferred Annuity 39 \$ | Deferred Annuity 46 \$ | Druids Funeral Fund \$ | Druids Flexi Fund \$ |
|---------------------------------------|-----------------|----------------------------------|----------------------|--------------------|------------------------|------------------------|------------------------|----------------------|
| <i>Non-Investment Linked ("N-IL")</i> |                 |                                  |                      |                    |                        |                        |                        |                      |
| <b>2022</b>                           |                 |                                  |                      |                    |                        |                        |                        |                      |
| Financial assets                      | 591,200         | 2,811,860                        | -                    | -                  | 393,602                | 49,455                 | 4,402,568              | 3,907,142            |
| Other assets                          | 2,371           | 27,587                           | -                    | -                  | 4,258                  | 1,217                  | 15,540                 | 33,114               |
| Policy liabilities                    | 540,363         | 2,657,577                        | -                    | -                  | 354,976                | 48,174                 | 4,266,341              | 3,772,646            |
| Other liabilities                     | 53,208          | 181,870                          | -                    | -                  | 42,884                 | 2,498                  | 151,767                | 167,610              |
| Retained earnings                     | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Issued capital                        | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Premium revenue                       | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Investment income                     | 7,519           | 37,997                           | -                    | -                  | 7,499                  | 1,427                  | 48,520                 | 44,951               |
| Claims expense                        | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Other expenses                        | 11,887          | 20,862                           | -                    | -                  | 11,186                 | 2,304                  | 44,984                 | 40,579               |
| Realised gain/(loss)                  | (285)           | (1,628)                          | -                    | -                  | (3,382)                | (1,133)                | (1,221)                | (1,600)              |
| Unrealised gain/(loss)                | (10,573)        | (53,039)                         | -                    | -                  | (6,323)                | (621)                  | (68,572)               | (63,024)             |
| Actuarial gain/(loss)                 | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Operating profit/(loss) before tax    | (15,226)        | (37,532)                         | -                    | -                  | (10,979)               | (1,931)                | (66,257)               | (60,252)             |
| Operating profit/(loss) after tax     | (14,448)        | (29,765)                         | -                    | -                  | (8,666)                | (1,508)                | (61,265)               | (51,111)             |
| Solvency requirement (\$'000)         | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Solvency reserve ratio                | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| <b>2021</b>                           |                 |                                  |                      |                    |                        |                        |                        |                      |
| Financial assets                      | 630,737         | 3,115,623                        | -                    | -                  | 607,029                | 124,150                | 4,572,436              | 4,188,588            |
| Other assets                          | -               | 804                              | -                    | -                  | 1,156                  | 795                    | 1,239                  | 1,288                |
| Policy liabilities                    | 629,767         | 3,106,403                        | -                    | -                  | 607,437                | 120,493                | 4,569,867              | 4,179,962            |
| Other liabilities                     | 970             | 10,024                           | -                    | -                  | 748                    | 4,452                  | 3,808                  | 9,914                |
| Retained earnings                     | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Issued capital                        | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Premium revenue                       | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Investment income                     | 3,320           | 16,226                           | 4,854                | 2,807              | 3,782                  | 325                    | 25,273                 | 21,259               |
| Claims expense                        | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Other expenses                        | 13,803          | 24,093                           | 25,736               | 14,871             | 12,084                 | 3,296                  | 47,159                 | 42,904               |
| Realised gain/(loss)                  | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Unrealised gain/(loss)                | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Actuarial gain/(loss)                 | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Operating profit/(loss) before tax    | (10,483)        | (7,866)                          | (22,830)             | (13,343)           | (7,618)                | (2,972)                | (21,886)               | (21,645)             |
| Operating profit/(loss) after tax     | (10,483)        | (12,360)                         | (17,737)             | (10,074)           | (6,476)                | (2,527)                | (21,886)               | (28,023)             |
| Solvency requirement (\$'000)         | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |
| Solvency reserve ratio                | -               | -                                | -                    | -                  | -                      | -                      | -                      | -                    |

^ Received APRA approval for the termination of the Fund in December 2021.

|                                    | No. 1<br>Cash &<br>Deposits<br>\$ | No. 2<br>Aust Fixed<br>Interest<br>\$ | No. 3<br>Aust<br>Credit<br>\$ | No. 4<br>Int'l Fixed<br>Interest<br>\$ | No. 5 Prop.<br>Securities<br>\$ | No. 5A<br>Int'l Prop.<br>Securities<br>\$ | No. 5B<br>Global<br>Infrastructure<br>\$ |
|------------------------------------|-----------------------------------|---------------------------------------|-------------------------------|--|---------------------------------|---|--|
| <i>Investment Linked ("IL")</i>    |                                   |                                       |                               |  |                                 |   |  |
| <b>2022</b>                        |                                   |                                       |                               |  |                                 |   |  |
| Financial assets                   | 62,925,971                        | 29,449,672                            | 7,949,567                     | 40,056,134                             | 13,628,821                      | 12,766,350                                | 50,833,998                               |
| Other assets                       | 111,880                           | 1,419,037                             | 607,519                       | 1,656,581                              | 1,715,161                       | 93,049                                    | 1,037,975                                |
| Policy liabilities                 | 57,317,735                        | 30,917,703                            | 8,430,748                     | 41,613,596                             | 14,949,720                      | 12,817,555                                | 51,074,547                               |
| Other liabilities                  | 5,720,116                         | (48,994)                              | 126,338                       | 99,119                                 | 394,262                         | 41,844                                    | 797,426                                  |
| Retained earnings                  | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Issued capital                     | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Premium revenue                    | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Investment income                  | 62,497                            | 201,064                               | 334,061                       | 223,696                                | 1,535,296                       | 170,593                                   | 1,973,797                                |
| Claims expense                     | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Other expenses                     | 94,184                            | 299,266                               | 82,445                        | 387,100                                | 131,497                         | 125,502                                   | 454,024                                  |
| Realised gain/(loss)               | (5,434)                           | (498,397)                             | (103,974)                     | (239,667)                              | (45,381)                        | (29,789)                                  | (205,782)                                |
| Unrealised gain/(loss)             | (21,467)                          | (3,709,477)                           | (1,049,683)                   | (4,609,004)                            | (1,321,027)                     | (1,853,033)                               | 1,124,367                                |
| Actuarial gain/(loss)              | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Operating profit/(loss) before tax | (58,588)                          | (4,306,076)                           | (902,040)                     | (5,012,075)                            | 37,390                          | (1,837,731)                               | 2,438,358                                |
| Operating profit/(loss) after tax  | (69,267)                          | (3,104,033)                           | (656,162)                     | (3,624,583)                            | 10,170                          | (1,302,527)                               | 1,572,276                                |
| Solvency requirement (\$'000)      | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Solvency reserve ratio             | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| <b>2021</b>                        |                                   |                                       |                               |  |                                 |   |  |
| Financial assets                   | 37,532,899                        | 33,166,512                            | 8,691,231                     | 41,194,008                             | 11,750,807                      | 12,075,941                                | 42,244,609                               |
| Other assets                       | 2,145                             | 176,861                               | 311,794                       | 127,074                                | 343,684                         | 348,224                                   | 872,242                                  |
| Policy liabilities                 | 37,518,496                        | 33,249,467                            | 8,895,315                     | 41,089,152                             | 12,084,906                      | 11,724,582                                | 42,652,666                               |
| Other liabilities                  | 16,548                            | 93,906                                | 107,710                       | 231,930                                | 9,585                           | 699,583                                   | 464,185                                  |
| Retained earnings                  | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Issued capital                     | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Premium revenue                    | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Investment income                  | 34,116                            | 457,388                               | 350,615                       | 1,009,703                              | 449,687                         | 504,720                                   | 1,665,151                                |
| Claims expense                     | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Other expenses                     | 148,625                           | 290,070                               | 81,951                        | 358,849                                | 92,619                          | 96,986                                    | 349,036                                  |
| Realised gain/(loss)               | (166)                             | (34,704)                              | (15,294)                      | (31,721)                               | (372,894)                       | (53,486)                                  | (241,973)                                |
| Unrealised gain/(loss)             | 121                               | (257,354)                             | (171,356)                     | 103,250                                | 1,475,753                       | 2,403,149                                 | 1,390,485                                |
| Actuarial gain/(loss)              | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Operating profit/(loss) before tax | (60,680)                          | (114,566)                             | 82,544                        | 734,428                                | 1,462,598                       | 2,758,993                                 | 2,473,612                                |
| Operating profit/(loss) after tax  | (70,901)                          | (164,165)                             | 33,354                        | 410,059                                | 1,019,067                       | 1,930,420                                 | 1,720,149                                |
| Solvency requirement (\$'000)      | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |
| Solvency reserve ratio             | -                                 | -                                     | -                             | -                                      | -                               | -   | -  |

|                                    | No. 6<br>Aust Shares<br>\$ | No. 6A<br>Aust Shares<br>Long Short<br>\$ | No. 7<br>Aust Shares<br>Small Cap.<br>\$ | No. 8<br>Int'l<br>Shares<br>\$ | No. 8A<br>Int'l Shares<br>Growth<br>\$ | No. 9<br>Int'l Shares<br>Small Cap.<br>\$ | No. 10<br>Diversified<br>Growth<br>\$ | No. 10A<br>Absolute<br>Return<br>Income<br>\$ | No. 10B<br>Diversified<br>Balanced<br>\$ |
|------------------------------------|----------------------------|---|--|--------------------------------|--|---|---------------------------------------|---|--|
| <i>IL</i>                          |                            |   |  |                                |  |   |                                       |   |  |
| <b>2022</b>                        |                            |   |  |                                |  |   |                                       |   |  |
| Financial assets                   | 47,217,501                 | 4,372,827                                 | 20,840,171                               | 95,123,513                     | 16,801,331                             | 15,954,874                                | 27,575,736                            | 13,788,201                                    | 9,969,533                                |
| Other assets                       | 5,780,422                  | 273,085                                   | 2,998,721                                | 432,762                        | 868,571                                | 728,228                                   | 3,698,095                             | 402,172                                       | 442,265                                  |
| Policy liabilities                 | 52,018,026                 | 4,666,046                                 | 23,325,427                               | 95,179,695                     | 17,510,634                             | 16,112,103                                | 30,652,259                            | 14,095,136                                    | 10,394,775                               |
| Other liabilities                  | 979,897                    | (20,134)                                  | 513,465                                  | 376,580                        | 159,268                                | 570,999                                   | 621,572                               | 95,237  | 17,023                                   |
| Retained earnings                  | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Issued capital                     | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Premium revenue                    | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Investment income                  | 5,502,652                  | 71,780                                    | 2,624,691                                | 1,329,366                      | 602,922                                | 635,304                                   | 2,649,274                             | 286,523                                       | 284,950                                  |
| Claims expense                     | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Other expenses                     | 486,496                    | 27,240                                    | 236,275                                  | 2,487,393                      | 154,829                                | 157,981                                   | 280,030                               | 116,303                                       | 67,485                                   |
| Realised gain/(loss)               | (124,277)                  | (38,735)                                  | (50,718)                                 | (3,114,080)                    | (93,018)                               | (34,693)                                  | (102,381)                             | (36,928)                                      | (78,609)                                 |
| Unrealised gain/(loss)             | (4,343,343)                | (417,701)                                 | (4,813,876)                              | (9,713,203)                    | (2,205,989)                            | (2,458,044)                               | (5,168,544)                           | (402,372)                                     | (811,105)                                |
| Actuarial gain/(loss)              | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Operating profit/(loss) before tax | 548,535                    | (411,896)                                 | (2,476,177)                              | (13,462,669)                   | (1,850,914)                            | (2,015,414)                               | (2,901,681)                           | (269,080)                                     | (672,248)                                |
| Operating profit/(loss) after tax  | 749,310                    | (263,959)                                 | (1,637,152)                              | (10,025,487)                   | (1,318,347)                            | (1,533,562)                               | (1,984,945)                           | (223,247)                                     | (466,789)                                |
| Solvency requirement (\$'000)      | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Solvency reserve ratio             | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| <b>2021</b>                        |                            |   |  |                                |  |   |                                       |   |  |
| Financial assets                   | 50,408,266                 | 2,669,839                                 | 24,170,428                               | 113,927,016                    | 13,116,846                             | 15,958,918                                | 27,061,524                            | 11,406,028                                    | 3,913,785                                |
| Other assets                       | 2,198,520                  | 59,459                                    | 170,810                                  | 77,412                         | 464,158                                | 541,157                                   | 2,816,671                             | 397,794                                       | 72,929                                   |
| Policy liabilities                 | 52,150,796                 | 2,636,845                                 | 23,889,651                               | 110,301,297                    | 13,030,305                             | 15,283,197                                | 28,774,959                            | 11,682,913                                    | 3,925,080                                |
| Other liabilities                  | 455,990                    | 92,453                                    | 451,587                                  | 3,703,131                      | 550,699                                | 1,216,878                                 | 1,103,236                             | 120,909                                       | 61,634                                   |
| Retained earnings                  | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Issued capital                     | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Premium revenue                    | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Investment income                  | 2,707,517                  | 245                                       | 348,078                                  | 1,131,696                      | 464,173                                | 585,787                                   | 2,831,207                             | 419,162                                       | 139,476                                  |
| Claims expense                     | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Other expenses                     | 441,816                    | 20,281                                    | 197,327                                  | 2,314,660                      | 78,341                                 | 123,361                                   | 251,806                               | 97,630  | 35,458                                   |
| Realised gain/(loss)               | (336,965)                  | 340,358                                   | (80,401)                                 | 1,090,129                      | (52,433)                               | (16,180)                                  | (15,478)                              | (7,724)                                       | 1,096                                    |
| Unrealised gain/(loss)             | 6,758,617                  | (115,896)                                 | 5,086,548                                | 10,941,914                     | 1,769,586                              | 4,005,440                                 | 2,478,059                             | (232,154)                                     | 180,271                                  |
| Actuarial gain/(loss)              | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Operating profit/(loss) before tax | 8,692,335                  | 204,926                                   | 5,162,876                                | 9,904,361                      | 2,108,373                              | 4,453,040                                 | 5,045,538                             | 83,424  | 289,167                                  |
| Operating profit/(loss) after tax  | 6,251,915                  | 150,304                                   | 4,285,291                                | 6,378,608                      | 1,470,165                              | 3,209,854                                 | 3,535,407                             | 29,639  | 198,558                                  |
| Solvency requirement (\$'000)      | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |
| Solvency reserve ratio             | -                          | -   | -  | -                              | -                                      | -   | -                                     | -   | -  |

|                                    | No. 11<br>Aust Shares<br>Index<br>\$ | No. 11A Int'l<br>Shares Index<br>(Unhedged)<br>\$ | No. 12<br>Int'l Shares<br>Index<br>(Hedged)<br>\$ | No. 12A<br>Aust Fixed<br>Interest<br>Index<br>\$ | No. 12B<br>Prop. Sec<br>Index<br>\$ | No. 12C<br>Diversified<br>Conservative<br>Index<br>\$ | No. 12D<br>Diversified<br>Growth Index<br>\$ | No. 13 Credit<br>Securities<br>\$ | No. 14 Aust<br>Large<br>Companies<br>Shares<br>\$ |
|------------------------------------|--------------------------------------|---|---|--|-------------------------------------|---|--|-----------------------------------|---|
|                                    | IL                                   |   |   |  |                                     |   |  |                                   |   |
| <b>2022</b>                        |                                      |   |   |  |                                     |   |  |                                   |   |
| Financial assets                   | 119,764,631                          | 57,181,237  | 50,258,472  | 32,098,733                                       | 34,443,100                          | 108,959,172   | 238,114,700                                  | 15,255,556                        | 3,664,126   |
| Other assets                       | 8,756,201                            | 2,852,340   | 1,187,966   | 1,421,633  | 1,019,491                           | 5,298,057   | 9,818,262                                    | 612,747                           | 209,196   |
| Policy liabilities                 | 127,339,023                          | 58,698,905  | 50,746,781  | 33,388,442                                       | 35,227,489                          | 113,412,754   | 246,556,602                                  | 15,841,249                        | 3,778,176   |
| Other liabilities                  | 1,181,809                            | 1,334,671   | 699,657   | 131,924  | 235,102                             | 844,475   | 1,376,359                                    | 27,054                            | 95,146  |
| Retained earnings                  | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Issued capital                     | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Premium revenue                    | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Investment income                  | 11,063,644                           | 2,573,438   | 965,716   | 585,169  | 953,888                             | 2,244,530   | 7,210,059                                    | 366,978                           | 210,887   |
| Claims expense                     | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Other expenses                     | 1,327,266                            | 585,056   | 521,495   | 333,794  | 373,612                             | 814,440   | 1,632,653                                    | 133,176                           | 26,098  |
| Realised gain/(loss)               | (239,166)                            | (171,731)   | (284,596)   | (351,349)  | (212,990)                           | (602,928)   | (209,607)                                    | (81,340)                          | (11,067)  |
| Unrealised gain/(loss)             | (20,392,079)                         | (6,905,075)                                       | (7,697,851)                                       | (3,974,984)                                      | (5,628,969)                         | (12,907,026)  | (31,352,912)                                 | (672,546)                         | (433,578)   |
| Actuarial gain/(loss)              | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Operating profit/(loss) before tax | (10,894,866)                         | (5,088,424)                                       | (7,538,226)                                       | (4,074,958)                                      | (5,261,683)                         | (12,079,864)  | (25,985,113)                                 | (520,083)                         | (259,857)   |
| Operating profit/(loss) after tax  | (6,221,986)                          | (3,627,187)                                       | (5,433,207)                                       | (2,945,608)                                      | (3,773,138)                         | (8,491,018)   | (17,665,404)                                 | (402,444)                         | (189,432)   |
| Solvency requirement (\$'000)      | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Solvency reserve ratio             | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| <b>2021</b>                        |                                      |   |   |  |                                     |   |  |                                   |   |
| Financial assets                   | 123,636,748                          | 49,520,997  | 45,941,348  | 31,371,087                                       | 33,502,217                          | 101,420,897   | 186,039,940                                  | 13,073,971                        | 1,604,783   |
| Other assets                       | 3,446,195                            | 2,098,975   | 8,910,271   | 562,186  | 316,423                             | 1,021,930   | 2,882,283                                    | 75,033                            | 7,285   |
| Policy liabilities                 | 120,133,633                          | 48,331,030  | 49,465,694  | 31,626,565                                       | 32,335,797                          | 100,698,136   | 182,442,109                                  | 13,074,574                        | 1,579,755   |
| Other liabilities                  | 6,949,310                            | 3,288,942   | 5,385,925   | 306,708  | 1,482,843                           | 1,744,691   | 6,480,114                                    | 74,430                            | 32,313  |
| Retained earnings                  | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Issued capital                     | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Premium revenue                    | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Investment income                  | 4,976,935                            | 2,095,907   | 8,948,585   | 963,621  | 747,372                             | 6,084,632   | 9,504,403                                    | 342,809                           | 16,287  |
| Claims expense                     | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Other expenses                     | 1,026,350                            | 396,113   | 416,935   | 314,842  | 270,537                             | 689,444   | 1,122,260                                    | 104,309                           | 18,088  |
| Realised gain/(loss)               | (114,065)                            | (82,729)  | 21,247  | (70,728)   | (243,185)                           | 3,203,747   | 3,120,040                                    | (24,885)                          | 53,101  |
| Unrealised gain/(loss)             | 20,950,741                           | 7,916,849   | 4,464,706   | (1,135,988)                                      | 7,499,333                           | (2,604,318)   | 14,425,734                                   | 7,894                             | 236,192   |
| Actuarial gain/(loss)              | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Operating profit/(loss) before tax | 24,817,640                           | 9,548,303   | 13,025,638  | (549,785)  | 7,739,583                           | 6,029,347   | 25,963,823                                   | 226,512                           | 287,867   |
| Operating profit/(loss) after tax  | 17,788,482                           | 6,647,663   | 9,068,027   | (471,917)  | 5,343,650                           | 4,123,896   | 18,229,984                                   | 129,985                           | 203,734   |
| Solvency requirement (\$'000)      | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |
| Solvency reserve ratio             | -                                    | -   | -   | -  | -                                   | -   | -  | -                                 | -   |

|                                    | No. 14A Term<br>Deposits<br>\$ | No. 14B Short<br>Term Fixed<br>Interest<br>\$ | No. 15 Aust<br>Shares<br>\$ | No. 16<br>Geared Aust<br>Shares<br>\$ | No. 17 Int'l<br>Shares<br>\$ | No. 18<br>Mortgage *<br>\$ | No. 19<br>Diversified<br>Growth<br>\$ | No. 20<br>Industrial<br>Shares<br>\$ | No. 21 Aust<br>Shares ESG<br>\$ |
|------------------------------------|--------------------------------|---|-----------------------------|---------------------------------------|------------------------------|----------------------------|---------------------------------------|--------------------------------------|---------------------------------|
|                                    | IL                             |   |                             |                                       |                              |                            |                                       |                                      |                                 |
| <b>2022</b>                        |                                |   |                             |                                       |                              |                            |                                       |                                      |                                 |
| Financial assets                   | 69,992,377                     | 9,976,582                                     | 29,093,027                  | 15,861,580                            | 15,725,411                   | -                          | 32,275,350                            | 12,581,746                           | 23,365,097                      |
| Other assets                       | 142,693                        | 82,363  | 115,570                     | 6,987,027                             | 109,422                      | -                          | 10,611,369                            | 924,728                              | 372,222                         |
| Policy liabilities                 | 70,057,917                     | 10,016,155                                    | 28,114,624                  | 21,608,285                            | 14,298,999                   | -                          | 40,555,625                            | 13,509,376                           | 23,095,089                      |
| Other liabilities                  | 77,153                         | 42,790  | 1,093,973                   | 1,240,322                             | 1,535,834                    | -                          | 2,331,094                             | (2,902)                              | 642,230                         |
| Retained earnings                  | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Issued capital                     | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Premium revenue                    | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Investment income                  | 218,216                        | 130,125                                       | 1,425,795                   | 7,395,693                             | 177,554                      | -                          | 8,418,677                             | 310,307                              | 2,761,161                       |
| Claims expense                     | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Other expenses                     | 353,154                        | 52,939  | 602,162                     | 234,417                               | 137,794                      | -                          | 378,463                               | 271,745                              | 237,579                         |
| Realised gain/(loss)               | -                              | (29,810)                                      | 2,465,520                   | (22,640)                              | (26,131)                     | -                          | (8,310)                               | 498,522                              | (178,172)                       |
| Unrealised gain/(loss)             | -                              | (231,621)                                     | (4,503,724)                 | (10,027,015)                          | (347,277)                    | -                          | (8,353,862)                           | (6,650,775)                          | (4,236,060)                     |
| Actuarial gain/(loss)              | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Operating profit/(loss) before tax | (134,937)                      | (184,246)                                     | (1,199,496)                 | (2,888,378)                           | (333,647)                    | -                          | (321,958)                             | (6,113,691)                          | (1,890,650)                     |
| Operating profit/(loss) after tax  | (200,402)                      | (144,854)                                     | (649,858)                   | (1,321,233)                           | (253,248)                    | -                          | (122,559)                             | (4,298,800)                          | (1,149,517)                     |
| Solvency requirement (\$'000)      | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Solvency reserve ratio             | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| <b>2021</b>                        |                                |   |                             |                                       |                              |                            |                                       |                                      |                                 |
| Financial assets                   | 65,162,993                     | 10,321,114                                    | 29,235,126                  | 24,449,078                            | 13,256,870                   | -                          | 37,420,426                            | 20,319,270                           | 23,627,152                      |
| Other assets                       | 63,612                         | 59,223  | 141,886                     | 476,436                               | -                            | -                          | 4,076,225                             | 49,725                               | -                               |
| Policy liabilities                 | 65,105,771                     | 10,318,828                                    | 27,203,296                  | 22,662,027                            | 11,653,868                   | -                          | 40,220,542                            | 18,423,281                           | 21,924,125                      |
| Other liabilities                  | 120,834                        | 61,509  | 2,173,716                   | 2,263,487                             | 1,603,002                    | -                          | 1,276,109                             | 1,945,714                            | 1,703,027                       |
| Retained earnings                  | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Issued capital                     | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Premium revenue                    | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Investment income                  | 447,952                        | 144,661                                       | 577,439                     | 546,934                               | 15                           | -                          | 4,111,791                             | 312,307                              | 761,569                         |
| Claims expense                     | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Other expenses                     | 372,429                        | 49,330  | 498,217                     | 167,809                               | 101,695                      | -                          | 346,479                               | 608,495                              | 177,931                         |
| Realised gain/(loss)               | -                              | (2,275)                                       | 549,508                     | (314,016)                             | 61,396                       | -                          | (132,957)                             | 1,208,691                            | (30,788)                        |
| Unrealised gain/(loss)             | -                              | 113,222                                       | 7,145,670                   | 12,100,377                            | 3,400,517                    | -                          | 3,497,332                             | 4,023,959                            | 6,011,545                       |
| Actuarial gain/(loss)              | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Operating profit/(loss) before tax | 83,113                         | 209,216                                       | 7,717,556                   | 12,167,693                            | 3,361,865                    | -                          | 7,131,413                             | 4,940,453                            | 6,567,524                       |
| Operating profit/(loss) after tax  | (51,273)                       | 132,533                                       | 5,354,871                   | 9,429,111                             | 2,323,286                    | -                          | 4,948,071                             | 3,331,751                            | 4,683,730                       |
| Solvency requirement (\$'000)      | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |
| Solvency reserve ratio             | -                              | -   | -                           | -                                     | -                            | -                          | -                                     | -                                    | -                               |

\* This is a dormant fund.

|                                    | No 22.<br>Diversified<br>Growth<br>\$ | No 23. Aust<br>Income<br>\$ | No 24.<br>Diversified<br>Growth<br>\$ | No 25.<br>Mortgages<br>\$ | No 26.<br>Diversified<br>Conservative<br>\$ | No 27. Growth<br>ESG Model<br>\$ | No 28 World<br>Equity Trust<br>\$ | No 29<br>Worldwide<br>Sustainability<br>\$ | No 30.<br>Diversified<br>High Growth<br>Index<br>\$ |
|------------------------------------|---------------------------------------|-----------------------------|---------------------------------------|---------------------------|---|----------------------------------|-----------------------------------|--|---|
| <i>IL</i>                          |                                       |                             |                                       |                           |   |                                  |                                   |  |   |
| <b>2022</b>                        |                                       |                             |                                       |                           |   |                                  |                                   |  |   |
| Financial assets                   | 73,256,189                            | 10,580,319                  | 131,673,109                           | 3,152,830                 | 10,463,669                                  | 4,261,863                        | 11,082,985                        | 3,635,507                                  | 155,997,258   |
| Other assets                       | 4,290,832                             | 62,906                      | 7,288,114                             | 29,978                    | 1,346,281                                   | 808,283                          | 1,662,223                         | 580,294                                    | 7,121,536   |
| Policy liabilities                 | 76,410,815                            | 10,393,109                  | 137,836,655                           | 3,170,978                 | 11,515,083                                  | 5,108,209                        | 12,628,480                        | 4,140,079                                  | 161,887,931   |
| Other liabilities                  | 1,136,206                             | 250,116                     | 1,124,568                             | 11,830                    | 294,868                                     | (38,064)                         | 116,728                           | 75,722                                     | 1,230,863   |
| Retained earnings                  | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Issued capital                     | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Premium revenue                    | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Investment income                  | 5,090,577                             | 725,457                     | 2,622,537                             | 99,225                    | 1,075,166                                   | 147,820                          | 237,050                           | 287,822                                    | 5,075,318   |
| Claims expense                     | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Other expenses                     | 746,183                               | 174,815                     | 993,025                               | 28,513                    | 86,162                                      | 28,640                           | 43,901                            | 18,711                                     | 948,278   |
| Realised gain/(loss)               | (103,010)                             | 505,804                     | (529,178)                             | -                         | (1,702)                                     | (236,978)                        | (40,433)                          | (115,280)                                  | (143,367)   |
| Unrealised gain/(loss)             | (10,612,351)                          | (1,058,675)                 | (14,647,916)                          | (2)                       | (1,344,679)                                 | (565,392)                        | (1,424,709)                       | (1,217,142)                                | (20,438,759)  |
| Actuarial gain/(loss)              | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Operating profit/(loss) before tax | (6,370,967)                           | (2,229)                     | (13,547,582)                          | 70,711                    | (357,377)                                   | (683,190)                        | (1,271,993)                       | (1,063,311)                                | (16,455,087)  |
| Operating profit/(loss) after tax  | (4,444,010)                           | 126,037                     | (9,144,201)                           | 40,944                    | (250,086)                                   | (476,084)                        | (859,645)                         | (844,660)                                  | (11,013,291)  |
| Solvency requirement (\$'000)      | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Solvency reserve ratio             | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| <b>2021</b>                        |                                       |                             |                                       |                           |   |                                  |                                   |  |   |
| Financial assets                   | 76,138,239                            | 8,914,949                   | 135,771,149                           | 2,664,663                 | 8,867,678                                   | 312,215                          | 436,448                           | 174,314                                    | 94,219,858  |
| Other assets                       | 4,827,686                             | 55,515                      | 1,939,561                             | 21,658                    | 266,539                                     | 9,070                            | 8,685                             | 19,959                                     | 1,699,967   |
| Policy liabilities                 | 76,554,498                            | 8,625,891                   | 128,421,605                           | 2,664,681                 | 8,947,672                                   | 318,345                          | 441,328                           | 189,015                                    | 91,403,281  |
| Other liabilities                  | 4,411,427                             | 344,573                     | 9,289,105                             | 21,640                    | 186,545                                     | 2,940                            | 3,805                             | 5,258                                      | 4,516,544   |
| Retained earnings                  | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Issued capital                     | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Premium revenue                    | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Investment income                  | 5,190,518                             | 269,791                     | 8,890,969                             | 86,333                    | 319,733                                     | 9,212                            | 8,685                             | 16,782                                     | 3,805,565   |
| Claims expense                     | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Other expenses                     | 684,644                               | 141,470                     | 800,941                               | 24,019                    | 75,181                                      | 1,319                            | 814                               | 903  | 536,591   |
| Realised gain/(loss)               | (77,369)                              | 111,694                     | 19,835,526                            | -                         | (2,830)                                     | 697                              | -                                 | -  | 272,729   |
| Unrealised gain/(loss)             | 8,870,937                             | 885,040                     | (3,929,531)                           | -                         | 424,290                                     | (175)                            | 4,536                             | (10,591)                                   | 10,373,418  |
| Actuarial gain/(loss)              | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Operating profit/(loss) before tax | 13,304,814                            | 1,125,248                   | 24,006,524                            | 62,928                    | 667,274                                     | 9,405                            | 12,796                            | 6,114                                      | 13,999,276  |
| Operating profit/(loss) after tax  | 9,286,915                             | 659,894                     | 16,659,960                            | 37,028                    | 451,409                                     | 6,721                            | 9,247                             | 4,257                                      | 9,874,373   |
| Solvency requirement (\$'000)      | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |
| Solvency reserve ratio             | -                                     | -                           | -                                     | -                         | -   | -                                | -                                 | -  | -   |

|                                    | No.31<br>Diversified<br>Balanced<br>Index<br>\$ | No. 32<br>Diversified<br>Conservative<br>\$ | No. 33<br>Diversified<br>Balanced<br>\$ | No. 34<br>Diversified<br>High Growth<br>\$ | No. 35<br>Tax Effective<br>Equity<br>\$ | No. 36 Int.<br>Shares<br>Emerging<br>Mkts<br>\$ | No. 37<br>Diversified<br>Fixed<br>Income<br>\$ | No. 38 Aust<br>Shares<br>Concentrated<br>\$ | No. 39<br>Aust Shares<br>Sustainability<br>\$ |
|------------------------------------|---|---|---|--|---|---|--|---|---|
| <i>IL</i>                          |   |   |   |  |   |   |  |   |   |
| <b>2022</b>                        |   |   |   |  |   |   |  |   |   |
| Financial assets                   | 135,487,333                                     | 4,574,380                                   | 8,229,777                               | 5,710,438                                  | 30,489,674                              | 7,689,704                                       | 9,021,311                                      | 36,854,076                                  | 5,079,682                                     |
| Other assets                       | 6,460,665                                       | 219,552                                     | 530,907                                 | 779,787                                    | 837,053                                 | 766,370   | 915,131  | 4,932,040                                   | 346,959                                       |
| Policy liabilities                 | 141,355,260                                     | 4,775,241                                   | 8,674,257                               | 6,360,207                                  | 31,486,752                              | 8,450,423                                       | 9,753,178                                      | 41,460,011                                  | 5,395,366                                     |
| Other liabilities                  | 592,738   | 18,691                                      | 86,427                                  | 130,018                                    | (160,025)                               | 5,652   | 183,264  | 326,105                                     | 31,274  |
| Retained earnings                  | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Issued capital                     | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Premium revenue                    | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Investment income                  | 3,414,128                                       | 142,941                                     | 382,971                                 | 536,884                                    | 1,757,220                               | 200,401   | 691,436  | 2,062,254                                   | 403,273                                       |
| Claims expense                     | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Other expenses                     | 905,310   | 29,696                                      | 66,360                                  | 50,238                                     | 320,106                                 | 64,591  | 43,721   | 375,129                                     | 46,849  |
| Realised gain/(loss)               | (633,714)                                       | (53,270)                                    | (17,592)                                | (16,452)                                   | (1,594,992)                             | (178,164)                                       | (6,834)  | (73,722)                                    | (31,846)                                      |
| Unrealised gain/(loss)             | (17,682,212)                                    | (301,516)                                   | (857,988)                               | (1,064,837)                                | (2,722,672)                             | (2,193,829)                                     | (648,625)                                      | (14,232,857)                                | (1,057,845)                                   |
| Actuarial gain/(loss)              | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Operating profit/(loss) before tax | (15,807,108)                                    | (241,540)                                   | (558,969)                               | (594,644)                                  | (2,880,550)                             | (2,236,182)                                     | (7,744)  | (12,619,454)                                | (733,267)                                     |
| Operating profit/(loss) after tax  | (10,930,729)                                    | (171,134)                                   | (396,643)                               | (400,520)                                  | (1,666,430)                             | (1,576,409)                                     | (18,531)                                       | (8,614,122)                                 | (487,645)                                     |
| Solvency requirement (\$'000)      | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Solvency reserve ratio             | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| <b>2021</b>                        |   |   |   |  |   |   |  |   |   |
| Financial assets                   | 90,202,645                                      | 2,062,047                                   | 5,737,439                               | 3,973,096                                  | 16,688,838                              | 5,994,484                                       | 1,536,073                                      | 30,332,246                                  | 3,920,331                                     |
| Other assets                       | 1,170,096                                       | 93,123                                      | 296,478                                 | 343,277                                    | 144,124                                 | 429,609   | 527  | 1,321,323                                   | 290,252                                       |
| Policy liabilities                 | 89,439,636                                      | 2,130,466                                   | 5,913,790                               | 4,146,626                                  | 16,000,638                              | 6,162,028                                       | 1,536,500                                      | 29,919,682                                  | 4,038,749                                     |
| Other liabilities                  | 1,933,105                                       | 24,704                                      | 120,127                                 | 169,747                                    | 832,324                                 | 262,065   | 100  | 1,733,887                                   | 171,834                                       |
| Retained earnings                  | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Issued capital                     | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Premium revenue                    | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Investment income                  | 4,476,658                                       | 86,203                                      | 323,861                                 | 343,282                                    | 313,331                                 | 429,617   | -  | 1,321,349                                   | 506,302                                       |
| Claims expense                     | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Other expenses                     | 519,409   | 12,709                                      | 45,009                                  | 29,469                                     | 119,186                                 | 37,225  | 100  | 193,073                                     | 26,972  |
| Realised gain/(loss)               | (178,007)                                       | (2,664)                                     | (9,339)                                 | (8,790)                                    | (368,845)                               | (3,039)   | -  | -   | (2,445)                                       |
| Unrealised gain/(loss)             | 3,547,981                                       | 35,959                                      | 337,645                                 | 441,396                                    | 2,264,447                               | 452,477   | (1,758)  | 4,793,017                                   | 212,309                                       |
| Actuarial gain/(loss)              | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Operating profit/(loss) before tax | 7,395,085                                       | 106,789                                     | 608,547                                 | 747,498                                    | 2,095,518                               | 844,104   | (1,858)  | 5,934,978                                   | 690,670                                       |
| Operating profit/(loss) after tax  | 5,158,924                                       | 72,548                                      | 422,535                                 | 528,140                                    | 1,496,680                               | 587,973   | (1,331)  | 4,189,148                                   | 497,903                                       |
| Solvency requirement (\$'000)      | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |
| Solvency reserve ratio             | -   | -   | -                                       | -  | -                                       | -   | -  | -   | -   |

|                                    | No. 40<br>Diversified<br>Balanced<br>\$ | No. 41<br>Diversified<br>ESG Balanced<br>\$ | No. 42<br>Equity Income<br>Fund<br>\$ | UF47<br>Alternatives<br>\$ | UF49 ESG<br>Fixed<br>Interest<br>\$ | UF50 Diversified<br>ESG Balanced<br>\$ | UF52<br>International<br>Shares<br>(Hdged)<br>\$ | UF53<br>International<br>Shares<br>\$ | UF62<br>Dimensional<br>World 30/70<br>Portfolio<br>\$ |
|------------------------------------|---|---|---------------------------------------|----------------------------|-------------------------------------|--|--|---------------------------------------|---|
| IL                                 |   |   |                                       |                            |                                     |  |  |                                       |   |
| <b>2022</b>                        |   |   |                                       |                            |                                     |  |  |                                       |   |
| Financial assets                   | 24,732,911                              | 5,778,659                                   | 7,099,090                             | 1,180,387                  | 397,604                             | 13,232,849                             | 5,042,940  | 10,481,237                            | 17,660  |
| Other assets                       | 1,298,670                               | 545,978                                     | 67,240                                | 6,492                      | 13,028                              | 815,912                                | 458,437  | 1,437,988                             | 529   |
| Policy liabilities                 | 26,000,464                              | 6,232,919                                   | 7,303,485                             | 1,186,261                  | 411,930                             | 14,036,119                             | 5,494,403  | 12,164,565                            | 18,232  |
| Other liabilities                  | 31,116                                  | 91,718                                      | (137,155)                             | 618                        | (1,298)                             | 12,642                                 | 6,974  | (245,340)                             | (43)  |
| Retained earnings                  | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Issued capital                     | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Premium revenue                    | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Investment income                  | 348,818                                 | 614,573                                     | 489,265                               | 3                          | 2,934                               | 88,783                                 | 100,684  | 89                                    | 77  |
| Claims expense                     | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Other expenses                     | 154,620                                 | 46,265                                      | 87,263                                | 4,599                      | 2,247                               | 53,323                                 | 35,113   | 68,887                                | 35  |
| Realised gain/(loss)               | (182,202)                               | (34,115)                                    | (364,206)                             | (212)                      | (8,018)                             | (4,790)                                | (157,407)  | (885,812)                             | (112)   |
| Unrealised gain/(loss)             | (2,625,415)                             | (995,239)                                   | (714,026)                             | (16,313)                   | (43,421)                            | (1,649,030)                            | (931,794)  | (3,934,648)                           | (635)   |
| Actuarial gain/(loss)              | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Operating profit/(loss) before tax | (2,613,419)                             | (461,046)                                   | (676,230)                             | (21,121)                   | (50,751)                            | (1,618,360)                            | (1,023,631)                                      | (4,889,257)                           | (705)   |
| Operating profit/(loss) after tax  | (1,807,623)                             | (320,225)                                   | (358,726)                             | (16,164)                   | (36,198)                            | (1,130,803)                            | (720,386)  | (3,440,600)                           | (493)   |
| Solvency requirement (\$'000)      | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Solvency reserve ratio             | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| <b>2021</b>                        |   |   |                                       |                            |                                     |  |  |                                       |   |
| Financial assets                   | 14,818,609                              | 3,419,640                                   | 6,954,368                             | 442,967                    | 32,774                              | 805,586                                | 1,195,301  | 4,372,372                             | -   |
| Other assets                       | 153,292                                 | 375,265                                     | 38,993                                | 493                        | 2                                   | 12,489                                 | 168,083  | -                                     | -   |
| Policy liabilities                 | 14,647,545                              | 3,684,725                                   | 6,747,992                             | 443,340                    | 32,757                              | 814,718                                | 1,325,594  | 4,241,885                             | -   |
| Other liabilities                  | 324,356                                 | 110,180                                     | 245,369                               | 120                        | 19                                  | 3,357                                  | 37,790   | 130,487                               | -   |
| Retained earnings                  | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Issued capital                     | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Premium revenue                    | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Investment income                  | 231,639                                 | 399,631                                     | 135,846                               | 333                        | -                                   | 12,068                                 | 131,209  | -                                     | -   |
| Claims expense                     | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Other expenses                     | 59,947                                  | 24,015                                      | 23,579                                | 21                         | 380                                 | 684                                    | 385  | 3,028                                 | -   |
| Realised gain/(loss)               | 697,277                                 | (17,309)                                    | 39,160                                | -                          | -                                   | -                                      | -  | -                                     | -   |
| Unrealised gain/(loss)             | 371,829                                 | 97,366                                      | 621,633                               | (532)                      | (6)                                 | (1,404)                                | (122,912)  | 415,872                               | -   |
| Actuarial gain/(loss)              | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Operating profit/(loss) before tax | 1,241,817                               | 456,608                                     | 776,910                               | (220)                      | (34)                                | 10,230                                 | 7,941  | 412,859                               | -   |
| Operating profit/(loss) after tax  | 858,757                                 | 320,055                                     | 537,918                               | (160)                      | (32)                                | 7,698                                  | 7,347  | 288,098                               | -   |
| Solvency requirement (\$'000)      | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |
| Solvency reserve ratio             | -                                       | -   | -                                     | -                          | -                                   | -                                      | -  | -                                     | -   |

|                                    | UF69  |  |   |                                |                                 |   |  |   |  |  |
|------------------------------------|---|--|---|--------------------------------|---------------------------------|---|--|---|--|--|
|                                    | UF64 AB<br>Managed<br>Volatility<br>Equities Fund<br>\$ | UF66<br>Generation<br>Global Share<br>Fund<br>\$ | Dimensional<br>Global Bond<br>Sustainability<br>Trust<br>\$ | Total Life<br>Investment<br>\$ | CF01 Cash Benefit<br>Fund<br>\$ | LI01 PIMCO<br>Wholesale Global<br>Bond Fund<br>\$ | LI02 iShares<br>Wholesale<br>Australian Equity<br>Index Fund<br>\$ | LI03 iShares<br>Wholesale<br>International Equity<br>Index Fund<br>\$ | LI04 iShares<br>Hedged<br>International Equity<br>Index Fund<br>\$ |  |
| IL                                 |   |  |   |                                |                                 |   |  |   |  |  |
| <b>2022</b>                        |   |  |   |                                |                                 |   |  |   |  |  |
| Financial assets                   | 36,875  | 443,404  | 556,898   | 2,066,261,539                  | 804                             | 4,696   | 9,755  | 9,586   | 54,635   |  |
| Other assets                       | 715   | 60,340   | 4,314   | 116,559,451                    | 167,500                         | 14  | 659  | 429   | 959  |  |
| Policy liabilities                 | 37,524  | 493,474  | 560,857   | 2,153,703,540                  | 168,304                         | -   | 5,787  | 4,996   | 46,981   |  |
| Other liabilities                  | 66  | 10,270   | 355   | 29,117,450                     | -                               | 4,710   | 4,627  | 5,019   | 8,613  |  |
| Retained earnings                  | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Issued capital                     | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Premium revenue                    | -   | -  | -   | -                              | 34,028                          | -   | 6,532  | 5,537   | 53,615   |  |
| Investment income                  | 629   | 39,936   | 5   | 92,286,492                     | -                               | 14  | 665  | 429   | 959  |  |
| Claims expense                     | -   | -  | -   | -                              | 33,224                          | -   | 399  | 347   | 4,353  |  |
| Other expenses                     | 11  | 517  | 1,341   | 19,160,144                     | 167,172                         | 12  | 5,654  | 5,016   | 47,099   |  |
| Realised gain/(loss)               | -   | (5,478)  | (147)   | (9,190,136)                    | -                               | -   | -  | -   | -  |  |
| Unrealised gain/(loss)             | (288)   | (68,023)   | (11,048)  | (269,352,893)                  | -                               | (304)   | (1,784)  | (950)   | (3,981)  |  |
| Actuarial gain/(loss)              | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Operating profit/(loss) before tax | 329   | (34,082)   | (12,532)  | (204,875,848)                  | 1,132                           | (302)   | (640)  | (347)   | (858)  |  |
| Operating profit/(loss) after tax  | 361   | (23,642)   | (9,175)   | (139,925,795)                  | 1,132                           | (302)   | (488)  | (347)   | (858)  |  |
| Solvency requirement (\$'000)      | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Solvency reserve ratio             | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| <b>2021</b>                        |   |  |   |                                |                                 |   |  |   |  |  |
| Financial assets                   | -   | -  | -   | 1,792,419,566                  | -                               | -   | -  | -   | -  |  |
| Other assets                       | -   | -  | -   | 46,859,970                     | -                               | -   | -  | -   | -  |  |
| Policy liabilities                 | -   | -  | -   | 1,768,095,574                  | -                               | -   | -  | -   | -  |  |
| Other liabilities                  | -   | -  | -   | 71,183,962                     | -                               | -   | -  | -   | -  |  |
| Retained earnings                  | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Issued capital                     | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Premium revenue                    | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Investment income                  | -   | -  | -   | 81,068,703                     | -                               | -   | -  | -   | -  |  |
| Claims expense                     | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Other expenses                     | -   | -  | -   | 15,205,098                     | -                               | -   | -  | -   | -  |  |
| Realised gain/(loss)               | -   | -  | -   | 27,660,712                     | -                               | -   | -  | -   | -  |  |
| Unrealised gain/(loss)             | -   | -  | -   | 153,953,441                    | -                               | -   | -  | -   | -  |  |
| Actuarial gain/(loss)              | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Operating profit/(loss) before tax | -   | -  | -   | 246,961,908                    | -                               | -   | -  | -   | -  |  |
| Operating profit/(loss) after tax  | -   | -  | -   | 173,455,747                    | -                               | -   | -  | -   | -  |  |
| Solvency requirement (\$'000)      | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |
| Solvency reserve ratio             | -   | -  | -   | -                              | -                               | -   | -  | -   | -  |  |



|                                    | L124 Stewart Investors Worldwide Sustainability |            |           |            |             |               |             |
|------------------------------------|---|------------|-----------|------------|-------------|---------------|-------------|
|                                    | Fund  | Total Life | Assurance | Oddfellows | Total Life  | Total Benefit | M'gmt       |
|                                    | \$  | Income     | Fund ^    | Fund       | Insurance   | Funds         | Fund        |
|                                    | \$  | \$         | \$        | \$         | \$          | \$            | \$          |
|                                    | IL  | IL         | N-IL      | N-IL       | IL and N-IL |               |             |
| <b>2022</b>                        |   |            |           |            |             |               |             |
| Financial assets                   | 4,012   | 2,070,647  | -         | 6,998,895  | 9,069,542   | 2,075,331,081 | 8,864,005   |
| Other assets                       | 313   | 201,127    | -         | 26,829     | 227,956     | 116,787,407   | 39,457,346  |
| Policy liabilities                 | -   | 2,024,764  | -         | 6,416,977  | 8,441,741   | 2,162,145,281 | -           |
| Other liabilities                  | 4,325   | 247,010    | -         | 608,747    | 855,757     | 29,973,207    | 4,352,729   |
| Retained earnings                  | -   | -          | -         | -          | -           | -             | 16,723,386  |
| Issued capital                     | -   | -          | -         | -          | -           | -             | 26,149,908  |
| Premium revenue                    | -   | 2,303,469  | -         | -          | 2,303,469   | 2,303,469     | -           |
| Investment income                  | 313   | 30,351     | -         | 87,623     | 117,974     | 92,404,466    | -           |
| Claims expense                     | -   | 200,724    | -         | 499,097    | 699,821     | 699,821       | -           |
| Other expenses                     | 11  | 2,024,840  | -         | 80,474     | 2,105,314   | 21,265,458    | 29,153,417  |
| Realised gain/(loss)               | -   | (1,273)    | -         | (3,723)    | (4,996)     | (9,195,132)   | -           |
| Unrealised gain/(loss)             | (988)   | (284,052)  | -         | (121,857)  | (405,909)   | (269,758,802) | -           |
| Actuarial gain/(loss)              | -   | -          | -         | 608,451    | 608,451     | 608,451       | -           |
| Operating profit/(loss) before tax | (686)   | (9,564)    | -         | (9,076)    | (18,640)    | (204,894,488) | (8,612,521) |
| Operating profit/(loss) after tax  | (686)   | (4,045)    | -         | -          | (4,045)     | (139,929,840) | 1,970,963   |
| Solvency requirement (\$'000)      | -   | -          | -         | -          | -           | -             | 8,723       |
| Solvency reserve ratio             | -   | -          | -         | -          | -           | -             | 134%        |
| <b>2021</b>                        |   |            |           |            |             |               |             |
| Financial assets                   | -   | -          | -         | 7,007,562  | 7,007,562   | 1,799,427,128 | 4,387,611   |
| Other assets                       | -   | -          | -         | 17,866     | 17,866      | 46,877,836    | 25,988,599  |
| Policy liabilities                 | -   | -          | -         | 7,025,428  | 7,025,428   | 1,775,121,002 | -           |
| Other liabilities                  | -   | -          | -         | -          | -           | 71,183,962    | 3,792,796   |
| Retained earnings                  | -   | -          | -         | -          | -           | -             | 14,752,422  |
| Issued capital                     | -   | -          | -         | -          | -           | -             | 11,149,992  |
| Premium revenue                    | -   | -          | 1,210     | -          | 1,210       | 1,210         | -           |
| Investment income                  | -   | -          | 221       | 36,694     | 36,915      | 81,105,618    | -           |
| Claims expense                     | -   | -          | 10,425    | 145,238    | 155,663     | 155,663       | -           |
| Other expenses                     | -   | -          | 6,789     | 44,519     | 51,308      | 15,256,406    | 20,488,241  |
| Realised gain/(loss)               | -   | -          | -         | -          | -           | 27,660,712    | -           |
| Unrealised gain/(loss)             | -   | -          | -         | -          | -           | 153,953,441   | -           |
| Actuarial gain/(loss)              | -   | -          | 14,282    | 153,063    | 167,345     | 167,345       | -           |
| Operating profit/(loss) before tax | -   | -          | (1,847)   | 1          | (1,846)     | 246,960,062   | (4,741,822) |
| Operating profit/(loss) after tax  | -   | -          | -         | 1          | 1           | 173,455,748   | 2,230,574   |
| Solvency requirement (\$'000)      | -   | -          | -         | -          | -           | -             | 4,833       |
| Solvency reserve ratio             | -   | -          | -         | -          | -           | -             | 127%        |

^ Received APRA approval for the termination of the Fund in December 2021.



## Additional Securities Exchange Information

As at 25 July 2022 (unaudited)

### Number of Holders of Equity Securities

#### Fully paid ordinary share capital

186,040,198 fully paid ordinary shares are held by 939 shareholders.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

#### Performance Rights (unquoted)

8,905,844 performance rights (issued under the Company's FY19, FY20 and FY21 Performance Rights Plan) are held by 11 eligible participants.

Performance rights do not carry the right to vote or to receive dividends.

### Distribution of Holders of Equity Securities

| Number of shares held                  | Holders of fully paid ordinary shares | Holders of performance rights |
|--|---------------------------------------|-------------------------------|
| 1 - 1 000                              | 105 (0.03%)                           | 0                             |
| 1 001 - 5 000                          | 273 (0.38%)                           | 0                             |
| 5 001 - 10 000                         | 107 (0.46%)                           | 0                             |
| 10 001 - 100 000                       | 333 (5.68%)                           | 3 (1.76%)                     |
| 100 001 and over                       | 121 (93.46%)                          | 8 (98.24%)                    |
| <b>Total</b>                           | <b>939</b>                            | <b>11</b>                     |
| Holdings less than a marketable parcel | 41                                    | n/a                           |

### Securities subject to voluntary escrow

Nil.

### On Market Buy Back

There is no current on-market buy-back.

## Substantial Shareholders

|                           | Fully paid ordinary shares |
|---------------------------|----------------------------|
| Blackrock Group           | 14 055 403                 |
| Onever Pty Ltd            | 13 161 899                 |
| Mr John David Wheeler     | 12 750 000                 |
| Ellerston Capital Limited | 12 332 317                 |
| Mrs Patricia Mary Tooth   | 9 583 897                  |
| Mr Robert Coombe          | 8 912 792                  |



## Twenty largest holders of quoted equity securities

| Ordinary shareholders   | Number      | Fully paid percentage |
|---|-------------|-----------------------|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                           | 31 848 907  | 17.12%                |
| CITICORP NOMINEES PTY LIMITED                                       | 16 178 716  | 7.96%                 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                           | 14 254 176  | 7.66%                 |
| NATIONAL NOMINEES LIMITED   | 8 818 339   | 4.74%                 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2                   | 8 035 347   | 4.32%                 |
| MR JOHN DAVID WHEELER AND MR GLEN ROBERT WHEELER <WHEELSUP S/F A/C> | 7 500 000   | 4.03%                 |
| MRS PATRICIA MARY TOOTH   | 7 214 204   | 3.88%                 |
| HARBRE NOMINEES PTY LTD <TALL TREES A/C>                            | 6 914 994   | 3.72%                 |
| ONEVER PTY LTD <THE BESSMER PROPERTY A/C>                           | 6 639 100   | 3.57%                 |
| CANDOORA NO 31 PTY LTD <BESSEMER SUPER FUND A/C>                    | 6 022 860   | 3.24%                 |
| MR ROBERT COOMBE  | 5 980 592   | 3.22%                 |
| MR FRANK GERARD ZULLO   | 4 000 001   | 2.15%                 |
| MR DON LAZZARO AND MRS ANN LAZZARO <SUPER FUND A/C>                 | 3 730 552   | 2.01%                 |
| MRS SUSAN HADDEN & MRS ABBY FALLA <HADDUP SUPER FUND A/C>           | 2 500 000   | 1.34%                 |
| GUERILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>               | 2 179 539   | 1.17%                 |
| TDA SECURITIES PTY LTD <TDA SECURITIES A/C>                         | 1 880 000   | 1.01%                 |
| MVH PTY LTD <HANMAN SUPERANNUATION A/C>                             | 1 743 773   | 0.94%                 |
| BERNE NO 132 NOMINEES PTY LTD <W 1253672 A/C>                       | 1 700 000   | 0.91%                 |
| MR JOHN DAVID WHEELER   | 1 500 000   | 0.81%                 |
| DELUZO INVESTMENTS PTY LTD <NORTHCOTE FAMILY A/C>                   | 1 388 834   | 0.75%                 |
|   | 140 029 934 | 75.27%                |

## Corporate information

### Company Directors

**Mr Robert Neil Coombe**  
Non-Executive Chairman

**Mr William Eric Bessemer**  
Non-Executive Director

**Ms Giselle Marie Collins**  
Independent Non-Executive Director

### Appointed Actuary for Generation Life Limited

**Deloitte Consulting Pty Ltd**  
477 Collins Street  
Melbourne VIC 3000

### Company Secretary

**Amanda Gawne**

### Registered Office

Level 17, 447 Collins Street  
Melbourne VIC 3000

Telephone: +61 3 8601 2000  
Facsimile: +61 3 9200 2270

### Share Register Boardroom Pty Limited

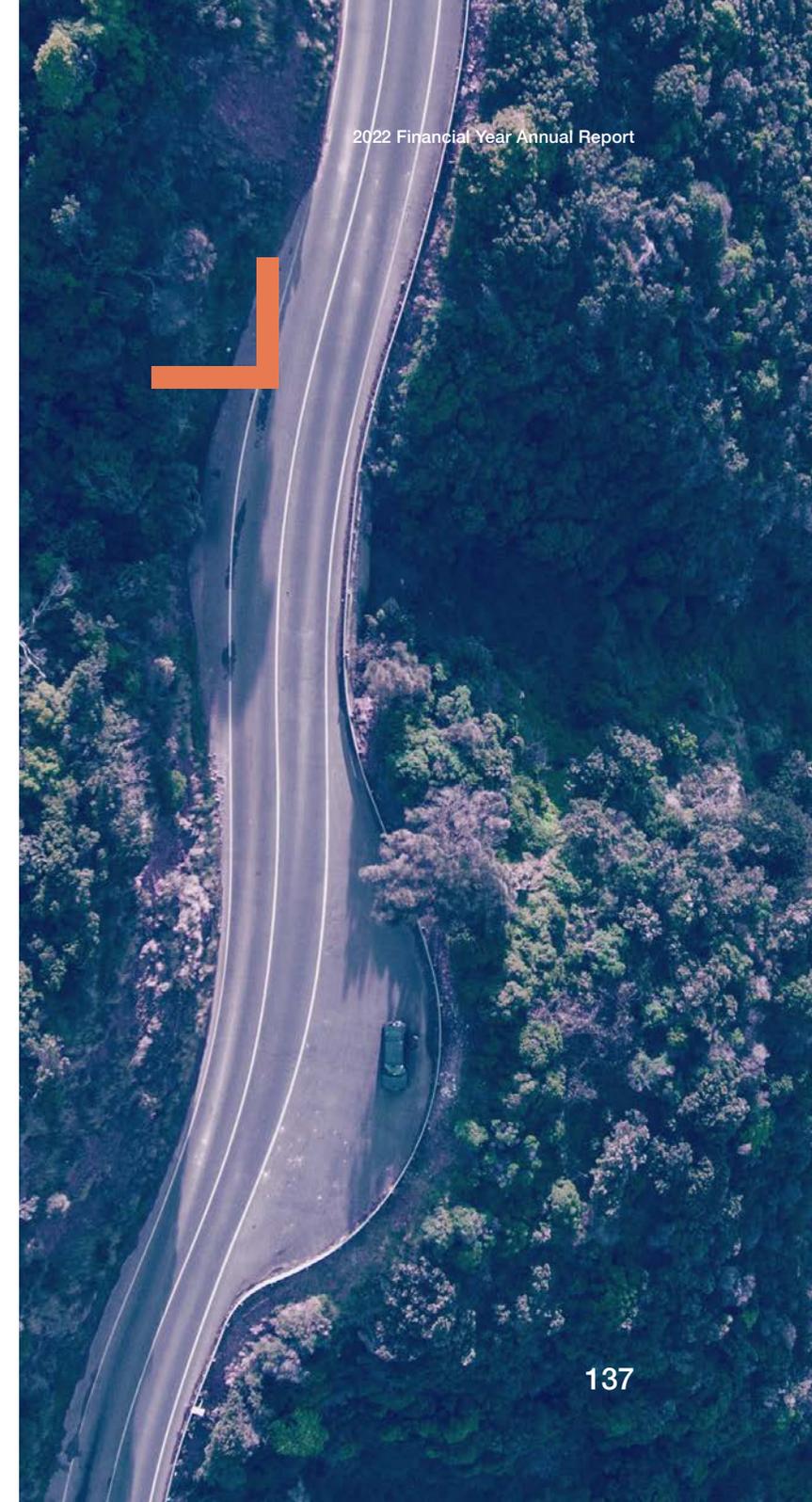
Level 12, 225 George Street  
Sydney NSW 2000

### Banker

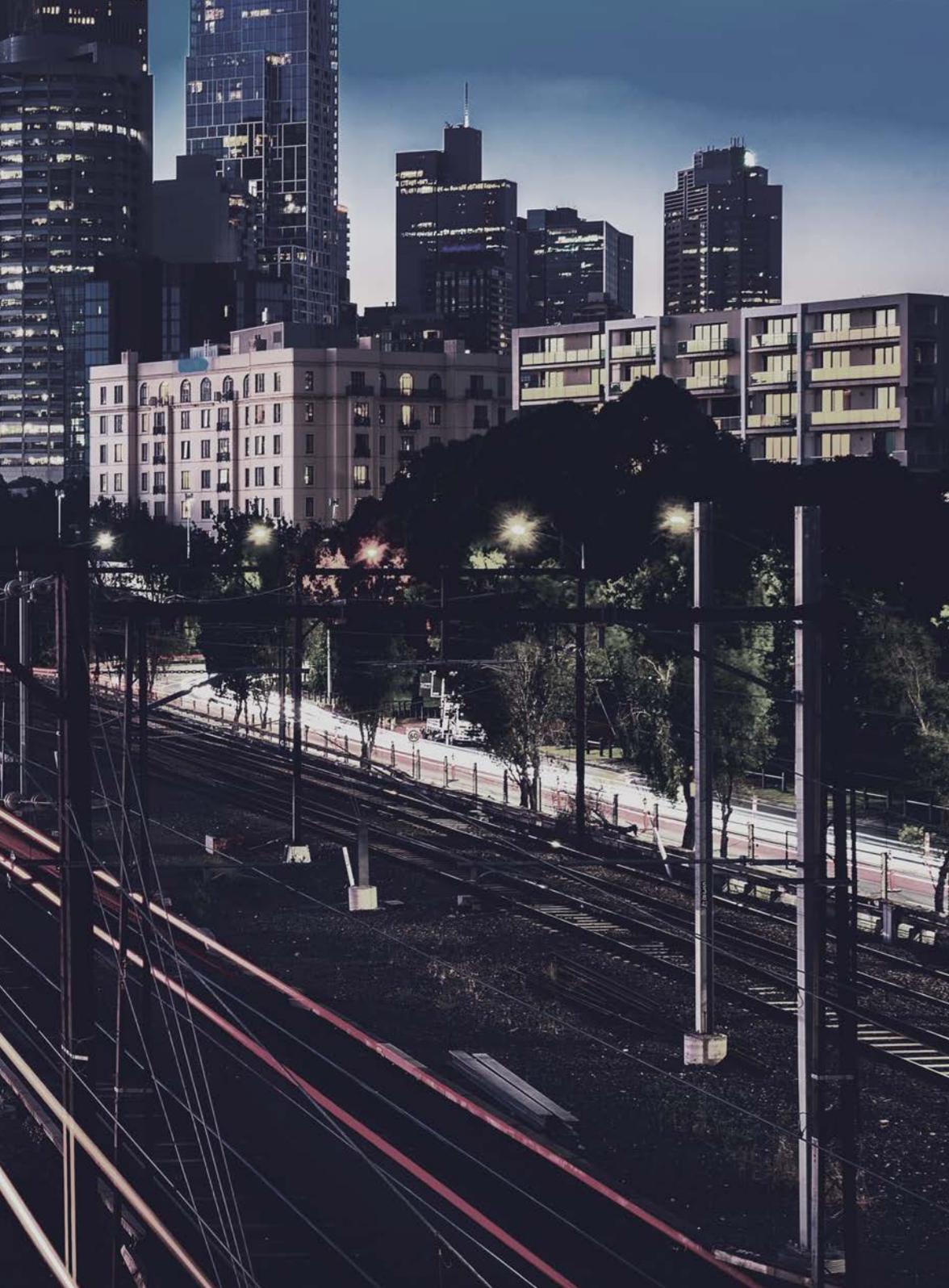
**National Australia Bank**  
330 Collins Street  
Melbourne VIC 3000

### Auditor

**KPMG**  
Tower Two, Collins Square  
727 Collins Street  
Melbourne VIC 3008







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