

Steadfast Group
Annual Report

2022




Steadfast
THE STRENGTH YOU NEED

Vision:

Continually growing shareholder value through our leading general insurance distribution model and related businesses domestically and internationally.

Mission:

Continue to deliver value to our broker network and stakeholders by being a market leader and an innovator in insurance and risk management.

Values:

Our corporate values resonate across all facets of our business.

TOGETHER



Team
Ownership
Goals
Entrepreneurial
Trust
Humility
Ethical
Relationships

None of us is as good as all of us

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Annual General Meeting

The Steadfast Group FY22 Annual General Meeting will be held on Thursday, 20 October 2022. Steadfast will provide further details with the notice of the 2022 Annual General Meeting to be released in September 2022.

Message from the Chair



On behalf of the Directors, I am again pleased to report another year of excellent Steadfast Group earnings, with our FY22 underlying net profit after tax at the top end of our upgraded guidance range advised in February 2022.

The Group produced a 29.5% increase in underlying earnings before interest, tax and amortisation (EBITA) to \$340.4 million and a 29.3% increase in underlying net profit after tax (NPAT) to \$169.0 million. Pleasingly, we reported an increase of 16.5% in underlying earnings per share to 17.58 cents. The Group has delivered this record result against the backdrop of geopolitical unrest, rising inflation and the continuing global pandemic.

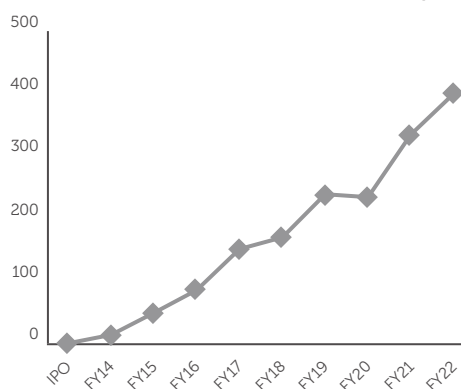
Statutory net profit after tax, including non-recurring net gains, was \$171.6 million compared with \$143.0 million for FY21.

Dividend

The Board has declared a fully-franked final dividend of 78 cents per share (cps), up 11.4% from last year. This takes the total dividend to 13.0 cps (fully-franked), up 14.0% on FY21.

The Group's strong performance has continued since listing in 2013. Our total shareholder return was 17.0% for the year and since listing has been 399.6%.

Accumulated total shareholder return (TSR) (%)



Capital management

We continue to be prudent with our capital as we assess potential acquisition opportunities against disciplined criteria. We made a number of earnings accretive acquisitions during FY22 for a total investment of \$552 million, with the largest acquisition being CoverForce for \$411 million.

The Group has produced consistently strong results since listing in 2013.

Steadfast has already completed some small acquisitions for FY23, and on 17 August 2022 announced the acquisition of Insurance Brands Australia for consideration of up to \$301.0 million (including up to \$25m of deferred consideration, subject to performance criteria) to be funded by existing debt facilities and the issue of new Steadfast Group shares to the vendors.

In addition to the above, the current Trapped Capital acquisitions pipeline is around \$400 million. We anticipate completing acquisitions costing around \$220 million in FY23, with these acquisitions being funded by the underwritten Institutional Placement of \$225 million to be conducted on 17 August 2022, followed by an associated Share Purchase Plan.

At 30 June 2022 our Group gearing ratio was 19.0% (excluding premium funding) which is well within the Board-mandated Group maximum of 30%. We consider a low level of gearing is prudent given rising interest rates, inflation and current uncertainties around the world. After the capital raise, Steadfast will have unutilised facilities of \$320 million (plus free cash flow) for future expansion, including the Trapped Capital initiative.

Governance

Your Board acknowledges its responsibility to work with management to implement and support Environmental, Social and Governance (ESG) initiatives within Steadfast Group are integral to the sustainability and continuing financial growth of our business. Steadfast Group continues to positively contribute to the communities in which we operate, mitigate the environmental impact of our business activities and ensure the fair treatment of our customers, employees and suppliers.

Steadfast recognises that climate change, together with increased urbanisation, continues to be a global risk and a material issue for the insurance industry, including insurers, customers and the whole economy. In recognition of the issues arising from climate change, Steadfast announced its intention to publish a carbon-neutral transition plan by the end of 2022. We set out our intention to increase ESG commitments in more detail on page 28 of this report.

Steadfast Group continues to adhere to the corporate governance principles as set out by the ASX Corporate Governance Council. Our governance framework and robust risk management strategies are set out in more detail on page 39. I note another year in which there were no material departures from these principles.

Thank you

On behalf of the Board, I would like to thank our people, including our highly experienced CEO & Managing Director, Robert Kelly, and our executive team for their significant contribution to deliver outstanding results for our shareholders and superior support to our Network Brokers and other stakeholders.

Our strong performance would not have been possible without the outstanding contribution from Steadfast brokers, Steadfast Underwriting Agencies and complementary businesses, and our ever expanding network and the loyalty of our clients.

During the year, Philip Purcell retired as a Director after nine years on the Steadfast Board. The Board, the employees and our Network Brokers are very grateful to Philip for his outstanding contribution, particularly in the areas of insurance law, people management and governance.

I would like to welcome Joan Cleary, to the Steadfast Group Board. Joan has over thirty years of global finance and leadership experience in the general insurance and reinsurance industry.

Finally, I would also like to extend my gratitude to my fellow Board Directors who continue to be focused on driving increased shareholder value, supporting the Steadfast team and improving our already strong governance.



Frank O'Halloran, AM
Chair

Message from the Managing Director & CEO



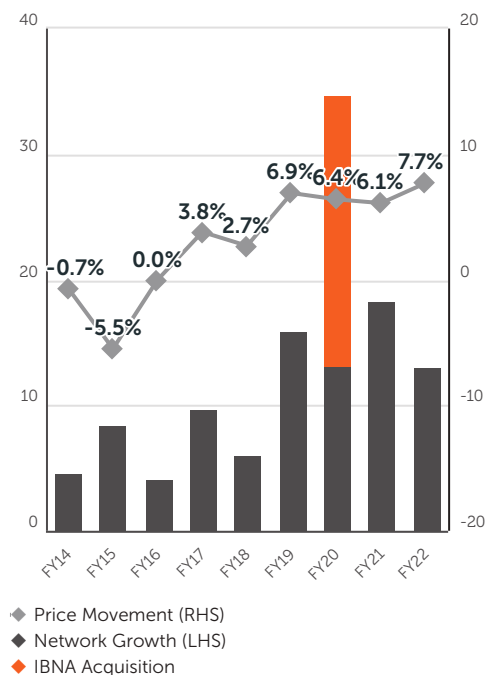
I am pleased to report that FY22 continues our year on year record growth since our listing in August 2013. Our 29.5% increase in underlying EBITA to \$340.4 million and 29.3% increase in underlying NPAT to \$169.0 million are the result of our enduring business model, the skills and stability of our executive team, our prudent approach to acquisitions and the strong performance of our equity owned businesses.

Our Group's Equity Broking businesses benefitted from acquisitions and the continuation of the hard premium cycle whilst our Underwriting Agency businesses again experienced strong organic growth over the year.

Steadfast Broking

In FY22 we grew Steadfast Network Broking gross written premium (GWP) by 13.1% to \$11.1 billion. Our brokers increased volumes over the year and experienced further premium rate increase from our strategic partners.

Net Premium Growth and Price Movement



Growth in revenues from our Equity Brokers, driven by a hardening market, and some volume growth, more than mitigated the expected expense increase flagged when issuing guidance for FY22. This, and strong growth from acquisitions made in FY22, resulted in excellent underlying EBITA growth of 23.6%.

We now have 427 brokerages in the Steadfast Network, with 355 in Australia, 50 in New Zealand and 22 in Singapore. Steadfast Group has equity holdings in 67 of the 427 brokerages in the Steadfast Network. Further, the global network of our 60% owned UnisonSteadfast encompasses another 272 brokerages across 140 countries with billings in excess of USD\$40 billion.

Steadfast Underwriting Agencies

Steadfast Underwriting Agencies continue to outperform with sustained organic growth, generating \$1.8 billion of GWP, a 19.9% uplift over FY21.

GWP continues to grow and this, combined with further premium price increases by insurers, led to underlying EBITA growth of 22.5%, reflecting the ability of our agencies to provide sustainable profit margins. This strong performance was assisted by the quality of our products and services, and the diligence and underwriting expertise of our team.

We currently have 28 specialist agencies offering over 100 niche products.

Our insurTech

This year, \$945 million of GWP was transacted on our market-leading Steadfast Client Trading Platform (SCTP) as brokers take advantage of the efficiency, the ease of obtaining the best terms and tailored policy wording based on Triage results for their clients, and the wide market access the platform delivers.

Steadfast continued to refine and improve our technology to drive growth and enhance broker and their client experience, with the rollout of more product and insurer offerings on the platform. This year saw the launch of auto-rating capability for insurers for Liability and Professional Indemnity product lines and the addition of another four insurers on our Commercial Motor line. These developments contributed to an increase in the use of SCTP by our brokers for commercial lines of 45% over the prior year.

Steadfast Technology remains focused on continued development of the SCTP with more product lines, new insurers and the expansion of auto-rating capabilities to drive increased SCTP usage. The next commercial product line under development is Farm, expected to be live in FY24.

There are 182 brokers live on our INSIGHT platform, with over 4,400 user licences. The Steadfast team will continue to support the migration of brokers to INSIGHT with an additional 21 brokers already committed to migrate and ongoing discussions with another 75 brokers.

Steadfast Risk Group

During the year we continued to rollout our comprehensive suite of enhanced risk management and alternative risk transfer solutions and systems to our broker network, and to expand our risk product suite.

Steadfast made a strategic investment in Flame Security International (FSI). FSI's range of fire prevention and protection technologies in fire, defence and solar effectively reduces the harm caused by fire threats against communities and the environment. This investment is expected to bring a new option to our risk management offerings to the broker network and their clients while building resilience measures to protect people, structures and the environment from fire threats, insurance coverage challenges and consequent increases in insurance premiums.

\$11.1bn
Steadfast Network GWP

\$169.0m
Underlying NPAT

Message from the Managing Director & CEO continued

We continued to deliver on our Trapped Capital Project, where the Group is seeking to increase our equity positions in the Network Brokers.

UnisonSteadfast

When Covid travel restrictions eased, Steadfast commenced the integration of our management team within UnisonSteadfast in the second half of the year. This strategic step signals the next evolution in the successful partnership of both networks.

In the process of this integration, we have identified potential opportunities for both parties which resulted in the launch of Steadfast Risk Services products to the UnisonSteadfast members in June 2022. This further solidifies the mutual commitment to growing the global distribution platform for both UnisonSteadfast and Steadfast network brokers.

Acquisitions

During the year Steadfast completed \$552 million of EPS accretive acquisitions, including the major acquisition of Coverforce.

We continued to deliver on our Trapped Capital Project, which enables the Group to increase our equity positions in the Network Brokers by providing them the opportunity to unlock trapped capital by partial sale to Steadfast.

Outlook

We saw price increases by strategic partners across the market continue in FY22. We expect this trend to remain throughout FY23 as insurers seek to improve their profitability. At the time of print, Steadfast has announced the acquisition of Insurance Brands Australia, funded via scrip issued to the vendors and debt. Additionally, we have launched a fully underwritten Institutional Placement for \$225 million, and an accompanying Share Purchase Plan targeting to raise around \$25 million, to fund our current Trapped Capital Project pipeline.

Steadfast Group provides FY23 guidance of:


- ▶ underlying EBITA of between \$400 million and \$420 million.
- ▶ underlying NPAT of between \$190 million and \$202 million.
- ▶ underlying diluted eps (NPAT) growth of 5% to 11%.

Key assumptions included in this guidance have been detailed within the Directors' Report on page 50 of this report.

Thank you

I would like to thank our employees, Board members, Steadfast Network brokers, Steadfast Underwriting Agencies, complementary businesses, our clients and strategic partners for contributing to our record performance.

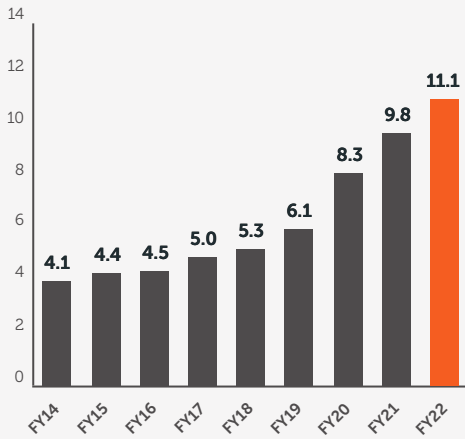
I would also like to thank all our shareholders for their ongoing support. I look forward to working with our stakeholders for years to come.



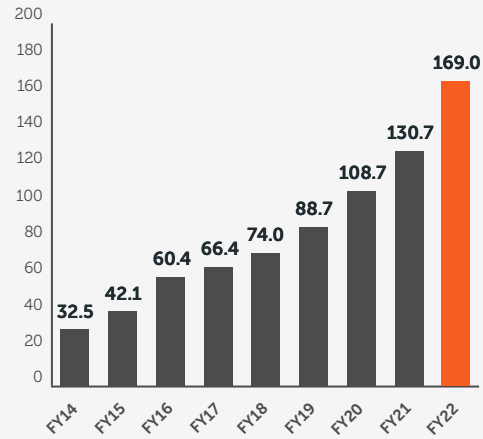
Robert Kelly, AM
Managing Director & CEO

Continued strong track record since listing on ASX

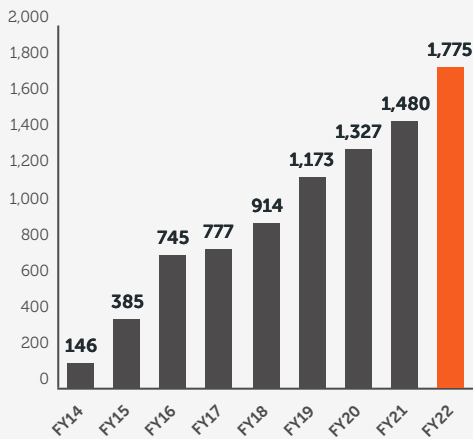
Steadfast Network GWP (\$bn)



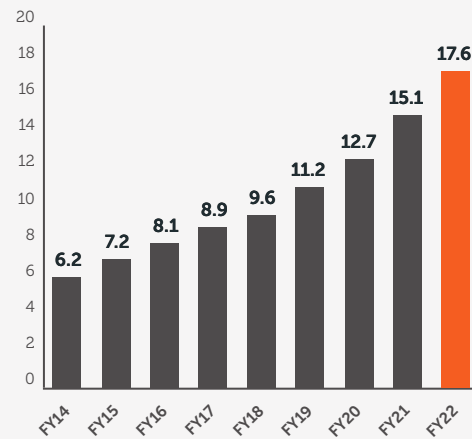
Underlying NPAT (\$m)



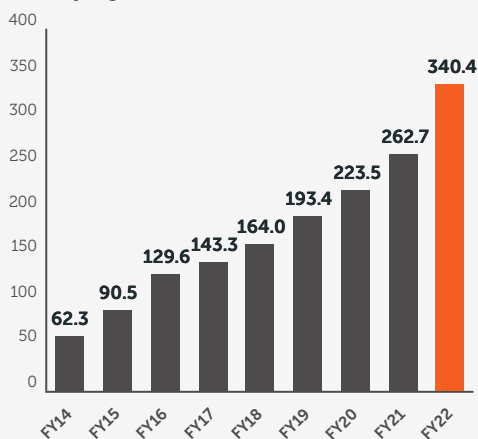
Steadfast Underwriting Agencies GWP (\$m)



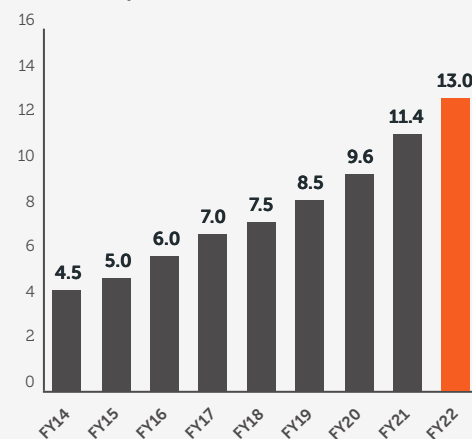
Underlying EPS (NPAT) (cents per share)



Underlying EBITA (\$m)



DPS (cents per share)



427

Steadfast Network Brokers

\$945m

Steadfast Client Trading Platform GWP

Message from the Chief Financial Officer



FY22 was another a record year for Steadfast Group. Again, the Group delivered excellent underlying earnings growth whilst our strong working capital position and conservative gearing were maintained.

Reconciliation of earnings

Page 9 shows the reconciliation of earnings between the statutory profit and the underlying earnings.

Earnings per share and dividend growth

Strong underlying EBITA growth from acquisitions (+16.2%), supported by organic growth (+13.3%), drove underlying diluted EPS (NPAT) of 17.58 cents per share (+16.5%) allowing the Board to declare a total dividend of 13.0 cents per share (+14.0%). The total 2022 dividend represents a payout ratio of 74%, in line with our target range of 65% - 85% of underlying net profit after tax.

Organic growth

Continued price increases by our strategic partners drove our organic growth in FY22, combined with market share gains from our underwriting agencies, and solid volume increases from our Network Brokers.

Acquisition growth

Steadfast has historically produced earnings growth from consistent annual acquisition activity. Our network brokers provide Steadfast with an internal pipeline of acquisition opportunities. This year we continued to deliver Trapped Capital acquisitions and completed the major acquisition of Coverforce.

Balance sheet

Being in businesses with both low working capital and capital expenditure needs, earnings were again translated into cash flow throughout the year, with all of underlying NPATA converting into cash. This cash has been utilised to fund further acquisitions and pay increased dividends to shareholders. Our \$139 million free cash flow was utilised in funding acquisitions throughout FY22.

Goodwill, identifiable intangibles and investment in associates dominate our assets on the balance sheet. These assets represent our investment into our equity businesses or cash generating units (CGU's). We annually review the carrying value of each of our CGU's, including involving valuation specialists to consider discount rates to be applied to future cash flows.

Steadfast Group's balance sheet remains well positioned. As at 30 June 2022 our corporate gearing ratio was 19.0% and the Group had \$315 million of unutilised capacity available to fund the announced acquisition of Insurance Brands Australia. There is significant headroom in the corporate debt covenants.

The corporate debt facilities were uplifted to \$660 million in November 2021. This facility, together with the capital raise in August 2022, will allow us to fund further acquisitions in our Trapped Capital pipeline.

Return on capital

Through continued organic growth over the years, together with acquisitions funded with debt and equity, Steadfast has increased return on capital (NPAT) on opening capital from 7.7% in FY17 to 13.2% (excluding Coverforce) in FY22, reflecting our successful organic and acquisition growth initiatives.

Thank you

Thank you to all the finance teams throughout the Group who have participated in the production of all of our financial reporting needs. I appreciate the enormous amount of time and effort that goes into the collation and analysis of the financial data for the Group and to provide stakeholders with quality and reliable performance metrics and the financial statements.

A handwritten signature in black ink, appearing to read 'Stephen Humphrys'.

Stephen Humphrys
Chief Financial Officer

	2022 \$'m	2021 \$'m
Reconciliation of earnings:		
Statutory NPAT	171.6	143.0
Impairment of intangibles	3.5	3.9
Net loss on deferred consideration estimates	12.5	1.7
Mark-to-market gains from revaluation of listed investments	(1.6)	(9.6)
Net gain from change in value or sale of businesses and other movements	(17.0)	(8.3)
Underlying NPAT	169.0	130.7
Underlying NPAT growth	29.3%	20.2%
Amortisation	36.4	29.3
Underlying NPATA ¹	205.4	160.0
Underlying NPATA growth	28.3%	18.1%
Underlying Revenue	1,135.9	899.9
Underlying EBITA	340.4	262.7
Underlying NPAT	169.0	130.7
Underlying NPATA	205.4	160.0
Underlying EPS (NPAT) (cps)	17.58	15.09
Underlying EPS (NPATA) (cps)	21.37	18.48

¹ For further information refer to Note 4 to the accounts.

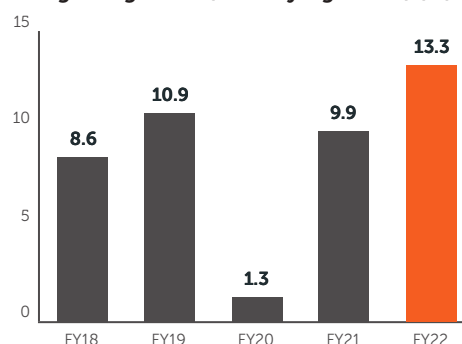
\$1,136m

Underlying revenue

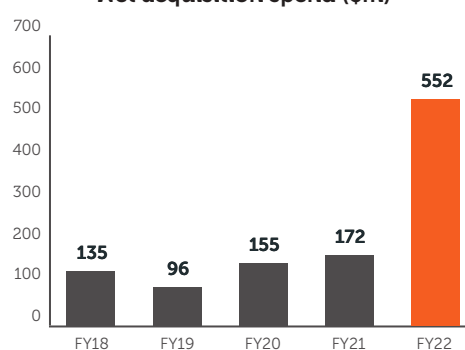
29.3%

Underlying NPAT growth

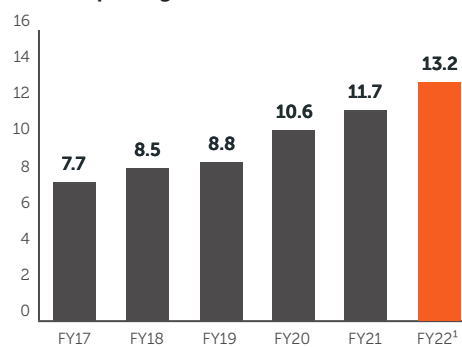
Organic growth (underlying EBITA) (%)



Net acquisition spend (\$m)

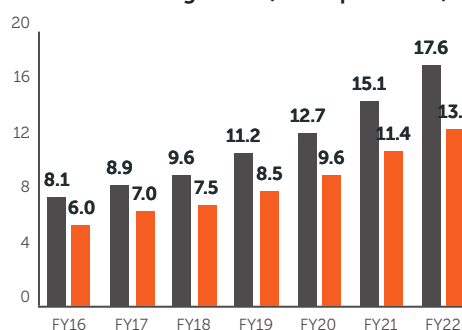


Return on capital (underlying NPAT as % of opening shareholders' funds)



¹ Excluding Coverforce/capital raise

Underlying earnings per share (NPAT) and dividend growth (cents per share)



◆ Underlying earnings per share (NPAT)
◆ Dividend per share

How we create value

We aim to create long-term value for all of our stakeholders.

Our business activities and business value drivers and resulting value creation, enable us to meet our strategic objectives.

Our Operating Environment

The risks inherent in our operating environment can also provide opportunities to create value. We understand these factors and how they affect our business ensuring we are best placed to manage risks whilst capitalising on opportunities to deliver long-term value to our stakeholders.

Market disruption:

Changing technology & increasing data collection.

Sector consolidation:

SME brokers increasingly need support of an aligned network & equity investment.

Regulatory change and increasing stakeholder scrutiny

Capacity risk:

Strategic partners seeking enhanced returns by increasing premium and more selective risk appetite, in response to increased frequency and cost of claims.

Highly competitive landscape for talent:

Attracting and retaining customer centric talent whilst offering increasingly flexible work arrangements.

Increasing cybersecurity risk

Our Business Activities

Steadfast is the largest general insurance broker network and the largest group of underwriting agencies in Australasia. We have three business units focused on the intermediated general insurance market, being Steadfast Broker Network (in which we have an equity interest in 67 brokers), Steadfast Underwriting agencies and the complementary businesses division.

Policies & customers:

Protect businesses & consumers as a key component of risk mitigation against numerous perils and disasters.

Broker services:

Provides brokers with market-leading policy wordings for customers, global leading technology that continues to be refined and rolled out, providing efficient processes to administer risk management data transfer, training, service offering.

427 Network insurance brokerages:

Advising clients on risk management solutions, especially SME solutions and personal lines.

28 Specialty underwriting agencies:

Providing niche insurance products to the market.

9 Complementary businesses:

Leading technology, premium funding solutions, other specialty advisory lines supporting the broker network and underwriting agencies.

Value Creation Outcome

Our Business Value Drivers

We use a range of resources and relationships to create sustainable value.

People:

High calibre employees with key competencies and ethical behaviours in order to drive business performance.

Product & advice:

Steadfast suite of support services

Technology & data capabilities:

Our leading technology provides clarity around alternative insurance solutions.

Operational scale:

The size and scale of our broker network and underwriting agencies and their underlying customers.

A strong balance sheet:

Access to debt & equity to execute our strategy and invest for sustainable earnings growth.

Community & relationships:

Localised relationships with local communities.

Corporate Governance:

Proactively managing risk within strong corporate governance framework to create sustainable longer-term growth.

Our business value drivers ensure our business activities maximise value created for stakeholders.



Shareholder value:

Continued focus on long-term value creation through astute use of funds to deliver growth in profits, dividends and capital value. Have achieved total shareholder return of 399.6% since listing.



Customer value:

Better outcomes for clients.

- SCTP is a contestable digital marketplace generating improved pricing competition and coverage.
- market leading policy wordings.
- instant policy issue, maintenance & renewal, all on a market contestable basis.
- efficiency of delivery for clients.



Employee value:

Investment in our people to increase employee engagement through cultural, behavioural and skills-based developmental initiatives to drive business growth.

In FY22:

- 78% employee engagement score.
- 2,871 hours of training.



Community value:

Connecting and investing in our community to support our business and industry.

- \$497,700 donated to charitable causes.
- \$77.0 million income tax paid to the Australian Government.

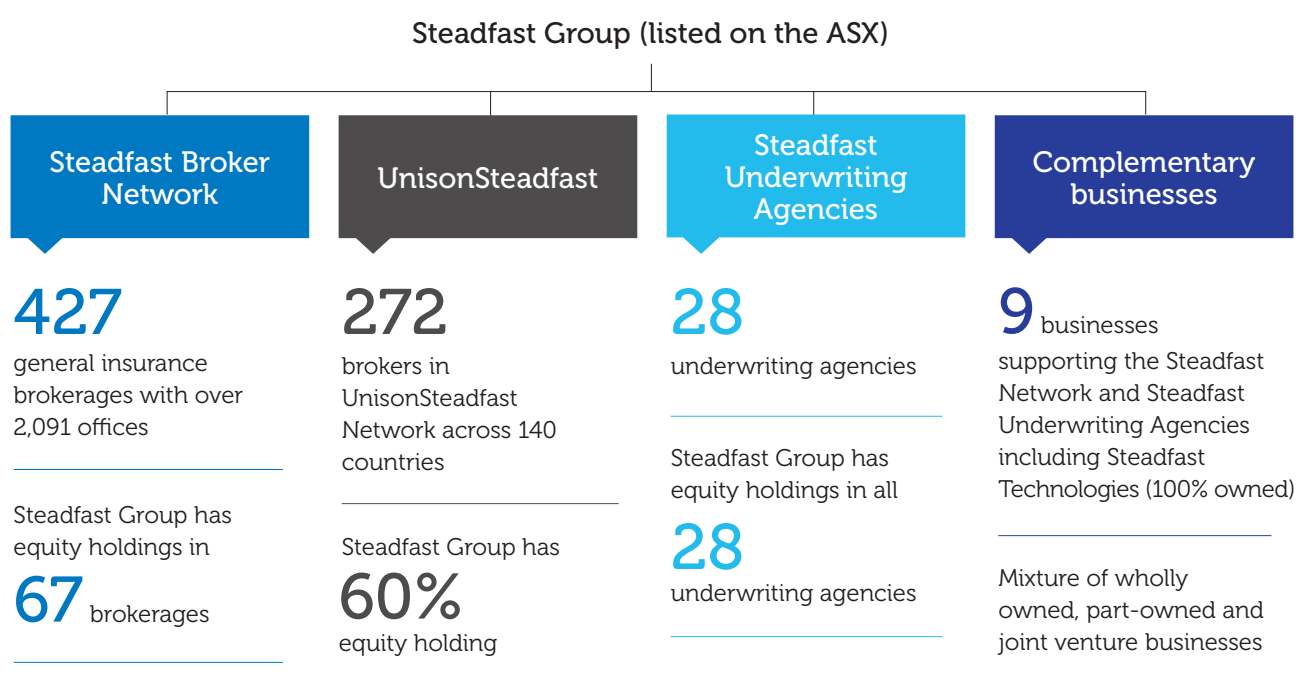
Steadfast Group

Steadfast Group was established in 1996 and is the largest general insurance broker network and the largest underwriting agency group in Australasia, with growing operations in Asia and Europe. We have grown the Steadfast Network to 427 brokerages (of which Steadfast Group has equity in 67), built a portfolio of 28 underwriting agencies and we have a 60% interest in the UnisonSteadfast network of 272 brokerages. Our business model is designed to allow us to achieve sustainable growth via our Network brokerages and the equity positions we hold within the Network.

Our Steadfast Underwriting Agencies offer products to the entire broking market in Australasia and are also supported by the Steadfast Network.

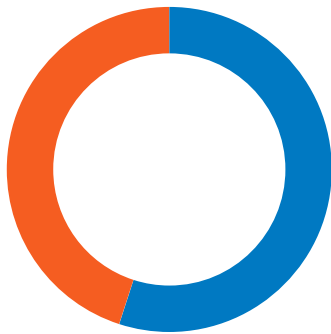
Our business

Steadfast Group has four business streams focused on servicing general insurance clients.



Steadfast Group business units are primarily focused on the intermediated general insurance market. By working together, our business units empower Steadfast to serve our main goal – ensuring our brokers provide their clients with exceptional service and superior products.

FY22 EBITA Mix



◆ Steadfast Brokers	55%
◆ Underwriting Agencies	45%

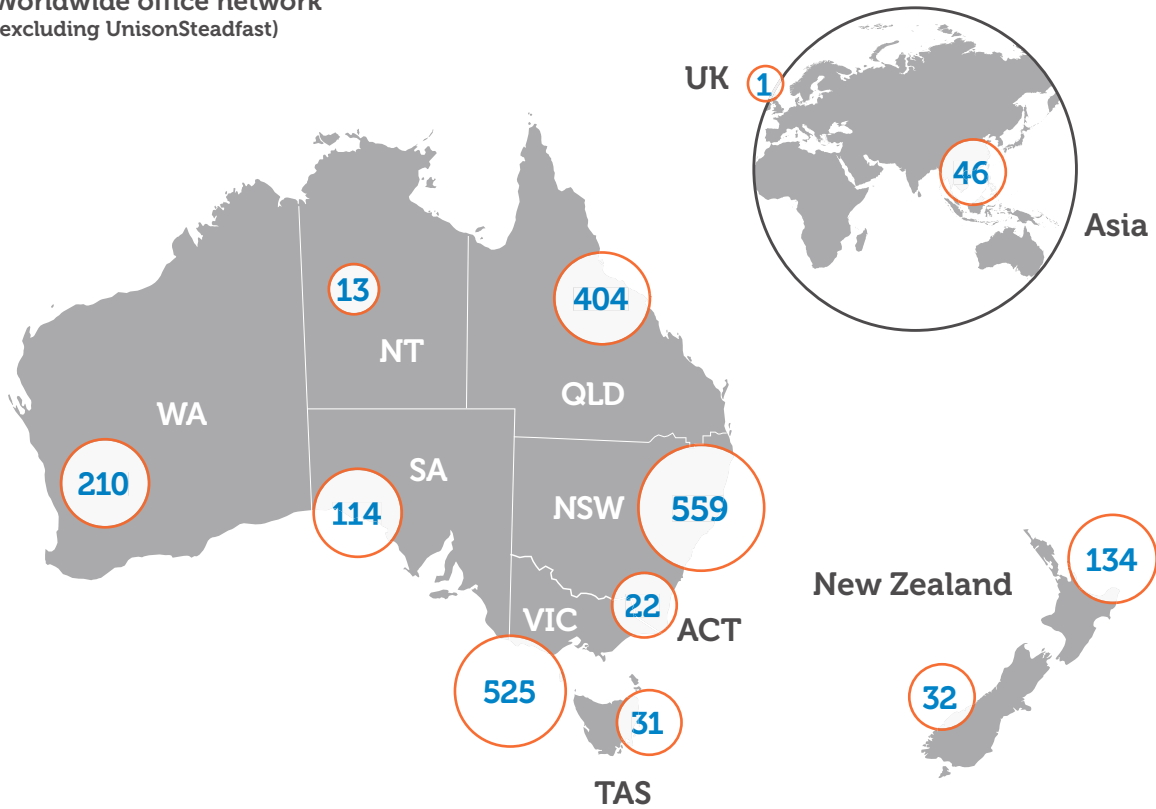
Steadfast Group's business model is designed to allow us to achieve underlying EBITA diversification, providing stable and reliable financial performance.



Steadfast Broker Network

As part of the largest general insurance broker network in Australasia, brokerages receive superior market access and exclusive products and services backed by the scale and expertise of the Group. This allows them to focus on servicing their clients' insurance and risk management needs.

Worldwide office network (excluding UnisonSteadfast)



Key benefits to brokers include:



Market-leading
policy wordings

427

brokers in the
Steadfast Network



Exclusive access to
Steadfast proprietary
technology

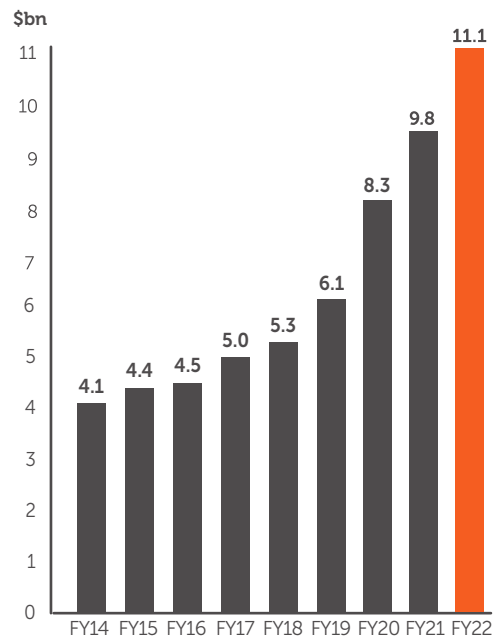
160+

exclusive products
and services



Tools and
support

Steadfast Network GWP (\$bn)¹



¹ Excludes UnisonSteadfast

A global broker network to access new markets for the Steadfast Network via inbound and outbound insurance placements.

Steadfast Group has a 60% stake in UnisonSteadfast which is one of the largest global networks of general insurance brokerages with 272 brokerages across 140 countries.



272

brokerages

140

countries

Our clients

Steadfast Group is primarily focused on the SME market. The SME market is advice-driven, which means that client relationships are key to Steadfast Network brokers, and the Underwriting Agencies that provide niche advice and products for brokers.

These relationships ensure that the SME market is more loyal than the sometimes fickle corporate market.

Diversified product offering and client base

Steadfast Network brokers and Underwriting Agencies offer a diverse range of general insurance products to their clients across Australasia. This diversity of product and client base supports sustainable sales growth.

Diversified by client base



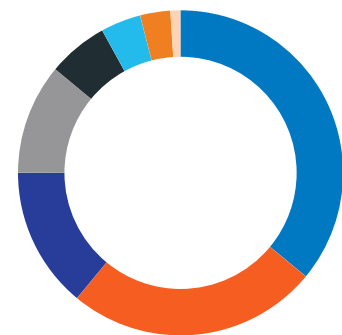
◆ Micro (Policy size <\$650)	2%
◆ Small Enterprise (Policy size \$650 - \$5,000)	28%
◆ Small Enterprise (Policy size \$5,000 - \$50,000)	37%
◆ Medium Enterprise (Policy size \$50,000 - \$250,000)	14%
◆ Corporate (Policy size >\$250,000)	5%
◆ Retail	14%

Diversified by product line



◆ Business pack	17%
◆ Retail	13%
◆ Commercial motor	12%
◆ Professional risks	10%
◆ Liability	9%
◆ Commercial property & ISR	9%
◆ Statutory covers	8%
◆ Strata	8%
◆ Rural & Farm	5%
◆ Construction & engineering	5%
◆ Other	5%

Diversified by geography



◆ VIC	36%
◆ NSW	25%
◆ QLD	14%
◆ WA	11%
◆ NZ	6%
◆ SA	4%
◆ TAS	3%
◆ ACT	1%

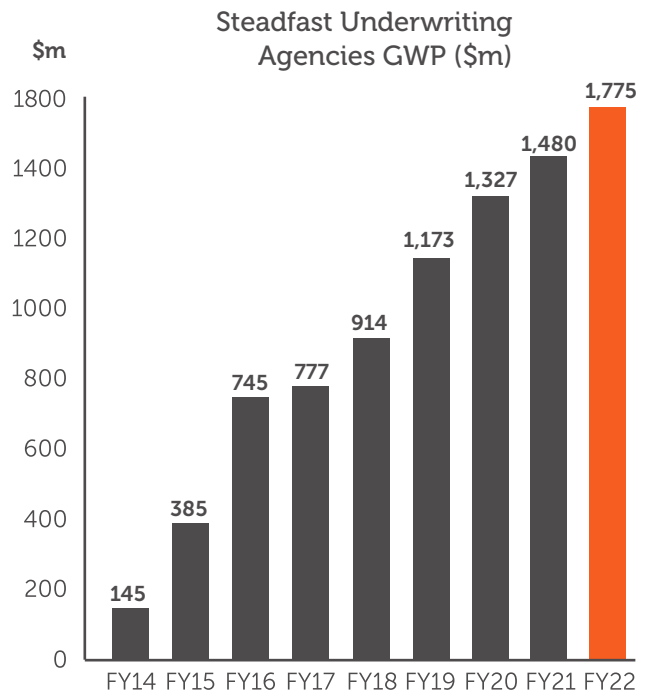
Steadfast Underwriting Agencies

Steadfast Underwriting Agencies is the largest underwriting agency group in Australasia.

The agencies extend our intermediated general insurance distribution by offering brokers, inside and outside of the Steadfast Network, specialised products and capacity in niche markets.

Steadfast Group has an equity stake in all 28 agencies.

Our scale has led to better arrangements with insurers as well as back office cost savings. Investments in services and common IT systems are being made to create further value for our underwriting agencies.



Complementary businesses

Nine complementary businesses support the operations of the Steadfast Network and Steadfast Underwriting Agencies and collectively provide a positive EBITA contribution to the Steadfast group.



Our insurTech

Steadfast Technologies provides exclusive, market-leading technology to support broker and underwriting agency operations and underpins interactions with our insurer partners to support client outcomes.

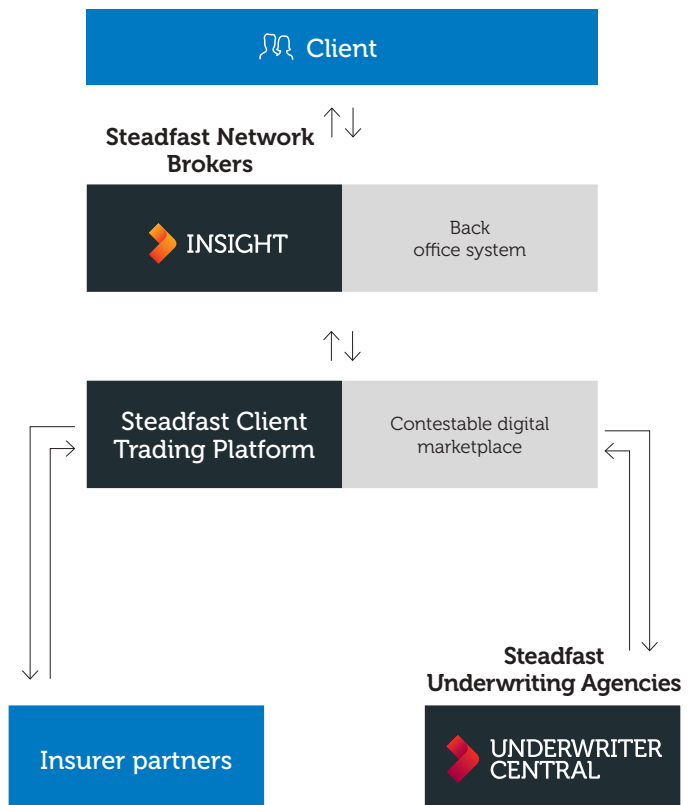
This technology positions us as a global leader in insurance technology (insurTech) and facilitates our strong market position.

Steadfast Client Trading Platform (SCTP):

a contestable digital marketplace - see diagram to the right, giving brokers access to domestic, commercial and strata policies offered by the insurers that connect to the platform, allowing comparisons of policies and prices on a single screen.

› **Insight:** back office system for brokers offering a single view of their business.

› **UnderwriterCentral:** underwriting agency management system which manages the entire policy lifecycle.



Our insurTech continued

SCTP benefits for clients:

- ▶ contestable digital marketplace generating greater pricing competition and improved coverage, as well as alignment of client and broker interests through fixed commission rates.
- ▶ market-leading policy wordings.
- ▶ instant policy issue, maintenance and renewal, all on a market contestable basis.
- ▶ supported by Steadfast claims triage.

SCTP benefits for brokers:

- ▶ automated market access to leading insurers.
- ▶ bespoke market-leading policies.
- ▶ fixed commission, same for all insurers.
- ▶ in-depth data analytics.
- ▶ stimulates advisory discussions with clients on their insurance programs with major market players.

SCTP benefits for insurers:

- ▶ automated access to Steadfast Network for all policies placed on the platform.
- ▶ significantly reduced technology and distribution costs.
- ▶ data analytics and market insights, live at all times.
- ▶ updated policy wordings, based on prior claims scenarios.

Insurer and underwriting agency partners on the SCTP

Business pack	Professional risks	Liability	Commercial property & ISR	Commercial motor	Domestic home, motor & landlords	Strata

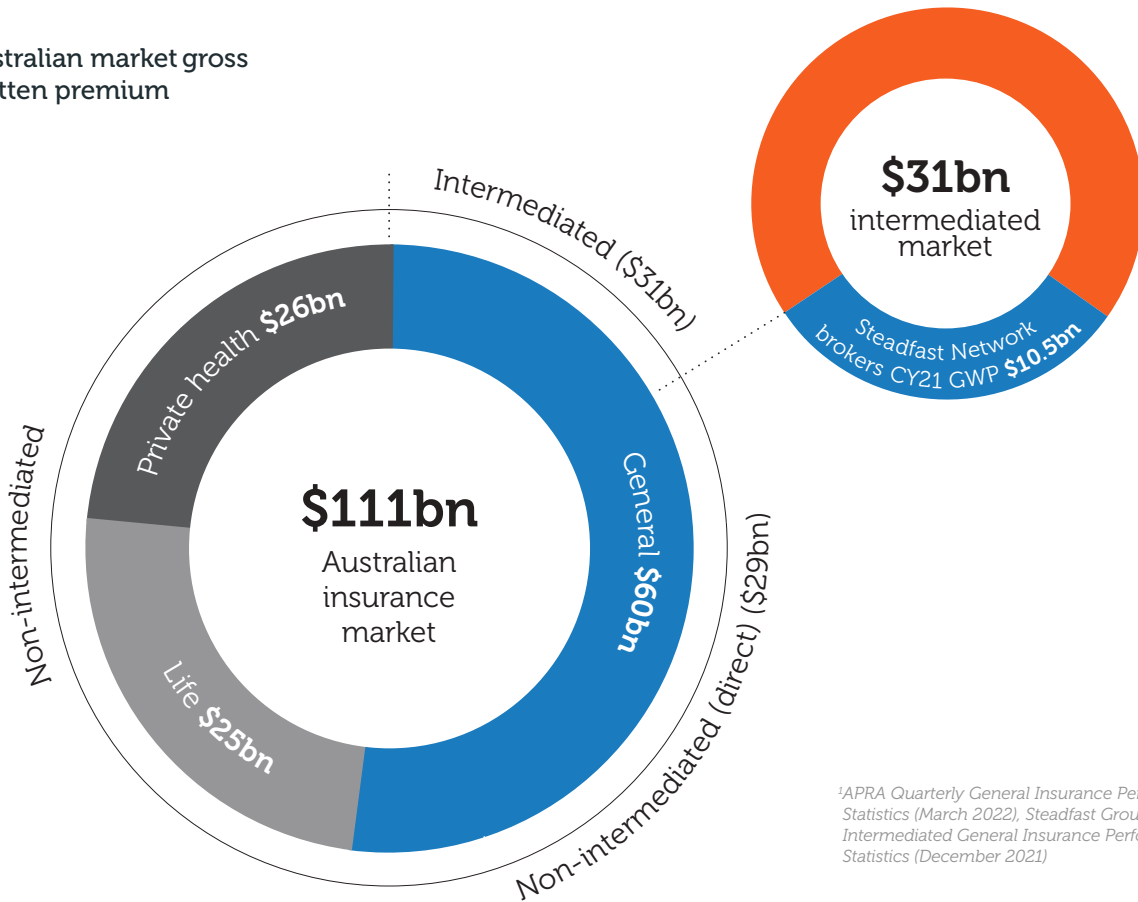
Key: indicates insurers joining SCTP product lines

Key market

The intermediated general insurance market consists of insurance brokers and underwriting agencies. Australia is Steadfast Group's largest market, with intermediated gross written premium of \$31 billion generated in calendar year 2021, of which our insurance broker network has a 34% share.

We are a key distribution channel for our insurer partners as the Steadfast Network has a large and diverse client base across Australia.

Australian market gross written premium



Our partners

Over our 25 year history, Steadfast Group has developed strong relationships with carefully selected insurers, underwriting agencies, premium funding and strategic partners that support the Steadfast Network.

Major insurer partners



Strategic partner



Premium funding partners



Board of Directors



Frank O'Halloran AM
Non-Executive Chair (independent)

Frank had over 35 years' experience at QBE where he was Group CEO from 1998 until 2012. He also worked with Coopers & Lybrand for 13 years where he started his career as a Chartered Accountant. Frank was President of the Insurance Council of Australia from 1999 to 2000 and was inducted into the International Insurance Hall of Fame in 2010. Frank received his AM for services to the insurance industry and philanthropy.



Robert Kelly AM
Managing Director & CEO

Robert co-founded Steadfast and has over 52 years' experience in the insurance industry. He was voted the second most influential person in insurance by Insurance News, and was awarded the ACORD Rainmaker Award in 2014. Robert is a Qualified Practising Insurance Broker, a Fellow of NIBA, a Senior Associate of ANZIIF, a Certified Insurance Professional and a Graduate member of the Australian Institute of Company Directors. Robert is the Chair of the ACORD Board and is also a Director of ASX-listed Johns Lyng Group Limited and not-for-profit organisation KidsXpress.



Vicki Allen
Non-Executive Director (independent)

Vicki has over 30 years of business experience across the financial services and property sectors. She held senior executive roles at a number of organisations including Trust Company, MLC Limited and Lend Lease Corporation. Vicki is currently the Chair of the BT Funds board, and a Non-Executive Director of Bennelong Funds Management. She is a fellow of the Australian Institute of Company Directors.



Joan Cleary
Non-Executive Director (independent)

Joan has over 30 years' of finance and leadership experience in the general insurance and reinsurance industry. She held senior executive roles at a number of organisations in Australia and England including QBE Insurance Group Limited, and GE's London Market reinsurance operations. Joan holds a Bachelor of Laws from the University of Exeter. She is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and is a Graduate of the Australian Institute of Company Directors.



David Liddy AM

Deputy Chair & Non-Executive Director (independent)

David has over 45 years' experience in banking, including postings in London and Hong Kong. He was Managing Director of Bank of Queensland from 2001 to 2011. David is a Director of Emerchants Limited. He is a Fellow of the Australian Institute of Company Directors. David received his AM for services to the banking and finance sectors and the community of Queensland.



Gai McGrath

Non-Executive Director (independent)

Gai has over 35 years' experience in the financial services and legal industries, including 12 years with Westpac Group as General Manager of Westpac's retail banking businesses in Australia and New Zealand. Gai is currently Chair of BT Super and Humanitix. She is a Director of Genworth Mortgage Insurance Australia, HBF Health Limited and Toyota Finance Australia. Gai is a Graduate of the Australian Institute of Company Directors.



Anne O'Driscoll

Non-Executive Director (independent)

Anne has over 35 years' of business experience. A Chartered Accountant since 1984, she was CFO of Genworth Australia from 2009 to 2012 following more than 13 years with IAG. Anne is Chair of FINEOS Corporation Holdings PLC and a Director of Infomedia Limited, Commonwealth Insurance Limited and MDA National Insurance Pty Ltd. She is also a Fellow of ANZIIF and a Graduate of the Australian Institute of Company Directors.



Greg Rynenberg

Non-Executive Director (independent)

Greg has over 40 years' of experience in the insurance broking industry, with 36 years spent running his own business, East West Group. East West Group is a Steadfast Network Broker not owned by Steadfast. Greg is a Qualified Practising Insurance Broker, a Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking) and was named NIBA Queensland Broker for 2014.

Senior Management Team



Robert Kelly AM
Managing Director & CEO

Robert co-founded Steadfast and has over 52 years' experience in the insurance industry. He was voted the second most influential person in insurance by Insurance News, and was awarded the ACORD Rainmaker Award in 2014. Robert is a Qualified Practising Insurance Broker, a Fellow of NIBA, a Senior Associate of ANZIIF, a Certified Insurance Professional, Graduate member of the Australian Institute of Company Directors and is the Chair of the ACORD Board in New York. Robert is also a Director of ASX-listed Johns Lyng Group Limited and not-for-profit organisation KidsXpress.



Stephen Humphrys
Chief Financial Officer

Stephen joined Steadfast in 2013 and has over 30 years' experience as a Chartered Accountant and extensive experience in acquisitions, integration of networks and developing businesses. As Managing Director of Moore Stephens Sydney for 10 years and Chair of Moore Stephens Australasia for three, Stephen played a key role in placing Moore Stephens into the top 10 accounting firms in Australia. Stephen is a Fellow of Australia and New Zealand Chartered Accountants.



Samantha Hollman
Chief Operating Officer

Samantha has over 25 years' experience in the insurance industry including 21 years at Steadfast. She was promoted to COO in September 2016 to direct and manage operational activities of the organisation and to ensure the implementation of the overall strategy. Samantha works closely with the Managing Director & CEO and the Board to implement strategic initiatives for the Group on a national and international level. Samantha sits on the UnisonSteadfast Supervisory Board.



Allan Reynolds
Executive General Manager
Asia, New Zealand
& Domestic

Allan joined Steadfast in 2002, and in April 2015 took on the Domestic, New Zealand & Singapore portfolios. With a background in product development and distribution, corporate strategy and portfolio management, Allan has more than 45 years' experience in general insurance. He holds a Diploma of Business Studies (Insurance), is a Certified Insurance Professional and is a Fellow, honorary member and former Chair of ANZIIF.



Nick Cook
Executive General Manager
Partners, Broker Services
& Agencies

Nick, who joined Steadfast in February 2015, had over 15 years' experience at Zurich Financial Services, including three as the Head of Customer & Proposition Development and nine years as a distribution manager. He is a member of the NIBA Board and an Associate ANZIIF member. He has graduated from both the AGSM Leadership Program and the Prosci Organizational Change Management Program.



Peter Roberts
Executive General Manager
Business Solutions

Peter joined Steadfast in 2013 and focuses on back office outsourcing opportunities for the Group. He was also Managing Director of White Outsourcing until stepping down on 30 June 2016 to concentrate on his role at Steadfast Business Solutions. Peter has over 25 years' experience in accounting and back office services to the financial services sector, is a member of Australia and New Zealand Chartered Accountants, and commenced his career in accounting with KPMG. Peter is a company secretary of Steadfast.



John O'Herlihy
Executive General Manager
– Operations & Acquisitions

John joined Steadfast in 2012 and is joint lead of the Operations and Acquisitions team. Having completed his professional accounting training with KPMG in 1996, John has spent over 15 years working within the insurance industry. During this time he has held a number of senior finance and operational roles in both North America and Australia specialising in corporate transactions. John is a Fellow of the Institute of Chartered Accountants Ireland.



Jeff Papps
Executive General Manager
– Operations & Acquisitions

Jeff joined Steadfast in 2012 and is joint lead of the Operations and Acquisitions team. Prior to joining Steadfast, Jeff worked for PwC specialising in financial services. After transferring from London to Sydney in 1998, he focused on mergers and acquisitions, leading domestic and cross border transactions and listings across Australia, Asia, Europe and North America. Jeff is a Member of the ICAEW.



Duncan Ramsey
General Counsel

Duncan joined Steadfast in June 2014 after 20 years at QBE where he was Group General Counsel and Company Secretary. Duncan's career commenced in 1986 with Freehills in Sydney. He holds degrees in commerce and law, and a graduate certificate in applied risk management. Duncan is a Fellow of ANZIIF and the Governance Institute of Australia, as well as a graduate of the Australian Institute of Company Directors.



Linda Ellis
Group Company Secretary & Corporate Counsel

Linda is Group Company Secretary & Corporate Counsel at Steadfast Group Limited and has been part of the Executive team since 2013. Before joining Steadfast, she specialised in mergers and acquisitions and worked in Sydney and London at global law firms. Linda is a Graduate member of the Australian Institute of Company Directors, holds a BEc and LLB (Hons I) from The University of Sydney and is on the advisory board of Heads Over Heels.



Martyn Thompson
Executive General Manager – Corporate Development

Martyn joined Steadfast with over 35 years' experience as an Insurance Broker, the previous 29 years working in senior roles for the global Broker, Willis Towers Watson. During this tenure he was National Client Service Director responsible for implementing service platforms and standards across the network including providing risk and insurance solutions to many ASX companies, government and Multi-National organisations. He is a Senior Associate ANZIIF, holds a Diploma of Financial Services and a Graduate Certificate in Business Administration.



Sheila Baker
Executive General Manager, Compliance and Customer Experience

Sheila Baker joined Steadfast in October 2020, following our purchase of Goldseal, which specialised in the provision of Compliance, HR and Training and Education Services. Sheila has been involved in Goldseal since its establishment and has in excess of 20 years of experience in the capacity of service provision to the broking sector.



Chris Rouse
Executive General Manager - Technology

Chris joined Steadfast in 2020, and has over 20 years of experience working in senior IT management, technology, audit and cybersecurity roles. Prior to joining Steadfast, Chris was the Chief Information Officer at Law In Order working on projects such as the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. He is a Certified Information Systems Security Professional (CISSP) and member of both ISC2 and ISACA.



As part of our culture, a commitment to doing the right thing and acting responsibly are key planks of our commitment to CSR and ESG standards.

Corporate and Social Responsibility and Environmental, Social and Governance

Our approach to Corporate and Social Responsibility (CSR), Environmental, Social and Governance (ESG)

Steadfast's long-term sustainability is enhanced by our CSR program and by our focus on ESG considerations. Our Board and our People, Culture & Governance Committee, consider that CSR and ESG are the foundations of acting in the best interests of our shareholders as we continue to develop our long-term sustainability as a business.

We think about the long-term success of our business from the perspectives of our shareholders, our people, customer advocacy, the environment and contributing to our communities.

As part of our culture, our focus on doing the right thing and acting responsibly is a key plank of our commitment to CSR and ESG standards. In the process, we strive to:

- ▶ engage our people by demonstrating that we care about them and the issues that are important to them.
- ▶ make our businesses feel proud of being part of the Steadfast Group.
- ▶ maintain a culture that is ethical and responsible.
- ▶ make a positive impact in our communities.
- ▶ have better long-term sustainability and performance in the best interests of our stakeholders.

Our CSR Framework

We have considered how we can help make a difference to some of the world's most pressing environmental and social challenges. Given the nature of our business and our sphere of influence, we are focusing on five United Nations Sustainable Development Goals (UN SDGs) which are aligned with our business and culture, and against which we feel we can have most impact.



Our actions in relation to the identified UN SDGs are set out below.

SUSTAINABLE DEVELOPMENT GOALS



No Poverty

Insurance protects individuals and businesses when disaster strikes, providing a safety net against poverty and building financial wellbeing. Our brokers and underwriting agencies are proud to provide their clients with insurance solutions and advice.

- ▶ our brokers, underwriting agencies and their clients.
- ▶ Steadfast Foundation.



Good Health and Wellbeing

Steadfast is committed to good health and wellbeing outcomes for our people and much of our charity giving is directed to improving health outcomes in our community.

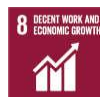
- ▶ employee attraction, retention and engagement.
- ▶ health, safety & wellbeing.
- ▶ Steadfast Graduate Program.
- ▶ Steadfast Foundation.



Gender Equality

We are committed to gender equality as a sound business practice and because it is the right thing to do. Diversity, equity and inclusion are important in our business. We also promote gender equality through supporting initiatives outside Steadfast.

- ▶ Woman in Leadership target.
- ▶ Champions of Change.
- ▶ Diversity, equity & inclusion committee.
- ▶ Heads Over Heels.
- ▶ Dive In Festival.
- ▶ Woman in Insurance.
- ▶ Wear it Purple.



Decent Work and Economic Growth

Insurance is a key factor in enabling sustainable economic growth. We provide advice for insurance products supporting workers continuing their employment through our workers' compensation solutions business, accident & health solutions and life insurance solutions. Our support for Indigenous people aims to provide opportunities for work and growth.

- ▶ our brokers and their clients.
- ▶ industry engagement & leadership.
- ▶ Reconciliation Action Plan.
- ▶ human rights and modern slavery.
- ▶ Jobsupport employer.



Climate Action

Our relationship with Sustainability Ambassador, Tim Jarvis AM, provides Steadfast with an opportunity to contribute to addressing climate change and the transition to a lower-carbon economy.

- ▶ Steadfast Sustainability Ambassador: Tim Jarvis AM.
- ▶ Carbon-neutral Transition Plan.
- ▶ Green travel policy.
- ▶ Green energy.
- ▶ Carbon offsetting.
- ▶ Flame Security International.

Environmental

In recognition of the issues arising from climate change, Steadfast announced its intention to publish a scope 1 & 2 carbon-neutral transition plan by the end of 2022.

Steadfast, being a services-based business with operations in local communities, has a relatively small environmental footprint and a limited exposure to supply chain risks. Steadfast recognises that climate change, together with increased urbanisation, continues to be a global risk and a material issue for the insurance industry, including insurers, customers and the whole economy.

Carbon-neutral transition plan update

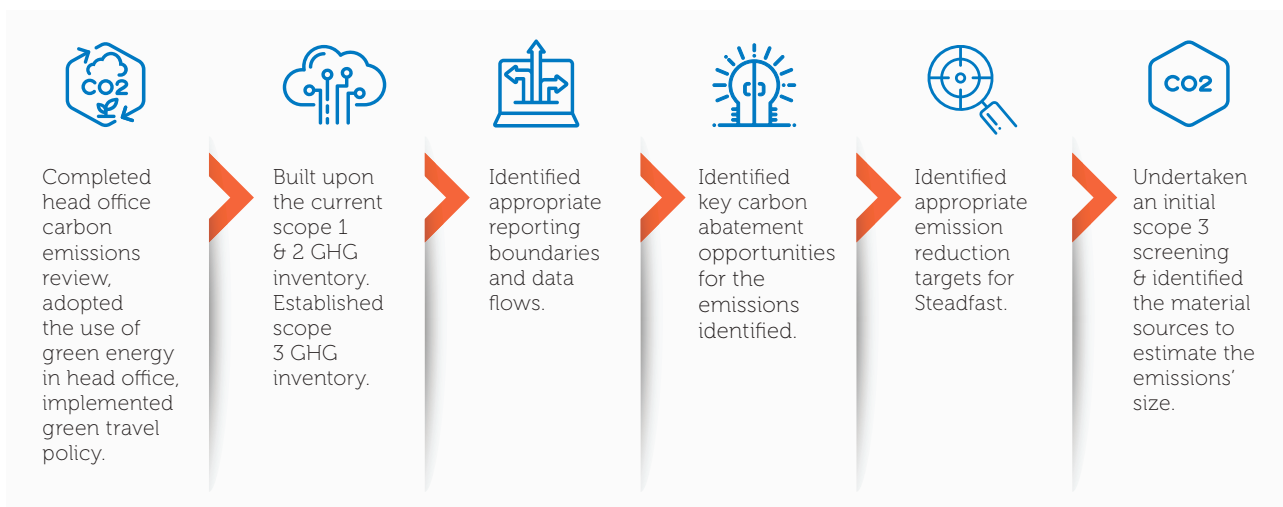
Building on Steadfast's recognition of climate change, Steadfast has announced the intention to publish a carbon-neutral transition plan by the end of 2022.

Green Travel Policy

Steadfast recognises that travel, especially air travel, has a direct impact on the environment. We are committed to reducing the need for unnecessary business travel and encouraging the use of more sustainable forms of transport across our operations.

Our Green Travel Policy seeks to embed some of the Covid adjustments we have made to the way we do business, including the use of virtual meetings. This drives a reduction in our environmental impact and helps reduce our environmental impact associated with work-related travel.

To position Steadfast to announce our carbon-neutral transition plan we have:





Emission baseline established

Steadfast’s FY21 emissions baseline forms the basis for Steadfast’s scope 1 & 2 carbon neutrality target to be developed. The preliminary results are estimated emissions and have been calculated in alignment with GHG Protocol. The results are set out below:

Scope	Result (tCO ₂ e)	Percentage of total scope 1, 2 & 3 emissions
1	24 tCO ₂ e	0.3%
2	516 tCO ₂ e	6.7%
3	7,189 tCO ₂ e	93.0%

Steadfast will continue to improve our data collection and aggregation. Given the apportioned emissions to scope 3, Steadfast is continuing to understand the options to reduce our scope 3 impact.

Energy efficiency

Steadfast uses green energy in our head office in Bathurst Street, Sydney and our Melbourne office. This use of green energy reduced our carbon emissions by 144 tCO₂e in FY21.

Emissions boundary established

Under the Greenhouse Gas Protocol guidance, there are three options to calculating a company’s emissions footprint. These are equity share, operational control and financial control.

Steadfast has opted to calculate its emissions using the Operational Control approach, as our business model means Steadfast does not exercise a consistent level of control or influence over its network, underwriting agencies and complementary businesses.

This also aligns with Australia’s National Greenhouse Energy and Reporting (NGER) boundary requirements.

Carbon offsetting

Steadfast demonstrates our commitment to minimising the impact we have on the environment by offsetting the carbon emissions for our corporate travel. This year Steadfast purchased 228 carbon offsets for the corporate travel undertaken across the Group. We direct our carbon offsetting to a local project "Cool Fire - Australia" through Tasman Environmental Markets.

Our Green Travel Policy seeks to drive a reduction in our environmental impact.



Strategic investment in Flame Security International

Steadfast has made a strategic investment in Flame Security International (FSI) which shares our vision in addressing and improving the resilience of homes, business and community assets against fires. Fire is a global threat. FSI has developed a range of fire protection solutions that are safe for humans and the environment whilst being highly effective in preventing and protecting against fire. FSI's range of fire prevention and protection technologies in fire, defence and solar, effectively reduce the harm caused by fire threats against communities and the environment.

FSI is dedicated to eco-friendly fire retardant products that use non-toxic materials which are not harmful to the environment and are produced using eco-friendly production processes and sustainable materials. Through our investment in FSI, we want to bring a new option to our risk management offerings to the broker network and their clients while building resilience measures to protect people, structures and the environment from fire threats, insurance coverage challenges and consequent increases in insurance premiums.



FSI containment line test - simulated straw fire with one section treated with a FSI-Defended product



Steadfast's Sustainability Ambassador, Tim Jarvis AM

Tim Jarvis AM is a polar explorer, environmental scientist, author, public speaker and film maker. Tim holds Masters degrees in environmental science and environmental law and was conferred a Member of the Order of Australia (AM) for services to the environment, community and exploration in the 2010 Australian honours list. In 2013, Tim successfully recreated Sir Ernest Shackleton's epic crossing of the Southern Ocean and was voted Conservationist of the Year in 2016 by the Australian Geographic Society.

Using his extensive knowledge and experience, he provides Steadfast businesses with regular commentary on the current state and future outlook of environmental sustainability, particularly in relation to the impact of current environmental events. He provides an objective analysis and broad perspective on environmental issues and offers pragmatic insight to progress thinking in this area.



Landcare Australia sponsorship

As a leader in the environmental sector and in recognition of the success Landcare Australia has achieved in its efforts to improve biodiversity, build resilience in Australia's food and farming systems, and create stronger communities, Steadfast continued its commitment to Landcare this year and sponsored the 2022 National Landcare Awards.

Social

Our culture and values

A strong culture, grounded in integrity and accountability, is essential to the achievement of our purpose, vision and strategy. Culture is key to ensuring that how we go about doing our work and is just as important as what gets achieved. All our people undertake training on the standards of behaviour that are expected and these are also encapsulated in our corporate governance policies such as our Code of Conduct. All our people have objectives on culture and values and the Board has charged the senior management team with the responsibility for setting the tone from the top in all aspects of their interactions and work.

Our brokers and their clients

We prioritise what matters to our brokers and strive to deliver an outstanding broker service to enable Steadfast Network brokers to thrive.

Our SCTP provides Steadfast brokers and their clients with choice across leading insurers and 'best in class' product wordings. The SCTP provides real time, full policy life cycle capability. This ensures our brokers can provide clients with insurance solutions from a range of insurers quickly and efficiently.

We consider social sustainability from the perspectives of our shareholders, our people, customer advocacy, the environment and contributing to our communities.



Diversity, Equity and Inclusion

Diversity, equity and inclusion (DE&I) is integral to the success of Steadfast Group. Steadfast believes that we perform better as a business with diverse people and an inclusive culture. It helps us attract, retain and motivate the best people.

We strive to continually foster a workplace where individuals feel safe, valued and encouraged to be their true selves every day. We aim to create a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of Steadfast.

The Board and management believe that Steadfast's commitment to diversity and inclusion contributes to achieving Steadfast's corporate objectives and embeds the importance and value of diversity within the culture of Steadfast.

We do not tolerate discrimination, harassment or vilification and employees undertake annual training supporting our commitment to inclusion. During the year our senior managers undertook training in unconscious bias, helping them to recognise, understand and mitigate the effects of unconscious bias both at an individual and a corporate level, allowing them to make better decisions that will drive improved performance.

Steadfast's DE&I Strategy and its Diversity Policy focus on gender, LGBTQIA+ and disability. By surveying our people, we established that they are passionate about these areas and the experiences in the workplace that they shared helped shape the framework of DE&I at Steadfast.

The DE&I committee has sought to embed DE&I importance by regular promotion in all staff update forums, showcasing initiatives at employee inductions and encouraging managers to promote the committee's work to their teams.

As part of our ongoing commitment to the enhancement of our gender diversity, Steadfast previously set an aspirational target for Women in Leadership of 45% by 2024. We believe this better aligns our business with the diversity within our society. This year we exceeded that target with females in leadership roles increasing from 40% to 46% in FY22.

Steadfast continued to support Heads over Heels - an organisation that creates opportunities for women in leadership positions through business connections. For the 2022 Dive In Festival, Steadfast engaged Joanna Ferrari, to discuss the topic "Active Allyship".

Furthermore, Steadfast continued our support of the employment service for people with moderate intellectual disability through the government organisation, Jobsupport. We currently have two Jobsupport employees.

Steadfast offers flexible work practices to assist our people to live balanced lives. We have training programs to prepare our people, particularly those we have identified as high potential, for senior positions and we actively create opportunities, such as appointing them to boards within the Steadfast Group, to assist professional development.

We are proud of our increasing gender, ethnic and age diversity and are committed to inclusion at all levels.



Gender

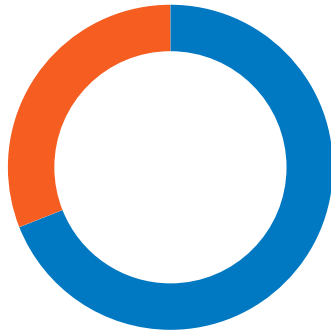
We are committed to gender diversity at all levels

Non-executive directors



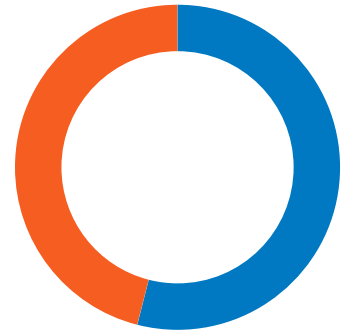
◆ Male 50%
◆ Female 50%

Senior executives



◆ Male 69%
◆ Female 31%

Group-wide leadership



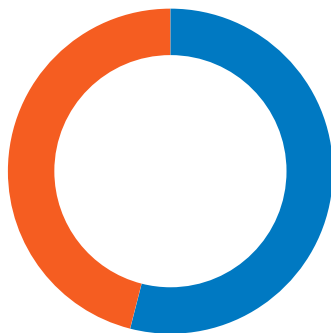
◆ Male 54%
◆ Female 46%

Group-wide employees



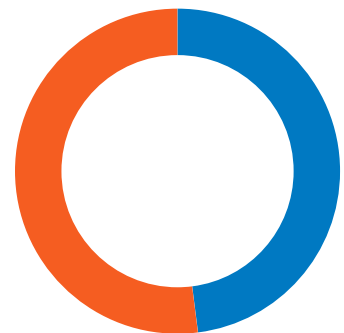
◆ Male 52%
◆ Female 48%

Promotions and transfers



◆ Male 54%
◆ Female 46%

Participants in our manager development program

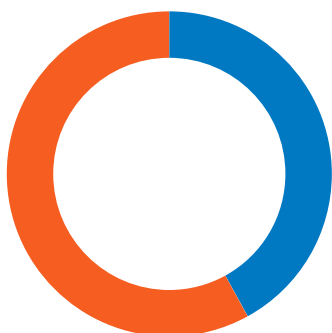


◆ Male 48%
◆ Female 52%

Ethnicity & Age

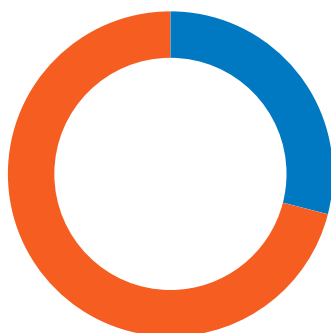
Steadfast has considerable ethnic and age diversity

Head office employees place of birth



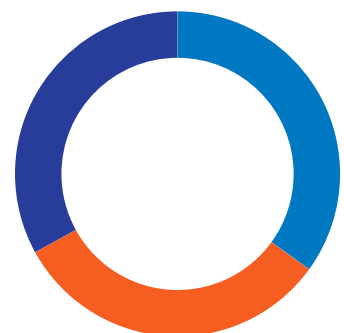
◆ Born outside Australia 42%
◆ Born in Australia 58%

Workforce language diversity



◆ Non-english speaking background 29%
◆ English speaking background 71%

Age Diversity



◆ Under 35 years old 35%
◆ Between 35 and 44 years old 32%
◆ Over 44 years old 33%

Support for Aboriginal & Torres Strait Islander peoples
Reconciliation Action Plan

In March 2022, Steadfast launched the second phase of our Reconciliation Action Plan (RAP) called Innovate. Steadfast has developed an Innovate RAP because we want to make a difference to pressing challenges faced by Aboriginal and Torres Strait Islander peoples.

We committed to the development of our second RAP as part of our broader commitment to DE&I. Our growing awareness of the place of Aboriginal and Torres Strait Islander peoples in this country’s history, and as Australia’s First Nations people, makes it imperative that we focus specifically on further developing our RAP.

Having completed our first RAP called Reflect in 2021, we wanted to formalise our commitment and hold ourselves accountable for what we say we will do for the next stage of our reconciliation journey.

Some of the initiatives we have implemented to raise awareness and encourage a deeper understanding of Aboriginal and Torres Strait Islander peoples include:

- ▶ implemented protocols for Acknowledgment of Country and Welcome to Country.
- ▶ maintained a hub of resources for staff to access to better understand Aboriginal and Torres Strait Islander cultures and histories. Issued numerous communications to staff to raise awareness of it.
- ▶ recognised and celebrated NAIDOC Week and National Reconciliation Week.
- ▶ hosted a private screening for staff of the film ‘Mabo’ to mark National Reconciliation week in June 2022.
- ▶ maintained partnerships with four Aboriginal and Torres Strait Islander organisations.

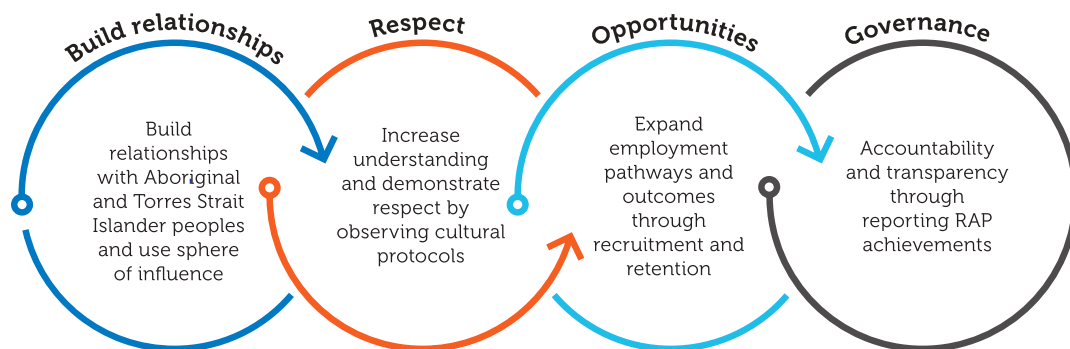
- ▶ continued our compulsory cultural awareness training program for all staff to help educate staff on Aboriginal and Torres Strait Islander cultures and histories and perceptions of Aboriginal and Torres Strait Islander peoples.
- ▶ liaised with other businesses to share our knowledge and benefit from their experience.
- ▶ continued our relationship with Reconciliation Australia and reported to them on our activities.

Our RAP commitment lays the foundations for us to establish meaningful and long-term relationships and contribute to reconciliation in a structured, relevant and respectful way.

We intend to support Aboriginal and Torres Strait Islander peoples by creating job opportunities to build a strong professional career within our industry of insurance distribution. These opportunities can provide individuals and their families with financial stability and a solid platform to use their abilities, protect families and communities and contribute to our country.

Steadfast’s Summer Intern Program offers six roles to school leavers each year, and of the six roles, two are reserved for First Nations peoples as part of the Steadfast RAP.

Download the Steadfast Reconciliation Action Plan here.



Our Innovate RAP Actions



Brett Johnson, Head Coach Hockey (pictured first on left) and Michael Murphy, UAA Group Chief Executive Officer (third from left) with UAA Program athletes Alexander Jones, Hockey and Olivia Miles, Netball.

Indigenous Talent Program sponsorship

Underwriting Agencies of Australia (UAA), a Steadfast business, has been instrumental in building a unique and critically important Indigenous Talent ID Program (ITID) for First Nations athletes, offered by the Regional Academies of Sport (RAS) across regional NSW. The program has grown exponentially from very humble beginning on the Central Coast some seven years ago. Annually the RAS network is identifying close to 1,000 talented First Nations athletes, and from this cohort is providing close to 140 fully funded scholarships into RAS Sporting Programs. The ITID Program is now one of the largest talent identification programs on offer throughout the Regional Academy network.

In addition to the support from UAA, the Steadfast Group is supporting the RAS LEAD Program, providing leadership, education, and athlete development. The LEAD program partnership is built on mutually aligned outcomes specific to creating better citizens across regional NSW.

Supporting Ethan Indigenous

This year Steadfast continued our support of Ethan Indigenous with the donation of 230 kilograms of refurbished computer and technology equipment. Ethan Indigenous brings an Indigenous focus to the Information and Communications Technology (ICT) industry, specifically in regard to electronic components and supplies, and in information technology, broadcasting and communication. Ethan Indigenous enables brighter futures for indigenous youth within the ICT industry.

Steadfast continued our support of Ethan Indigenous with the donation of 230 kilograms of refurbished computer and technology equipment.

Human Rights and Modern Slavery

Steadfast rejects any form of modern slavery such as slavery, servitude, human trafficking and forced labour. We respect the human rights of our employees, customers and those of our suppliers and business partners. We aim to identify and manage risks related to human rights across our business and supply chain. Our Modern Slavery Statement 2022 sets out our position on this matter and is available from our investor website.

As part of our commitment to human rights, Steadfast joined The Freedom Hub, an organisation that helps people who have experienced human trafficking and slavery. The Freedom Hub Survivor School provides survivors with long-term support by running free, personalised classes to assist them in recovering from trauma and become ready to work.

Steadfast is committed to complying with relevant laws, community expectations and ethical standards related to human rights and modern slavery in respect of our employees and business. Employees are encouraged to report any genuine concerns about modern slavery relating to our people, business or supply chain.

Our People

Workplace Culture

We are very proud of our culture and our approach to CSR. Our people are the cornerstone of Steadfast's success and providing an engaging and rewarding culture are important aspects of our employee attraction, retention and engagement strategy.

As part of our CSR commitment, in March this year Steadfast conducted its annual employee engagement survey which measures the emotional connection people have to the Group. This year, with a participation rate of 88% the group-wide engagement score was 78%, up from 73% in 2021. This result continues to place Steadfast in the 'high performing' zone of the engagement spectrum and is 5% above the Australian industry norm.

78%

Employee engagement survey result

11.75

Average years of executive tenure



Our voluntary staff turnover rate was 20.7%, an increase from 8.4% in FY21 reflecting the war on talent being experienced in Australia. Our average current employee tenure is four years and two months with Steadfast. Our average executive tenure with Steadfast is 11 years and nine months.

We continue to implement initiatives designed to engage employees and build relationships, including our intranet, regular staff meetings and briefings, a formal performance review process, participation in a number of community events, quarterly off-site workshops and social activities, such as entering two Steadfast teams in the Touch of Colour, an annual touch football event which brings together 24 teams from the insurance industry to raise funds for KidsXpress, a children's mental health charity.

Steadfast's volunteer day program encourages our people to donate their time by way of volunteering at a registered charity of their choice, on a day of paid employment. Due to the Covid pandemic Government mandated lockdowns during the year, volunteer opportunities have been limited and this year Steadfast employees donated 195 hours volunteer time.

Steadfast offers an Additional Leave Purchase Scheme enabling our people to salary sacrifice to acquire additional annual leave to facilitate a better balance between professional and personal lives.

Steadfast has a Short-Term Employee Incentive Plan to increase market competitiveness and attract, retain and motivate our people. The scheme has been designed to ensure goal alignment throughout the business and also provides our people with the opportunity to receive shares in Steadfast. As well as salary and incentive arrangements, Steadfast offers a wide-ranging benefits program for our people including travel insurance and discounts on a wide range of consumer goods and cars.

During the year we had no reportable work, health and safety incidents.

Career Growth

We actively invest in developing our people and Steadfast has a formal talent development strategy. We have a dedicated training and development manager who delivers a substantial number of training programs throughout the year at all levels. Steadfast's College of Leadership offers our current and future leaders the opportunity to develop while exposing them to forward-thinking, relevant and practical leadership methodology and application. In addition to leadership and management training, our people participate in annual development planning to ensure their continued technical and non-technical development.

During the year, 24 Steadfast employees were promoted internally, of whom 13 were female employees.

Developing female talent

During the year 122 of our leaders from across the business participated in our various leadership training programmes, with 63 of the participants being female employees.

Broker Training

In collaboration with Hollard Commercial Insurance, and as part of our continuing support of our brokers, Steadfast established the Aspire Women in Leadership Program.

Although improving, there are still steps to be taken to ensure that women are at least equally represented and valued in management and executive positions in our industry. We have demonstrated our commitment to our female brokers and offer a dedicated leadership program.

The Aspire Women Leaders Program offers a curated program of relevant and topical courses that are designed to provide leadership skills and advance participants careers within the insurance broking industry.

Developing Young Talent

At Steadfast, we recognise the importance of developing young talent and have an established Graduate Development Program and a School Leavers' Summer Intern Program.

Steadfast's Summer Intern Program offers six roles to school leavers each year, and of the six roles, two are reserved for First Nations peoples as part of the Steadfast RAP.

We are delighted in the quality of people who have joined us, and stayed, through these programs.

Health, safety and wellbeing

We actively promote the health, safety and wellbeing of our people. During the year we had no reportable work, health and safety incidents.

Our Board receives regular work, health and safety (WHS) reports and has overseen improvements, including improved reporting and analysis resulting from the recommendations of a comprehensive WHS external audit. We have a work, health and safety committee to provide a forum for our people to suggest initiatives and raise any concerns.

Steadfast provides a comprehensive health and wellbeing program. Some of our initiatives include:

- ▶ annual health assessments and flu shot.
- ▶ a range of education and awareness of key health and wellbeing issues including physical fitness, nutrition, mental health and stress management.
- ▶ annual financial wellbeing health check.
- ▶ access to confidential external Employee Assistance Programs (EAPs) for counselling to support mental health.
- ▶ workplace health and safety training – 5% of staff have been trained as mental health first aid officers.

Steadfast supports flexible workplace initiatives to recognise and respond to people's different needs at different stages of their lives and to help our people balance personal obligations with their careers. Currently 100% of our workforce works within a hybrid working model.

We offer paid parental leave at 12 weeks' full pay. We engage with our people when they are on parental leave, if they wish, to maintain a sense of connectedness and ease the transition back to work. Steadfast provides a parents' room in our head office as a practical support for the increasing number of new parents in our team and to ease their transition back to work.

Charities we support include cancer research and support, mental health, children's causes and charities supporting domestic violence, the homeless and disadvantaged.

Steadfast Foundation

The Steadfast Foundation is in its 11th year and the New Zealand Steadfast Foundation is in its fifth year.

Steadfast created the Steadfast Foundation to facilitate grants and charitable contributions that support charities helping people to overcome adversity, with \$497,700 donated during FY22 to charities.

The Steadfast Foundation has launched a new initiative: The Steadfast Foundation Portal. The Steadfast Foundation Portal is a workplace giving platform that enables Steadfast staff the opportunity to participate and engage in the Foundation's mission. The portal enables all staff to easily take part in regular workplace giving and, for every dollar donated by staff, Steadfast Group Ltd will match contributions dollar for dollar, capped at an annual total of \$100,000.

Charities are often chosen based on the recommendations of Steadfast brokers, and include cancer research and support, mental health, children's causes and charities supporting domestic violence, the homeless and disadvantaged. Some of the charities the Steadfast Foundation supported this year include: Assistance Dogs Australia, Children's Cancer Institute, Earbus Foundation WA, The Helmsmann Project, McGrath Foundation, Mirabel Foundation, Motion by The Ocean, the Prostate Cancer Foundation of Australia, Telethon Speech and Hearing, and Youth Off The Streets.

Steadfast Foundation



Governance

Sound compliance

The Steadfast Board of Directors is committed to sound corporate governance and following the ASX Corporate Governance Principles and Recommendations. FY22 was another year in which there were no material departures from our governance framework and risk management strategies.

Consumer protection

Responsible selling practices

The Steadfast Code of Conduct includes the following drivers and behaviours, to support brokers' to meet and exceed the expectations of their customers, and the broader community.

1. Steadfast expanded its internal audit and risk resources with the acquisition of Goldseal.
2. Steadfast will educate, inform and encourage its network brokers to no longer engage in the practice of accepting volume-based incentives and/or soft dollar benefits.
3. Steadfast will require transparency of remuneration from all network brokers in all dealings with their customers. This will require an undertaking from network brokers that all remuneration will be transparently documented in their transactions with their customer base.
4. Steadfast will facilitate elevated levels of excellence in the services provided by its network brokers through:
 - ▶ driving higher quality standards of training and education.
 - ▶ meeting clients and legislative expectations in a reasoned and compliant approach to advice, conduct and ultimate outcome.
 - ▶ maintain an appropriate trail of the documentation and fact gathering that support the placement of any client insurance policies / programs or claims handling.

We will review and bolster our licence agreements with our network brokers to ensure compliance with:

- ▶ best practice standards.
- ▶ regulations.
- ▶ laws.
- ▶ relevant codes (including the Steadfast Code of Conduct).

which will be incorporated into conduct standards, included in the licence agreements and integrated into network brokers' operations.

5. Steadfast's Code of Conduct will clearly and emphatically focus on the best interests of network brokers' clients and as such, we will review existing policies, procedures and resources provided to ensure brokers receive all encouragement and assistance they may need to meet the same expectation.
6. Steadfast Goldseal will be the public face for the Network's Customer Advocacy function, providing the consumer with an advocate to present any issues where the network has not complied with the customer's expectation for the services provided.
7. Steadfast will establish a reference checking and information sharing service to record details of network employees or ARs who have acted in contravention of accepted industry ethical standards, allowing the network to identify individuals during the recruitment process who do not uphold Steadfast's high standards.
8. Steadfast will play a leadership role with National Insurance Brokers Association (NIBA) to enhance the industry's training and qualification requirements and work with regulators to increase the recognition of the Qualified Practising Insurance Broker (QPIB) designation.
9. Steadfast will complete a compliance and best practice audit of network brokers.

Our network brokers are guided by regulation and comply with the financial services laws to deliver responsible selling practices to meet their clients' requirements.

Customer Advocacy Program

Key benefits to being a Steadfast Network broker include improved policy wordings, broker services, exclusive access to Steadfast's technology and triage support for challenging claims. Pivotal to our philosophy and values is brokers work for their client, not the insurer. Steadfast Group supports our brokers with our dedicated Triage team available to support brokers with the claims process by ensuring their client's claims are managed in line with wording and service expectations, providing support with issues such as placement, ethics and natural disasters, and assist brokers by escalating these issues when required.

Pivotal to our philosophy and values is brokers work for their client, not the insurer.

Further, the objective of Steadfast Goldseal Customer Advocacy Program objective is "Make every client of a Steadfast business the sole focus of every broking transaction, the broker will act in the client's best interest – whether that coincides with their own best interest or not".

Whistleblower policy

Steadfast Group's whistleblower policy encourages people to report or disclose corruption, fraud, tax evasion or avoidance, misconduct and improper states of affairs within the corporate sector and provides appropriate protections to whistleblowers to facilitate the uncovering of corporate crime and to combat poor compliance. There were no material whistleblower incidents reported during the year.

Data privacy and cyber security

Information is vital in our knowledge-driven organisation. Security of data and information is an integral part of Steadfast's integrity and is critical to building and maintaining trust with our brokers and strategic partners and for our brokers to build relationships with their customers.

We are committed to protecting data privacy and remaining cyber secure through implementing appropriate policies and procedures throughout our business. We manage and mitigate emerging threats, by seeking to adhere to all legislation and appropriate risk management standards and maintaining contact with relevant industry bodies and government agencies. We are ISO 27001 aligned. We have had no notifiable breaches in the past 12 months.

Industry engagement and leadership

A number of our senior executives hold leadership roles within the industry such as serving on the board of industry bodies. Our executives contribute by speaking at industry events and judging industry awards. Our executives are recognised throughout the industry and receive accolades for their leadership and contribution. Working with the industry body, NIBA, Steadfast continues to play a leading role in seeking to ensure that the insurance broker industry stays strong, delivers excellent outcomes for customers and meets its legal and ethical obligations from a regulatory perspective.

Future commitment

Steadfast will continue to enhance our contribution to our communities and minimise our environmental impact, while remaining focused on the fair treatment of our customers, employees and suppliers.

Steadfast has committed to:

- ▶ publishing a carbon-neutral transition plan by the end of 2022.
- ▶ maintaining our women in leadership aspirational target of 45%.
- ▶ embedding the Steadfast Code of Conduct to drive the cultural behaviours that our network brokers' conduct meets the expectations of clients and the broader community.

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Directors' Report

The Directors present their report together with the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company), its subsidiaries and interests in associates and joint ventures (collectively Steadfast Group or the Group) for the financial year ended 30 June 2022 (FY22) and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Name	Date of appointment
Chair	
Frank O'Halloran, AM	21 October 2012
Managing Director & CEO	
Robert Kelly, AM	18 April 1996
Other Directors	
David Liddy, AM (Deputy Chair)	1 January 2013
Vicki Allen	18 March 2021
Joan Cleary	28 July 2022
Gai McGrath	1 June 2018
Anne O'Driscoll	1 July 2013
Greg Rynenberg	10 August 1998
Former Director	
Philip Purcell [†]	1 February 2013

[†] Philip Purcell retired as a Non-Executive Director on 22 February 2022.

Directorships of other listed companies

Directorships of other listed companies held by the Directors in the three years preceding the end of the financial year are as follows:

Name	Company	Period of directorship
Frank O'Halloran, AM	None	
Robert Kelly, AM	Johns Lyng Group Limited	Since November 2017
David Liddy, AM	EML Payments Limited	Since April 2012
Vicki Allen	Mortgage Choice Limited	June 2017 to July 2021
Joan Cleary	None	
Gai McGrath	Genworth Mortgage Insurance Australia Limited	Since August 2016
Anne O'Driscoll	Infomedia Limited	Since December 2014
	FINEOS Corporation Holdings Plc	Since July 2019
Philip Purcell	None	
Greg Rynenberg	None	

Particulars of the Directors' qualifications and experience are set out under Board of Directors on pages 20 to 21.

Directors Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were as follows:

	Board	Audit & Risk Committee	Nomination Committee	Remuneration & Performance Committee	People, Culture & Governance Committee
Total number of meetings held	10	3	4	6	3

Director	Eligible to attend as a member	Attend- ed as a member	Eligible to attend as a member	Attend- ed as a member	Eligible to attend as a member	Attend- ed as a member	Eligible to attend as a member	Attend- ed as a member	Eligible to attend as a member	Attend- ed as a member
Frank O'Halloran, AM	10	10	-	-	4	4	1	1	-	-
Robert Kelly, AM	10	10	-	-	-	-	-	-	3	3
David Liddy, AM	10	9	-	-	4	4	6	6	-	-
Vicki Allen	10	10	3	3	4	4	6	6	-	-
Gai McGrath	10	10	-	-	1	1	-	-	3	3
Anne O'Driscoll	10	10	3	3	1	1	-	-	-	-
Philip Purcell	8	8	-	-	1	1	5	5	2	2
Greg Rynenberg	10	10	3	3	1	1	-	-	3	3

Particular details of the responsibilities of the members of the Board and the various committees are set out in the Corporate Governance Statement in this report, and are also available in the corporate governance section of the Steadfast Investor website (<http://investor.steadfast.com.au/investor-centre/>).

Principal Activities

The principal activities of the Group during the financial year were the provision of services to Steadfast Network brokers, the distribution of insurance policies via insurance brokerages and underwriting agencies, and related services.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group. The Group continued to acquire businesses during the year. Refer Note 10.

Directors' Report continued

Operating and financial review

A. Operating results for the year

The trading results for the year are summarised as follows (refer Note 5):

	2022 \$'m	2021 \$'m
Statutory net profit after income tax attributable to owners of Steadfast Group Limited (statutory NPAT)	171.6	143.0
Adjusted for (net of tax and non-controlling interest):		
Impairment of intangibles	3.5	3.9
Net loss on deferred consideration estimates	12.5	1.7
Net gain from change in value or sale of businesses and other movements	(17.0)	(8.3)
Mark-to-market gains from revaluation of listed investments	(1.6)	(9.6)
Underlying net profit after income tax attributable to owners of Steadfast Group Limited (underlying NPAT)	169.0	130.7
Underlying diluted earnings per share (cents per share)	17.58	15.09
Statutory diluted earnings per share (cents per share)	17.85	16.51

The underlying profit attributable to the Group after income tax, before non-trading items, was \$169.0 million compared to \$130.7 million in 30 June 2021. The increase was mainly due to:

- ▶ organic growth from price increases by insurers and volume increases;
- ▶ improved margin as revenue growth outstripped expense growth; and
- ▶ acquisition of Coverforce and interests in other Network brokers, including the Trapped Capital Project.

Whilst there has been ongoing impact to the economy resulting from the Covid pandemic, the essential nature of insurance to provide financial protection for businesses and consumers meant that volumes and revenue have not been negatively impacted.

The underlying net profit after tax (underlying NPAT) reflects an assessment of the result for the business of the Group as determined by the Board and management. Underlying NPAT has been calculated in accordance with ASIC's Regulatory Guide RG230. Underlying NPAT has not been audited by the Group's external auditors; however the adjustments to statutory profit after tax have been extracted from the books and records that have been audited. Underlying NPAT is disclosed as it is useful for investors to gain a better understanding of the Group's financial results from normal operating activities.

B. Review of financial condition

I. Financial position

The increase in the total assets of the Group during the financial year was mainly attributable to the capital raised for the acquisition of Coverforce (including the related Share Purchase Plan) as well as the addition of assets from acquired businesses throughout the period as detailed in Note 10 to the financial statements.

The increase in the total liabilities was mainly attributable to the assumption of the liabilities of the newly acquired businesses as well as additional borrowings to fund certain acquisitions and increased premium funding borrowings to service additional lending.

The increase in the Group's equity during the financial year largely reflects the scrip issued and capital raised to fund acquisitions and the retention of profits net of dividends paid.

II. Cash from operations

The net inflows of \$261.0 million (excluding trust account and premium funding movements) reflected continued full conversion of profits into cash flows. After funding dividends to shareholders, the remaining free cash flow is available for corporate activities, including acquisitions of further business interests.

III. Capital management

As at 30 June 2022, the Company had a total of 977.6 million ordinary shares on issue, which increased from the 871.5 million ordinary shares on issue at 30 June 2021. The increase is the result of the institutional placement of 44.3 million shares (\$200.0 million) in August 2021 and 49.2 million shares (\$206.7 million) issued to vendors to fund acquisitions including Coverforce. Additionally, 11.8 million shares (\$53.1 million) were issued in September 2021 for the Share Purchase Plan (SPP), and 0.8 million shares (\$3.9 million) were issued through the September 2021 Dividend Reinvestment Plan. The Company continues to acquire shares on market to provide for potential share issues to employees, including Key Management Personnel (KMP), under equity based incentive programmes.

The Group leverages its equity, adopting a maximum 30.0% total gearing ratio (excluding premium funding borrowings). As at 30 June 2022, the Group's total gearing ratio was 19.0% (2021: 22.0%). Refer Note 9C.

The Group refinanced its multibank syndicated facility during the period. The new facility has a combination of 3 year and 5 year tranches with the total facility increasing by \$200.0 million to \$660.0 million. As at balance date, the Group had the ability to borrow a further \$314.8 million from this facility. As at 30 June 2022, the Warehouse Trust limit for IQumulate Premium Funding Pty Ltd was \$500.0 million (including a \$50.0 million overdraft facility). In July 2022, the Warehouse Trust limit was increased by \$70.0 million to \$570.0 million (including a \$60.0 million overdraft facility) with an extended availability period to July 2023. The premium funding borrowings have a one-year term (renewed on an annual basis) to attract lower cost of borrowing which is a standard commercial practice for this sector. At 30 June 2022, whilst the contractual availability period ended in July 2022, the premium funding borrowings have been classified as non-current in the statement of financial position as the contractual maturity date includes an amortisation period giving the Group twelve months to repay from the date of the last maturing premium funding in the Warehouse Trust.

The Corporate debt and premium funding facilities are not cross collateralised.

Directors' Report continued

Strategy and prospects

The Group's business strategy is to maintain its position as the largest intermediated insurance distribution network in Australasia by continuing to grow shareholder value through continued expansion of the Steadfast insurance distribution and risk management model and related businesses, including provision of these services to the UnisonSteadfast network.

Steadfast Group is a stable and resilient business. The Group aims to increase value for all shareholders by providing quality support to all stakeholders including shareholders, network brokers, customers, strategic partners, employees and our community. The Group's strategic plan is a framework for decision making and planning for the Group's development of the strategic objectives which include:

- ▶ Drive growth organically and through acquisitions
- ▶ Maintain and enhance the premier service offering to Steadfast Network brokers, and, in the longer term, to UnisonSteadfast network brokers
- ▶ Develop cultural, organisational and leadership development solutions that enhance employee engagement and drive business performance
- ▶ Maintain and strengthen our strategic relationships
- ▶ Continue to develop and rollout our market leading technology platforms
- ▶ Continue to enhance organisational capability and sustainability, including risk services

A. Steadfast Group

FY22 Highlights

- ▶ Underlying revenue growth of 26.2%
- ▶ Underlying earnings per share growth of 16.5%
- ▶ Dividend per share growth of 14.0%
- ▶ Acquisitions costing \$552 million were executed during the year, including Coverforce

Steadfast Group grew underlying FY22 EBITA by 29.5% to \$340.4 million. This result was driven by both organic growth of +13.3% and acquisition growth of +16.2%.

As an industry leader, Steadfast continued to actively review the implications of the Hayne Royal Commission to our sector. This included engagement with industry peers and industry bodies on the conflicted remuneration issue. Steadfast has also implemented customer centric solutions including the Steadfast Client Trading Platform (SCTP) and our Code of Conduct framework to support transparency.

Medium-term

Steadfast has a strong corporate governance foundation, including risk management and culture, to enable sustainable growth over the long term. This positions the business well to continue to improve operational efficiency through a culture of excellence and talent, seeking opportunities to promote entrepreneurship, reduce operating ratios and improve underlying margins.

Steadfast Risk Group Pty Ltd is providing enhanced risk management solutions including alternative risk transfer businesses. Steadfast Risk Group continues to gain momentum within the broker network in providing alternative risk transfer solutions, property risk surveys and engineering services as well as related consulting services.

B. Steadfast Broking

FY22 Highlights

- ▶ \$11.1 billion Network GWP, up 13.1% on FY21
- ▶ 427 broker members in the Network, down from 457 in FY21 after numerous mergers and sales within the Network
- ▶ Steadfast has an equity stake in 67 brokers, up from 59 in FY21 following acquisitions made during the year
- ▶ Underlying EBITA up 23.6%

During FY22, growth in the Steadfast Broker Network was driven by organic growth and acquisition of a number of Steadfast Network brokers. Organic growth of 7.0% in Underlying EBITA was primarily a result of strategic partners further increasing insurance premiums. Acquisitions provided a further 16.6% increase in Underlying EBITA.

Medium-term

Being a nimble and service focused business means Steadfast is continuously developing improvements such as Steadfast Risk Services and expanding its products and services to attract more brokers to the network and provide better solutions for the benefit of the network brokers' clients. By investing in these improvements, Steadfast can maintain, build and enhance relationships with its stakeholders.

Steadfast is well positioned to respond to the current market conditions and will proceed with caution to implement management buy-ins, hubbing and co-owner opportunities when its strict cultural, risk and financial acquisition guidelines are met. Steadfast Group has an equity holding in 41% of the GWP and 16% of the number of brokers within the Steadfast Network, which provides potential future acquisition growth for the Group. The "trapped capital" initiative has been launched to execute on this strategy. The trapped capital initiative provides Steadfast Network brokers the opportunity to unlock trapped capital by partial sale to Steadfast.

C. Steadfast Underwriting Agencies

FY22 Highlights

- ▶ \$1.8 billion GWP, up 19.9% on FY21
- ▶ Steadfast has equity stakes in 28 agencies, up from 24 in FY21
- ▶ Underlying EBITA up 22.5%

The FY22 growth in Steadfast Underwriting Agencies is predominately organic growth, primarily driven by price and volume uplift. Most agencies experienced strong growth during FY22, particularly in property lines. The division's excellent performance was also due to the long-term strategy of closely aligning capacity providers, technology and a strong service ethic to the agencies' niche product offerings.

By enhancing the partnerships between underwriting agencies and strategic partners and working effectively together, Steadfast Underwriting Agencies expanded its product range for the benefit of brokers and their clients.

Medium-term

Steadfast Underwriting Agencies is well positioned to maintain organic growth through a high retention of customers and new business, as it aims to further improve customer service, and the expectation of further price increases coming from strategic partners.

Steadfast Underwriting Agencies' focus remains on seeking new opportunities with strategic partners to expand its product range, as a number of insurers reposition their approach to distribution.

D. Steadfast Complementary Businesses

FY22 Highlights

- ▶ \$945 million GWP written through Steadfast Client Trading Platform (SCTP), up 19%
- ▶ 182 brokers live on INSIGHT (after merging of brokers) and over 4,400 INSIGHT licences issued

The technology team continued the migration of Network brokers onto the Group's proprietary broking management system (INSIGHT) and continued enhancing the offering on SCTP – increasing the number of strategic partners and product lines offered. Steadfast continues to invest in further enhancements to the platform.

The Group continued to expand its complementary businesses with the establishment of risk management and claims management offerings. The Group also acquired a minority stake in Flame Security International, a company which develops fire protection products and technologies.

Medium-term

As an industry leader in innovation, Steadfast is well positioned to continue modernising its technology platforms to improve broker and client experience and support growth. Steadfast remains focused on further enhancing SCTP by adding more product lines, new insurers and the expansion of auto-rating capabilities, driving increased SCTP usage and more transparent alternative pricing and coverage for clients.

The Steadfast team will continue to support the migration of brokers on to the INSIGHT platform with an additional 21 brokers committed to migrate and ongoing discussions with another 75 brokers. Focus will also remain on the development of enhancements to the security and efficiency of INSIGHT, seeking to continue to provide Steadfast brokers and their clients with a market leading, secure and efficient platform.

Principal risks and uncertainties

The principal risks and uncertainties outlined in this section reflect the risks that could materially affect Steadfast Group, or its ability to meet its strategic objectives, either directly or by triggering a succession of events that in aggregate become material to the Group.

This section describes what Steadfast Group considers to be some of the key risks associated with Steadfast's business and the industry in which it operates. The risks listed in this section should not be considered to be an exhaustive list of every possible risk associated with Steadfast Group Limited.

With respect to Covid, the Group continues to monitor the potential short and medium-term impacts, including on the operating environment, workforce, products and services, as well as the resilience of the Australian and global economies to support recovery. Any longer-term impacts will also be considered and addressed, as appropriate.

Directors' Report continued

Risk	Description	Managing the risk
Strategic risk	The risk associated with the pursuit of the Group's strategic objectives including the risk that the Group fails to execute its chosen strategy effectively or in a timely manner.	We consider and manage strategic risks through our annual strategic planning process led by management and overseen by the Board. The Board monitors management's progress in implementing key strategic initiatives and any change in our key strategic risks is managed in accordance with our Risk Management framework.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and/or systems, or from external events.	We apply a 'Three Lines of Defence' model to operational risk management, with each Line of Defence having defined roles, responsibilities and escalation paths to support effective design and implementation of controls to manage the risks. We also have ongoing review mechanisms to ensure our approach to operational risk continues to meet organisational needs and regulatory requirements.
Financial risk	The risk that the Group fails to achieve its financial objectives as set out within the Business Plan.	We work with management of businesses in which Steadfast is invested to optimise sustainable results. Regular reviews of operating businesses are undertaken and action plans to improve performance agreed and monitored as appropriate. We also manage our liquidity and funding positions and ensure appropriate contingency arrangements are maintained. We maintain a strong liquidity position to preserve financial flexibility. Corporate gearing ratios are agreed with the Board and these along with any borrowing covenants are closely monitored and reported.
Compliance risk	The risk of failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures and principles of good governance as applicable to the Group's businesses.	Key features of how we manage compliance risk as part of our operational risk framework include: <ul style="list-style-type: none"> ▶ embedding key obligations into our operations; ▶ identifying changes in regulations and the business environment, to enable us to proactively assess emerging compliance obligations; ▶ implementing robust reporting and certification processes; ▶ identifying, reporting and managing; incidents/breaches in a timely manner; ▶ reviewing compliance through an ongoing internal audit program; ▶ a comprehensive Whistleblower Protection Policy, encouraging employees and contractors to make submissions regarding concerns relating to accounting, internal control, compliance, audit and other matters. Confidentiality is assured and anonymous submissions allowed.
Technology & Cyber security risk	The risk relating to failure of critical technology assets, infrastructure and services and the risk of loss from theft or unauthorised access to systems including the compromise of an IT asset's confidentiality, integrity or availability.	Our technology and information security roadmap is underpinned by an ongoing improvement program designed to support robust infrastructure and a strong cyber posture. Our continuous investment in technology has allowed us to adapt to remote working whilst maintaining adequate protections around our information assets. In addition, we have introduced additional cyber security controls to assess third and fourth-party risk in our supply chain. This has been introduced in response to an increase globally in third-party cyber-attacks. <p>Processes are in place based on industry practice as appropriate, to maintain system availability and support ongoing business operations. Our dedicated technology teams focus on migration, implementation, continued development and support of our core platforms. We have a range of activities to continuously test and assess the resilience and sustainability of our platforms. Business continuity, disaster recovery and crisis management plans are in place, and tested annually. Lastly, we have cyber insurance.</p>

Risk	Description	Managing the risk
Reputation risk	The risk of loss that directly or indirectly impacts earnings or value that is caused by adverse perceptions of the Group held by brokers, customers, shareholders, employees, regulators and the broader community.	<p>We manage reputation risk by maintaining a positive and dynamic culture that emphasises the need to always act with integrity and enables us to build strong and trusted relationships with brokers, customers, shareholders, employees, regulators and the broader community.</p> <p>We have established decision-making frameworks and policies to ensure our business decisions are guided by sound financial, social and environmental standards.</p> <p>We also have an active internal audit program to review each of the businesses we have invested in to assist in identifying potential reputational exposures to the Group from individual business operations.</p>
Acquisition risk	The risk of loss from insufficient funding to capitalise on opportunities, deficiencies in due diligence by Steadfast, potential unknown or contingent liabilities arising from acquisitions.	<p>We manage acquisition risk through:</p> <ul style="list-style-type: none"> ▶ ongoing monitoring of available capital and resources by an experienced management team that assesses opportunities and risks. ▶ due diligence processes involving selecting acquisitions that are a good cultural fit and expected to transition well into the Group. We also have earn-out / deferred consideration arrangements in place where appropriate, underpinned by tight acquisition and shareholders' agreements. ▶ ongoing monitoring of operations, profit and profit margins, including regular reporting and reviews of our underlying businesses.
Impairment risk	Investments that are subject to a permanent decrease in value, with the subsequent impairment resulting in an expense for the Group.	<p>Steadfast works with management of businesses in which Steadfast is invested to optimise sustainable results. We have a mergers and acquisitions team that reviews the performance of our investments on an ongoing basis, including agreeing on actions for improvement where appropriate.</p> <p>An annual impairment review is undertaken.</p>
Emerging regulatory risk	The risk that commission based remuneration of general insurance brokers and agents may cease. This risk was elevated by one of the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. As part of this recommendation, Treasury is undertaking a Quality of Advice review due by December 2022 as to whether the general insurance exemption from the ban on conflicted remuneration (specifically commissions) remains justified.	<p>We have been actively engaged in addressing this risk, both within our business and through stakeholder engagement since the Royal Commission reported. Activities undertaken include:</p> <ul style="list-style-type: none"> ▶ working with key industry groups to proactively engage with the Government and regulators on the benefits to clients of the current operating model for our industry; ▶ along with other broker representative organisations, monitoring and consulting on regulatory changes with regulators; ▶ continuing to implement the Steadfast Client Trading Platform, a contestable marketplace with fixed commission rates by product and no volume related remuneration; ▶ providing a range of services including Professional Development (PD) Days and Townhalls to assist the entities within the Group with regulatory change; and ▶ implementing Steadfast's Code of Conduct that support the principles of clients' best interest.

Directors' Report continued

Dividends

Details of dividends paid or declared by the Company are set out in Note 6 to the financial statements.

During the financial year ended 30 June 2022, a final dividend for FY21 of 7.0 cents per share and an interim dividend for FY22 of 5.2 cents per share were declared and paid, both fully franked.

Events after the reporting period

Final dividend

On 17 August 2022, the Board declared a final dividend for FY22 of 7.8 cents per share, fully franked. The dividend will be paid on 9 September 2022.

Acquisition of Insurance Brands Australia

In August 2022 the Group announced the acquisition of Insurance Brands Australia for a purchase price of \$301 million, of which \$25 million is subject to meeting future financial performance criteria. The acquisition will be funded via \$56.1 million of Steadfast scrip to be issued to the vendors and utilisation of our corporate debt facility.

Capital raising

The Group is undertaking a fully underwritten placement to raise approximately \$225 million together with an accompanying non-underwritten Share Purchase Plan. This will provide further capacity for anticipated Trapped Capital acquisitions.

Likely developments

The Group's ongoing business strategy is to grow shareholder value through maintaining and growing its market position in the provision of insurance and related services, with a core focus on general insurance intermediation. Please refer to the Strategy and Prospects section of the Directors' report.

The Group continues to work closely with the management team of each acquired business, and allow each business to operate in a manner consistent with the Group's co-ownership model. In most cases, this model involves ongoing equity participation of key management personnel in the business acquired.

The Board has provided the following FY23 guidance.

- ▶ Underlying EBITA of \$400.0 million to \$420.0 million
- ▶ Underlying NPAT of \$190.0 million to \$202.0 million
- ▶ Underlying diluted EPS (NPAT) growth of 5% to 11%

This is subject to the following key assumptions:

- ▶ strategic partners continue premium price increases;
- ▶ completion of Insurance Brands Australia acquisition;
- ▶ \$250m equity raised (Institutional Placement and SPP);
- ▶ \$220m of Trapped Capital acquisitions in FY23 producing c. \$22m of annualised EBITA; with \$8m pro rata contribution expected in FY23 (2.7% NPAT growth); and
- ▶ no material economic impacts from current global uncertainties.

Environmental Regulation

The Group's operations are not subject to any particular significant environmental regulations under a law of the Commonwealth or under State or Territory legislation.

Indemnification and insurance of officers

In accordance with its Constitution, and where permitted under relevant legislation or regulation, the Company indemnifies the Directors and Officers against all liabilities to another person that may arise from their position as Directors or Officers of the Company and its subsidiaries, except if, in the Board's reasonable opinion, the liability arises out of conduct which is fraudulent, criminal, dishonest or a wilful default of the Directors' or Officers' duties.

In accordance with the provisions of the *Corporations Act 2001*, the Company has insured the Directors and Officers against liabilities incurred in their role as Directors and Officers of the Company. The terms of the insurance policy, including the premium, are subject to confidentiality clauses and therefore the Company is prohibited from disclosing the nature of the liabilities covered and the premium paid.

Non-audit services

During the financial year, KPMG, the Group's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- ▶ all non-audit services engagements were subject to the corporate governance procedures adopted by the Group, and have been reviewed by the Audit & Risk Committee to ensure they do not affect the integrity and objectivity of the auditor; and
- ▶ the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms, for audit and non-audit services provided during the financial year are provided in Note 22 to the financial statements.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 78 and forms part of the Directors' Report for the year ended 30 June 2022.

2022 Remuneration Report

Dear Shareholders,

On behalf of the Steadfast Group Board, I am pleased to present the Remuneration Report for the year ended 30 June 2022.

The purpose of this report is to outline Steadfast Group's approach to remuneration for Executives and Non-Executive Directors, and in particular, the links between Steadfast Group's Remuneration Framework and business strategy, performance and reward. The objectives of Steadfast Group's Remuneration Framework are to:

- ▶ maintain market competitive remuneration that enables the Group to attract and retain key talent;
- ▶ align remuneration to the Group's strategic and business objectives and the creation of shareholder value;
- ▶ be fair, transparent and easily understood by all stakeholders; and
- ▶ be acceptable to shareholders and meet community expectations.

FY22 performance

During the past 12 months the Steadfast Group has continued to perform strongly and achieved record full year underlying results well in excess of initial guidance announced on 16 August 2021. This is despite the uncertainty and challenges of continuing Covid lockdowns in the first half of the financial year. We believe that the results achieved by the Steadfast Group reflect our prudent approach to implementing our strategies and plans, and the professionalism and dedication of our world class executive team.

The Group reported underlying earnings before interest, tax and amortisation (EBITA) of \$340.4 million and underlying net profit after tax (NPAT) of \$169.0 million. This represents a 29.5% increase in underlying EBITA and a 29.3% increase in underlying NPAT over the prior year. The Group's underlying Earnings per Share (EPS) growth assessed for remuneration purposes was 16.5% and return on capital was 13.2% for the financial year. The total Shareholder Return (TSR) since our listing has been 399.6%.

Remuneration changes

The Board continually reviews the Steadfast Group's remuneration arrangements to ensure that our framework is fit-for-purpose and continues to support our core business objectives.

As we highlighted in last year's report to shareholders, in FY21 the Board enlisted the assistance of a remuneration consultancy firm, Godfrey Remuneration Group (GRG) to undertake a review of our remuneration framework. A number of the changes proposed by the GRG review were adopted for FY22. These changes and changes proposed for FY23 are outlined in the Remuneration Report. Feedback from shareholders and other interested parties on these changes has been very positive. As a result, minor changes only have been made to the remuneration structure for FY23, including a review of performance hurdles.

With the company entering the ASX 100, benchmarking of Executive total remuneration was undertaken and the Board has increased Executives fixed salaries by 8.1% in FY23. Offsetting this increase, the Short-Term Incentive outperformance opportunity has been eliminated for all except the Managing Director & CEO. Non-Executive Director fees were increased in FY22 and there will be no increase in Non-Executive Director fees in FY23.

I invite you to read our Remuneration Report. I welcome feedback you may have on our remuneration framework to continue to ensure it is meeting the needs and expectations of our shareholders, employees and other stakeholders. I am personally available to discuss any aspect of our remuneration framework with our shareholders.

Sincerely,



Vicki Allen

Chair, Remuneration & Performance Committee

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2022 Remuneration Report continued

1. Introduction

The Remuneration Report outlines Steadfast's remuneration philosophy, framework and outcomes for the financial year ended 30 June 2022 (FY22) for all key management personnel (KMP), including all Non-Executive Directors and the Executive Team made up of the Managing Director & Chief Executive Officer (MD & CEO) and certain direct reports. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly.

1.1. Key management personnel

The current KMP of the Group for the entire financial year unless otherwise stated, are as follows:

Name	Role	Date of appointment
Non-Executive Directors¹		
Frank O'Halloran, AM ²	Chair, Non-Executive Director	21 October 2012
David Liddy, AM ³	Deputy Chair, Non-Executive Director	1 January 2013
Vicki Allen ⁴	Non-Executive Director	18 March 2021
Gai McGrath ⁵	Non-Executive Director	1 June 2018
Anne O'Driscoll ⁶	Non-Executive Director	1 July 2013
Greg Rynenberg	Non-Executive Director	10 August 1998
Former Non-Executive Directors		
Phillip Purcell ⁷	Non-Executive Director (retired on 22 February 2022)	1 February 2013
Executive Director		
Robert Kelly, AM	Managing Director & CEO	18 April 1996
Other key management		
Stephen Humphrys	Chief Financial Officer	2 January 2013
Samantha Hollman	Chief Operating Officer	4 January 2000
Allan Reynolds	Executive General Manager – Direct, New Zealand & Asia	5 December 2002
Former Other key management		
Simon Lightbody ⁸	CEO, Steadfast Underwriting Agencies (ceased on 1 February 2022)	1 January 2015
Changes following the end of the financial year		
Joan Cleary	Non-Executive Director	28 July 2022

¹ All Non-Executive Directors listed in the table above are independent directors.

² Frank O'Halloran is Chair of the Nomination Committee.

³ David Liddy ceased as Chair of the Remuneration & Performance Committee on 31 October 2021.

⁴ Vicki Allen is Chair of the Remuneration & Performance Committee effective 1 November 2021.

⁵ Gai McGrath is Chair of the People, Culture & Governance Committee.

⁶ Anne O'Driscoll is Chair of the Audit & Risk Committee.

⁷ Phillip Purcell retired as a Non-Executive Director on 22 February 2022.

⁸ Simon Lightbody ceased as a KMP on 1 February 2022 and continued as a Non-Executive Director on a number of Steadfast Underwriting Agencies (SUA) subsidiary boards.

2. Remuneration outcomes for 2022

The following table outlines the returns the Group delivered to its shareholders.

2.1. Link between Steadfast's performance and remuneration

As a result of a review of our remuneration framework which was undertaken by Godfrey Remuneration Group in FY21, a number of changes to our remuneration framework were adopted in FY22. EPS had been used as a core financial measure for determining both STI and LTI awards for the Executive Team for FY21 and prior. For FY22 STI awards were determined based on return on capital (ROC). Return on capital is defined as underlying NPAT divided by the shareholder equity at the beginning of the year. For FY22, return on capital for the purposes of calculating STI incentives excludes the Coverforce acquisition in late August 2021.

EPS continues to be used as a performance measure for LTI. The ROC and EPS used in determining the STI and LTI incentive plans for FY22 exclude non-trading income and expenses and are further adjusted for certain items the Board considers appropriate. The underlying net profit for EPS excludes mark-to-market adjustments on listed investments.

In addition to EPS growth, the Board adopted TSR as a second financial performance measure for LTI awarded from August 2016 and beyond. This was a result of the Board's ongoing review of the remuneration strategy to further strengthen the alignment between shareholder returns and executive remuneration. TSR is calculated as the change in share price plus dividends declared and any capital returns measured over the three-year vesting period. The Board has made changes to the STI and LTI schemes for the financial year ending 30 June 2023. These changes are outlined in section 3.1.1.

2022 Remuneration Report continued

A. Reconciliation of the underlying net profit and EPS

Historical data pertaining to the key financial metrics involved in calculating STI and LTI are shown in the table below.

	2018 \$'m	2019 \$'m	2020 \$'m	2021 \$'m	2022 \$'m
Reported net profit attributable to owners of the Company	75.9	103.8	(55.2)	143.0	171.6

The reconciliation on the reported EPS to the underlying EPS used for STI and LTI is as follows:

	2018 \$'m	2019 \$'m	2020 \$'m	2021 \$'m	2022 \$'m
Reported net profit attributable to owners of the Company	75.9	103.8	(55.2)	143.0	171.6
Less: non-trading income	(4.1)	(15.0)	(18.0)	(24.2)	(9.1)
Add: non-trading expenses	3.0	-	190.9	5.3	3.9
Less: non-trading tax effect	(0.3)	0.1	(10.9)	5.1	1.5
Less: non-controlling interests in non-trading items (net of tax)	0.5	0.3	5.1	1.5	1.1
Underlying net profit attributable to owners of the Company	75.0	89.2	111.9	130.7	169.0
Less: adjustments for purposes of executive incentives	-	-	(5.4)	(4.0) ¹	-
Underlying net profit attributable to owners of the Company for purposes of executive incentives	75.0	89.2	106.5	126.7	169.0
Adjusted underlying diluted EPS (cents per share) for calculating executive incentives	9.71	11.27	12.70	14.63	17.58
Growth from prior financial year (%)	9.5%	16.1%	10.5%	15.2% ²	16.5% ³
Growth required for minimum STI (%)	5.0%	5.0%	5.0%	7.5%	N/A
Growth required for maximum STI (%)	10.0%	10.0%	10.0%	12.5%	N/A
Growth required for maximum outperformance STI (%)	N/A	N/A	N/A	15.0%	N/A
ROC required for minimum STI (%)	N/A	N/A	N/A	N/A	12.2%
ROC required for maximum STI (%)	N/A	N/A	N/A	N/A	12.4%
ROC required for maximum outperformance STI (%)	N/A	N/A	N/A	N/A	12.7%
Opening equity (excluding Coverforce)	N/A	N/A	N/A	1,120.1	1,158.9
Underlying net profit attributable to owners of the Company (excluding Coverforce)	N/A	N/A	N/A	130.7	153.0
ROC (excluding Coverforce) for calculating executive incentives	N/A	N/A	N/A	11.7%	13.2%
Opening share price (\$)	2.66	2.81	3.51	3.36	4.40
Closing share price (\$)	2.81	3.51	3.36	4.40	5.02
Change in share price (cents per share)	15.0	70.0	(15.0)	104.0	62.0
Dividends declared per share (cents per share)	7.5	8.5	9.6	11.4	13.0
TSR for the year (cents per share)	22.5	78.5	(5.4)	115.4	75.0
TSR for the year (%)	8.5%	27.9%	(1.5%)	34.3%	17.0%
Dividends paid for the year (\$'m)	55.2	62.6	73.1	90.0	111.8

¹ This includes the impact of Jobkeeper (\$1.5m) which has been deducted from FY21 earnings to calculate executive incentives.

² The FY20 base EPS for assessing FY21 incentives and for future periods is 12.70 cents per share.

³ The FY21 base EPS for assessing FY22 incentives was 15.09 cents per share.

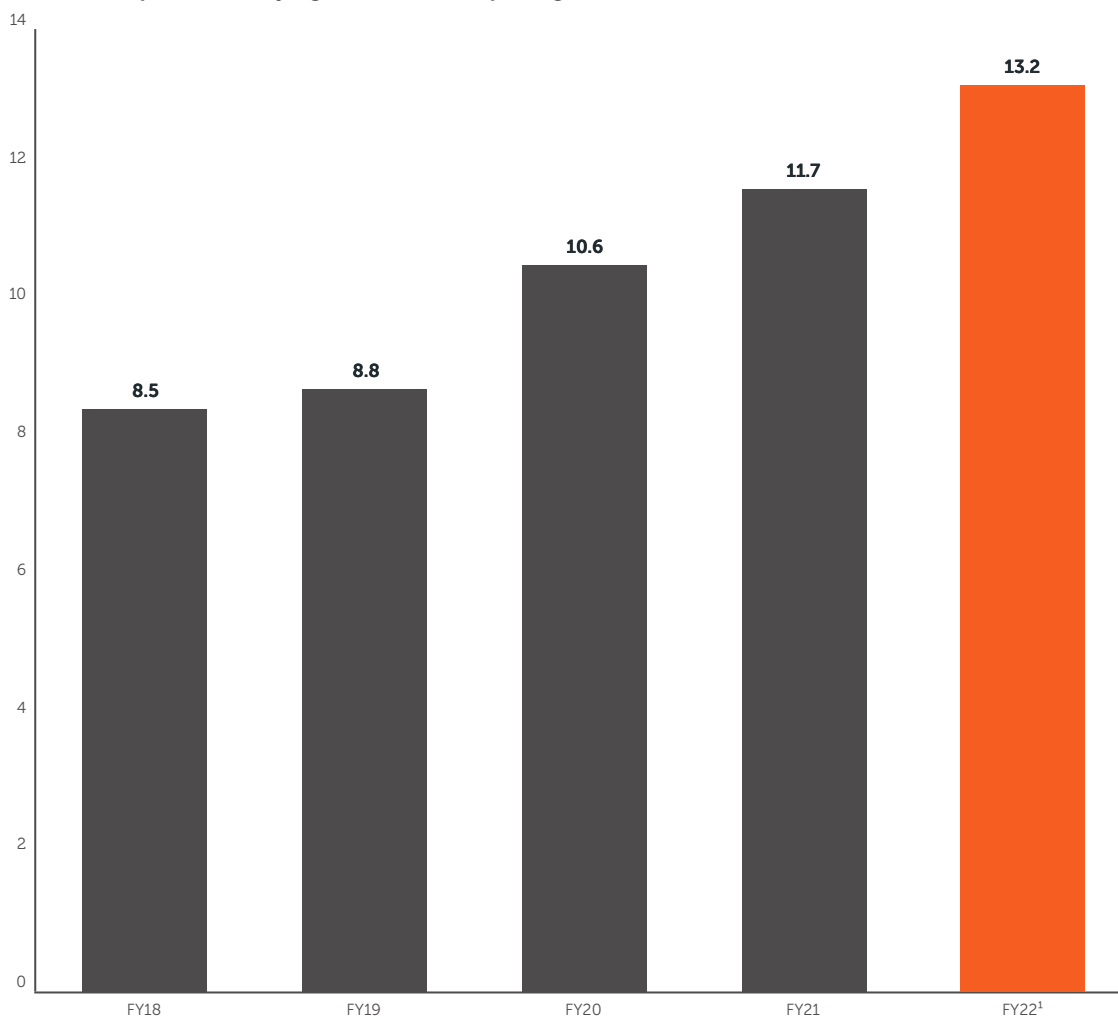
B. Return on Capital

The graph below shows the base, minimum, maximum and actual return on capital used for determining STI for the financial year 30 June 2022. No STI is payable if the return on capital is less than 12.2%. The maximum STI including outperformance is awarded if the return on capital is 12.7% or higher.

The return on capital assessed for executive incentives in FY22 was 13.2%. This return was ahead of initial expectations due to actions taken by management during the year, including:

- ▶ improved performance by a number of our businesses particularly underwriting agencies with strong market share growth; and
- ▶ strategic acquisitions

Return on Capital (Underlying NPAT as % of opening shareholder's funds)



¹ Excludes Coverforce.

2022 Remuneration Report continued

C. Underlying diluted EPS (cents per share)

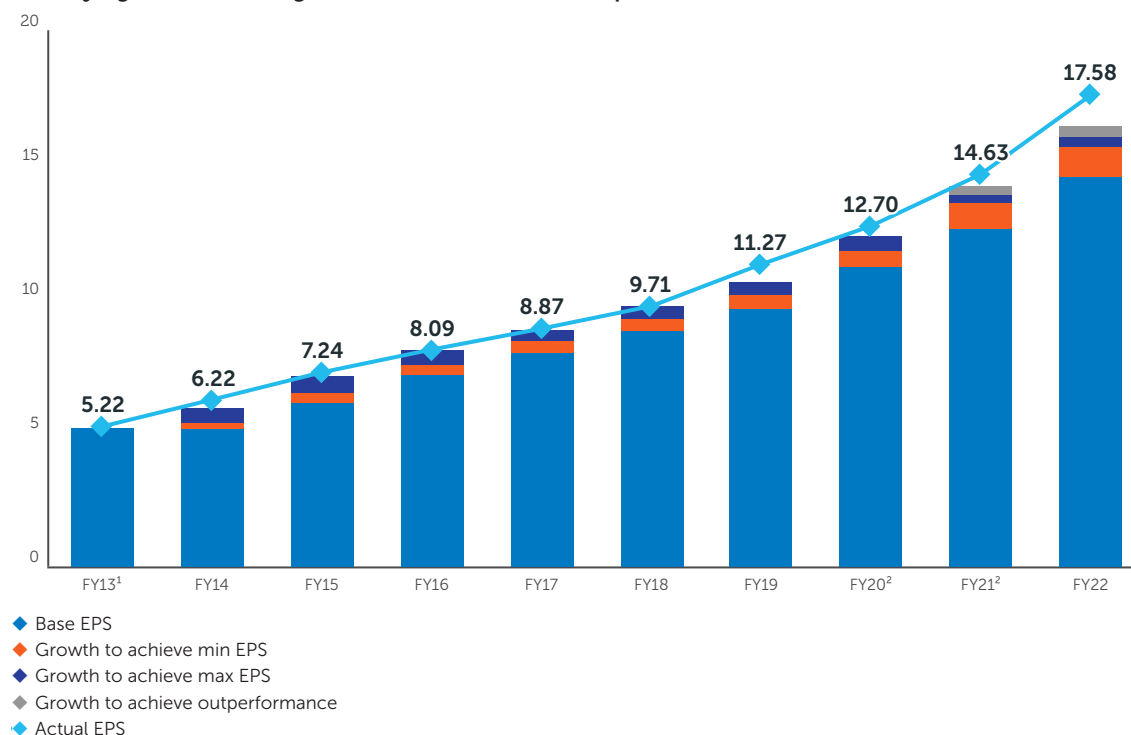
The graph below shows the base, minimum, maximum and actual underlying diluted EPS (cents per share) used for determining STI for the financial years ended 30 June 2013 to 30 June 2021 and LTI for the financial years ended 30 June 2013 to 30 June 2022. The underlying diluted EPS for the prior financial year is the base used for calculating growth for the following financial year.

The underlying diluted EPS growth accounts for 50% weighting on LTI awards (FY21: 75%), which is not payable unless at least 7.5% (FY21: 5%) straight line growth is achieved over the three-year vesting period.

The underlying diluted EPS assessed for executive incentives in FY22 was 17.58 cps, up 16.5%. This growth was ahead of initial expectations due to actions taken by management during the year, including:

- ▶ improved performance by a number of our businesses particularly underwriting agencies with strong market share growth; and
- ▶ strategic acquisitions, including Coverforce

Underlying Diluted Earnings Per Share for Incentive Purposes



¹ FY13 data is based on pro-forma financial information as if the Group operations, which listed in August 2013, had operated as the Group for FY13.

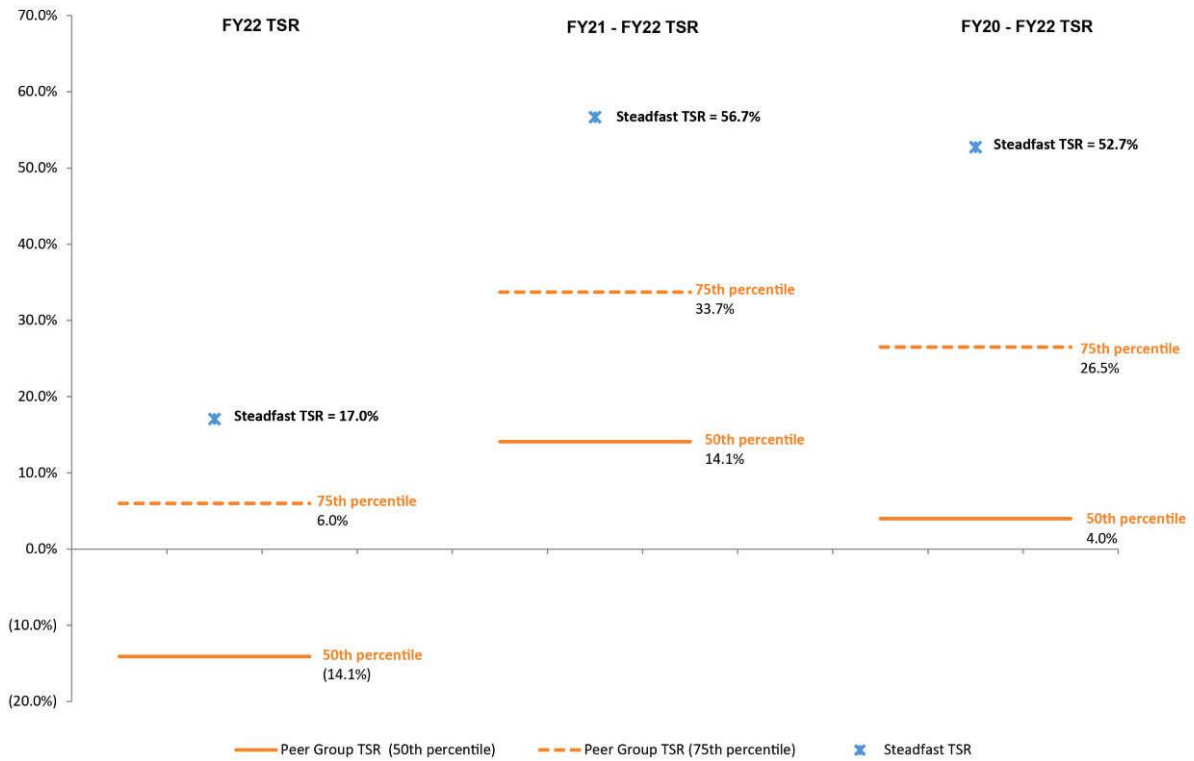
² The base EPS for assessing FY21 incentives and for future periods was 12.70 cents per share. To calculate FY20 incentives, 12.45 cents per share was utilised.

The straight line growth between FY19 and FY22 was 56% or 18.7% per annum. This exceeded the high watermark growth of 10.0% per annum required for the award of maximum LTI incentives.

D. Total Shareholder Return (TSR)

The graph below shows the Company's TSR in FY22 as well as the cumulative TSR since FY20, compared against the median TSR of the top 200 ASX companies excluding those in the mining industry (peer group).

TSR accounts for 50% weighting on the LTI awards, which is not payable unless equal to or above the 50th percentile of the peer group is achieved over the three-year vesting period. Maximum award occurs if TSR is at or above the 75th percentile of the peer group.



2022 Remuneration Report continued

2.2. Maximum potential and actual STI and LTI outcomes

All participants of the STI and LTI schemes have to achieve at least 60% of their annual key performance objectives to be eligible for any incentive payments.

The MD & CEO's performance against his annual key performance indicators (KPIs) set at the beginning of FY22 is set out below:

FY22 performance measures	Weighting %	Achieved %	Comments
▶ Successful completion of Trapped Capital Projects with a minimum \$12m of annualised EBITA acquired in FY22 at prices no greater than 10 times EBITA, unless approved by the Board.	20%	20%	Achieved \$12.6m EBITA from Trapped Capital Projects.
▶ Successfully integrate Coverforce into Steadfast, including meeting forecasted FY22 earnings and synergies.	20%	20%	Integration completed and highly successful.
▶ Finalise the strategy plan for growth across the UnisonSteadfast Network.	15%	12%	Strategy plan agreed.
▶ Benchmarking Coverforce margins against our other Equity Brokers.	15%	10%	Benchmarking commenced with plans to implement best practice in the second half of FY23.
▶ Continue to further develop and strengthen the Executive team for succession planning.	15%	12%	Executive team assumed greater responsibilities.
▶ Continue strong support for our people and culture initiatives, including diversity, TOGETHER and succession planning.	15%	15%	Continued to enhance culture through TOGETHER and diversity.
	100%	89%	

The above scorecard shows more than 60% of KPIs were achieved.

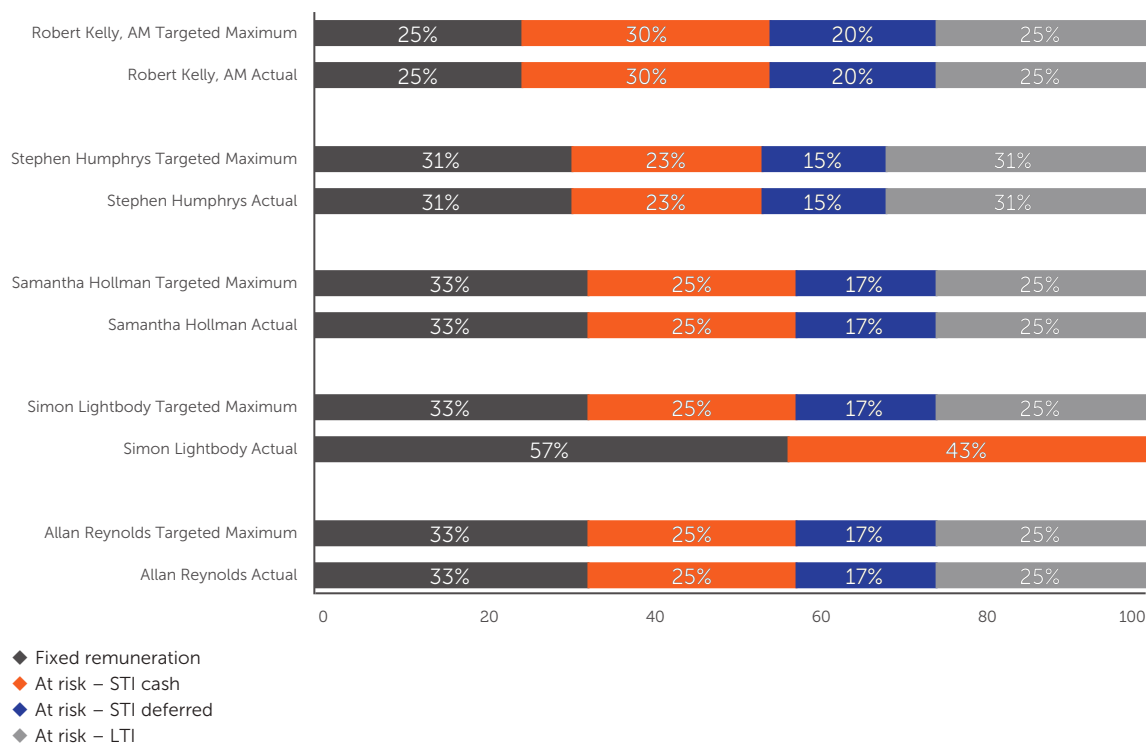
The table below provides details of maximum potential STI and LTI, and actual STI and LTI awarded to KMP.

	Maximum STI (including outperformance)		Actual STI outcome ^(a)	STI – cash outcome (60% of outcome)		STI – deferred equity award outcome ^(b)		LTI – deferred equity award outcome ^(b)
	Fixed pay \$	(% of fixed pay)		(\$)	(%)	Maximum LTI potential (% of fixed pay)	Actual LTI outcome ^(a) (% of fixed pay)	
Robert Kelly, AM	1,155,000	200.00%	200.00%	1,386,000	924,000	100.00%	100.00%	1,155,000
Stephen Humphrys	630,000	125.00%	125.00%	472,500	315,000	100.00%	100.00%	630,000
Samantha Hollman	525,000	125.00%	125.00%	393,750	262,500	75.00%	75.00%	393,750
Simon Lightbody ^(c)	291,667	125.00%	125.00%	218,750	-	75.00%	0.00%	-
Allan Reynolds	485,000	125.00%	125.00%	363,750	242,500	75.00%	75.00%	363,750

Table notes

- All participants of the FY22 STI and LTI schemes have exceeded the 60% non-financial performance hurdle and therefore are eligible.
- The number of conditional rights to be granted to the KMPs has been determined by the dollar value of the deferred equity award (DEA) outcome divided by the weighted average share price over the five trading days prior to the date of this report. The LTI award outcome is subject to meeting future financial performance hurdles detailed in Section 3.4.
- Simon Lightbody ceased as a KMP on 1 February 2022 and continued as a Non-Executive Director on the Steadfast Underwriting Agencies (SUA) subsidiary boards. Amounts disclosed above reflect his time as KMP. No DEA in relation to FY22 was awarded/granted to Simon Lightbody.

2.3. Targeted maximum potential and actual remuneration mix for FY22



2.4. STI and LTI vesting information

Summary of vesting conditions of deferred equity awards in the STI and LTI plans are as detailed below:

	STI	LTI
Vesting conditions	<ul style="list-style-type: none"> ▶ Tenure of employment ▶ No material adverse change to the FY22 reported results (being a material overstatement of NPAT) over the retention period of one year (being one year from the grant date to the vesting date) ▶ Refer Section 3.3 for more details including award conditions 	<ul style="list-style-type: none"> ▶ Awarded each year ▶ Tenure of employment ▶ Achieve at least 60% of the annual key performance objectives ▶ 50% based on average underlying diluted EPS increasing by a straight line 7.5% to 12.5% per annum over a three-year vesting period; vesting made on a 50-100% straight line basis ▶ 50% based on minimum TSR measured against 50th to 75th percentile of the peer group ▶ Refer Section 3.4 for more details including award conditions

2022 Remuneration Report continued

The vesting schedule for Deferred Equity Awards (DEA) of conditional rights to convert to Steadfast ordinary shares that were on foot during the financial year or granted since is set out below, subject at all times to the vesting conditions being met (refer Section 6.2 for the vesting date of the STI and LTI conditional rights):

DEA awarded		Year vesting				
		August 2021	August 2022	August 2023	August 2024	August 2025
August 2018	STI	●				
	LTI	●				
August 2019	STI	●	●			
	LTI		●			
August 2020	STI	●	●	●		
	LTI			●		
August 2021	STI		●	●	●	
	LTI				●	
August 2022	STI			●		
	LTI					●

- Vesting occurs three years after grant date
- Vesting occurs in three equal tranches after one, two, and three years from grant date
- Vesting occurs one year from grant date

Details of the Steadfast ordinary shares transferred to the relevant Executive Team members (at nil cost to them) for the DEAs that vested during the current financial year are set out in Section 6.3.

3. Remuneration explained

The Group's remuneration structure aligns with ASX Corporate Governance Principles & Practice (4th edition).

The Group aims to reward Executives with a level of remuneration commensurate with their responsibilities and position within the Group and their ability to influence shareholder value creation. The incentive schemes are designed to encourage participants to strive to ensure Steadfast outperforms the market on an ongoing basis (refer table 2.1 for EPS growth comparison against the finance sector and broader market).

The remuneration framework links rewards with the strategic goals and performance of the individual and the Group and provides a market competitive mix of both fixed and variable rewards. To retain and attract high calibre employees, the Group has adopted an approach to position fixed remuneration and total remuneration around the 75th percentile. Key Performance Indicators (KPIs) together with weightings are established for each individual and are aligned to the Group's strategic objectives.

The key elements of the executive remuneration are:

- ▶ fixed remuneration consisting of cash salary, superannuation and non-monetary benefits (Section 3.2);
- ▶ an annual incentive referred to as short-term incentive (STI) plan (Section 3.3); and
- ▶ a long-term incentive referred to as long-term incentive (LTI) plan (Section 3.4).

Refer to Section 2.3 for targeted maximum remuneration mix.

3.1. Remuneration framework, including changes for FY23

The objective of the Group's Executive remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of sustainable long-term value for shareholders and conforms to market practice for delivery of remuneration. The incentive schemes are designed to incentivise performance that is better than market.

The Board embodies the following principles in its remuneration framework:

- ▶ a performance based reward structure;
- ▶ competitive and reasonable rewards to attract and retain high calibre executives;
- ▶ strong links between executive rewards and shareholder value;
- ▶ a significant proportion of executive remuneration is at risk, and is linked to achievement of pre-determined individual KPIs and financial performance targets; and
- ▶ transparent reward structures.

3.1.1. Target remuneration mix

The Board believes that the fundamental driver for executive remuneration should be long-term financial performance that generates value for Steadfast shareholders. The at risk (or variable) remuneration components of the Executive Team are set by referencing regulation and current market practices. To ensure the Executive Team remain focused on long-term outcomes without encouraging excessive risk-taking, the following conditions apply:

- ▶ financial performance hurdles:
 - ▶ Return of capital (ROC) is used to determine STI award. ROC is defined as underlying NPAT (adjusted for certain items the Board considers appropriate) divided by the shareholder equity at the beginning of the year. The underlying EPS growth and TSR are used as the financial performance hurdles for LTI. The Board considers that EPS, ROC and TSR are the best drivers of executive behaviour that achieve superior performance outcomes for Steadfast and its shareholders. ROC and EPS are transparent measures that are easily reconciled to reported net profit (see Section 2.1). As funding mix can impact EPS, it is noted that the Board has approved a maximum total Group gearing ratio of 30.0% excluding premium funding borrowings. The total Group gearing ratio at year-end was 19.0%;
 - ▶ The Board considers TSR is an effective way to incentivise and measure long-term shareholder value creation;
- ▶ non-financial performance hurdle – each member of the Executive Team is set annual performance objectives known as KPIs with weightings aligned to the Group's strategic objectives, and must achieve at least 60% of those objectives to be eligible for any STI and LTI;
- ▶ 40% of the STI is granted as DEA and is intended to be satisfied by the issue or transfer of ordinary shares in the capital of the Company over a one-year period from the grant date;
- ▶ subject to meeting the individual and Group financial objectives, vesting of the LTI occurs after three years from the grant date and is satisfied by the issue or transfer of ordinary shares in the capital of the Company; and
- ▶ the Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – DEA and LTI) downwards if it is appropriate to do so. This discretion applies to all the STI and LTI awards on applicable dates for vesting of share-based payment awards.

The Group has achieved excellent financial performance since its initial public offering (IPO) in August 2013 as demonstrated by the following:

- ▶ a return on opening capital of 13.2% in FY22;
- ▶ a 16.5% underlying diluted EPS growth in FY22;
- ▶ a 237.0% underlying diluted EPS growth for the period since the IPO; and
- ▶ a TSR of 399.6% for the period since the IPO.

As part of the ongoing review of remuneration, the STI and LTI plans are continuously refined to ensure incentives are aligned with the Group's remuneration philosophy, market competitiveness and shareholder feedback on the incentive schemes. As previously communicated, in view of the feedback, the Board had decided, after consultation with management, to change both STI and LTI terms for the financial year ending 30 June 2022.

EPS had been used as a core financial measure for determining both STI and LTI awards for the Executive Team for FY21 and prior years. For FY22, the Board has elected to use ROC for the STI award and EPS will continue to be used for LTI. ROC is defined as underlying NPAT divided by the shareholder equity at the beginning of the year (adjusted for certain items the Board considers appropriate). For FY22, ROC excludes the Coverforce acquisition. The weighting of EPS and TSR is a 50:50 mix for calculating any LTI entitlements.

The FY22 key terms for the STI and LTI plans are set out in the next page.

2022 Remuneration Report continued

Remuneration changes

STI The deferred component of the STI award will vest one year from grant date. 30% of the amount calculated will be awarded only if there has been achievement of both the financial target as well as strategic and individual personal goals. 70% of STI is calculated with reference to the return on capital (underlying NPAT) hurdles per the table below. The hurdles are calculated with reference to the capital on hand at the start of the financial year and in the current financial year, underlying NPAT used in the calculation of return on capital, excludes the Coverforce acquisition completed in the financial year.

Financial year ended 30 June 2022		Financial year ending 30 June 2023	
Return on capital	Award outcome	Return on capital	Award outcome
Below 12.2%	0%	Below 11.35%	0%
12.2% to 12.4%	80% vesting to maximum award on a straight line basis	11.35% to 11.75%	50% vesting to maximum award on a straight line basis
12.4%	Maximum award	11.75%	Maximum award
12.4% to 12.7%	Outperformance award on a straight line basis	11.75% to 12.25%	Outperformance award on a straight line basis
12.7% or higher	Maximum outperformance award		

The maximum outperformance amount will be calculated as a percentage of fixed pay as follows:

KMP	Outperformance award	KMP	Outperformance award
Robert Kelly, AM	50%	Robert Kelly, AM	50%
Stephen Humphrys	25%	Stephen Humphrys	0%
Samantha Hollman	25%	Samantha Hollman	0%
Allan Reynolds	25%	Allan Reynolds	0%

LTI 50% based on average underlying diluted EPS increasing by a straight line 7.5% to 12.5% (FY23: 8.0% to 11.0%) per annum over a future three-year vesting period. The vesting schedule is outlined below:

Financial year ended 30 June 2022		Financial year ending 30 June 2023	
Straight line underlying diluted EPS growth	Vesting outcome	Straight line underlying diluted EPS growth	Vesting outcome
Below 7.5%	0%	Below 8.0%	0%
At 7.5%	50%	At 8.0%	25%
7.5% to 12.5%	Straight line between 50% to 100%	8.0% to 11.0%	Straight line between 25% to 100%
12.5% or higher	100%	11.0% or higher	100%

50% based on TSR measured against Top 200 ASX companies excluding those in the mining industry (peer group).

TSR		TSR	
Equal to or less than 50th percentile of peer group	0%	Equal to or less than 50th percentile of peer group	0%
Greater than 50th but less than 75th percentile of peer group	Straight line between 50% to 100%	Greater than 50th but less than 75th percentile of peer group	Straight line between 25% to 100%
Equal to or exceeding 75th percentile of peer group	100%	Equal to or exceeding 75th percentile of peer group	100%

All STIs awarded in August 2020 and prior are based on underlying diluted EPS growth inclusive of any mark-to-market adjustment in Johns Lyng Group and all STIs awarded in August 2021 and beyond are exclusive of any mark-to-market adjustments in listed investments and properties.

All LTIs granted in August 2017 (vesting August 2020), August 2018 (vesting August 2021) and August 2019 (vesting August 2022) were awarded and will vest using underlying diluted EPS growth inclusive of any mark-to-market adjustment in Johns Lyng Group. However, for LTIs granted in August 2020 (vesting August 2023), August 2021 (vesting August 2024) and August 2022 (vesting August 2025), they will be awarded and vested based on underlying diluted EPS growth exclusive of any mark-to-market adjustments in listed investments and properties.

3.2. Fixed remuneration for FY22

The table below outlines the key details of Executives' fixed remuneration.

Component	Details
Description	Cash salary, superannuation, and non-monetary benefits.
Purpose and link to strategy	Helps to attract and retain high calibre executives. Reflects individual role, experience and performance.
Operation	Reviewed annually by the Remuneration & Performance Committee and fixed for 12 months (unless there is a significant role change), with any changes effective from 1 July each financial year. Decision influenced by: <ul style="list-style-type: none"> ▶ role, experience and performance; ▶ reference to comparative remuneration in the market; and ▶ total organisational salary budgets. The Executive Team is provided with cash salary, superannuation, and other non-monetary benefits such as car parking, income protection and life insurances.
Potential reward	Fixed remuneration targeted at 25%-33% of total remuneration.

3.3. Short-term incentives for FY22

The table below outlines the key details of the STI plan. STI awards in FY22 are summarised in Section 2.2 of the Remuneration Report.

Component	Details
Purpose and link to strategy	Rewards the achievements of the Groups business plan and individual goals over a 12 month period
Operation	STI Plan consisting of cash and deferred equity award.
Potential reward	STI awards are performance based, at risk reward arrangements with Board discretion. The combined total of at risk remuneration (STI and LTI combined) is targeted at 67%-75% of total remuneration.
Performance metrics	STI – Cash award (60% of total STI); Deferred equity award (40% of total STI) <ul style="list-style-type: none"> ▶ Continuous employment for the vesting period for deferred equity awards over one year from grant date; ▶ vesting is subject to future performance hurdles below; and ▶ no negative material deterioration in reported results in the subsequent year.
Performance measures	Non-financial measures: Personal objectives (KPIs) as agreed with the Board. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible for any STI. The MD & CEO achieved a substantial majority of his FY22 non-financial objectives with weightings (refer Section 2.2). Financial measures relating to awards issued during FY22 (awarded in August 21): No STI is payable unless at least 12.2% ROC is achieved. Maximum STI (including outperformance) can be awarded if the ROC growth is 12.7% or higher.

2022 Remuneration Report continued

Component	Details
Potential maximum STI (including outperformance)	<p>MD & CEO can earn an STI up to 200% of his annual fixed remuneration.</p> <p>The other Executives within the Executive Team can earn up to 125% of their annual fixed remuneration.</p>
Approval of the STI	<p>The MD & CEO's STI is recommended by the Remuneration & Performance Committee based on the Group's financial and his non-financial performance outcomes and approved by the Board.</p> <p>The STI of other members of the Executive Team is recommended by the MD & CEO to the Remuneration & Performance Committee, based on the Group's financial and their non-financial performance outcomes. It is recommended by the Remuneration & Performance Committee and approved by the Board.</p>
Rationale for choosing performance measures	<p>The non-financial measures are chosen to ensure each member of the Executive Team delivers outcomes that support the success of Steadfast.</p> <p>The financial measure of ROC is chosen to ensure long-term shareholder value is increased.</p>
Forms of STI reward elements	<p>60% is paid as cash, normally in September following the end of financial year.</p> <p>40% is granted as deferred equity award (DEA) of conditional rights to Steadfast ordinary shares and vesting over a one-year tenure performance hurdle from the grant date.</p>
Key terms of DEA	<p>DEA is normally granted on the date the audited financial results are announced.</p> <p>These rights are granted to the participants at no cost, to the dollar value of their DEA.</p> <p>The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date.</p> <p>The participants in the STI Plan become eligible to receive one Steadfast ordinary share per conditional right, subject to their continuing employment with the Group over the vesting period post grant date, and no material adverse change to the reported results. The Remuneration & Performance Committee noted there had not been any negative material deterioration in EPS from prior year adjustments in the subsequent year.</p> <p>These rights will accrue notional dividends and may accrue, subject to Board discretion, any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.</p>
Forfeiture conditions	<p>The Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – deferred portion) downwards if it is appropriate to do so. Malus provisions also apply.</p> <p>The conditional rights will be forfeited if the Executive resigns before the vesting date.</p> <p>When an Executive ceases employment in special circumstances, such as genuine retirement, redundancy or ill health, any unvested rights may be paid in cash and/or Steadfast ordinary shares, subject to Board discretion.</p>
Change of control	<p>The conditional rights vest upon a change of control event.</p>

3.4. Long-term incentives for FY22

The table below outlines the key details of the LTI plan. LTI awards in FY22 are summarised in Section 2.2 of the Remuneration Report.

Component	Details
Purpose and link to strategy	<p>Provides opportunity for the Executive Team to acquire equity in the Company as a reward for increasing EPS and TSR over the longer term and helps to attract and retain talent.</p>
Operation	<p>LTI Plan consisting of DEA.</p>
Potential reward	<p>LTI awards are discretionary, performance based, at risk reward arrangements.</p> <p>The combined total of at risk remuneration (LTI and STI combined) is targeted at 67%-75% of total remuneration.</p>

Component	Details																		
Performance metrics	<p>LTI – Deferred equity award (100%)</p> <ul style="list-style-type: none"> ▶ Continuous employment and performance rating to be met for the three-year vesting period; ▶ vesting is subject to future performance hurdles below; and ▶ no negative material deterioration in reported results in the subsequent year. 																		
Future performance hurdle	<p>Non-financial measures:</p> <p>At least 60% of the personal objectives (KPIs) must be achieved by the members of the Executive Team to be eligible to receive any LTI. The MD & CEO achieved a substantial majority of his FY22 non-financial objectives with weightings (refer Section 2.2).</p> <p>Financial measures relating to awards issued during FY22 (awarded in August 2021):</p> <ul style="list-style-type: none"> ▶ 50% is based on average underlying diluted EPS growth, which is not payable unless at least 7.5% straight line growth is achieved over a future three-year vesting period. The vesting schedule is outlined below: <table border="1"> <thead> <tr> <th>Average diluted underlying EPS growth</th> <th>Vesting outcome</th> </tr> </thead> <tbody> <tr> <td>Below 7.5%</td> <td>0%</td> </tr> <tr> <td>At 7.5%</td> <td>50%</td> </tr> <tr> <td>7.5% to 12.5%</td> <td>Straight line between 50% to 100%</td> </tr> <tr> <td>12.5% or higher</td> <td>100%</td> </tr> </tbody> </table> <p>and</p> <ul style="list-style-type: none"> ▶ 50% is based on TSR measured against the top 200 ASX companies excluding those in the mining industry (peer group), which is not payable unless TSR exceeds the median of the peer group. TSR is calculated as the change in share price plus dividends declared and any capital returns measured over the financial year together with a future three-year vesting period. The vesting schedule is outlined below: <table border="1"> <thead> <tr> <th>TSR</th> <th>Vesting outcome</th> </tr> </thead> <tbody> <tr> <td>Equal to or less than 50th percentile of peer group</td> <td>0%</td> </tr> <tr> <td>Greater than 50th but less than 75th percentile of peer group</td> <td>Straight line between 50% to 100%</td> </tr> <tr> <td>Equal to or exceeding 75th percentile of peer group</td> <td>100%</td> </tr> </tbody> </table>	Average diluted underlying EPS growth	Vesting outcome	Below 7.5%	0%	At 7.5%	50%	7.5% to 12.5%	Straight line between 50% to 100%	12.5% or higher	100%	TSR	Vesting outcome	Equal to or less than 50 th percentile of peer group	0%	Greater than 50 th but less than 75 th percentile of peer group	Straight line between 50% to 100%	Equal to or exceeding 75 th percentile of peer group	100%
Average diluted underlying EPS growth	Vesting outcome																		
Below 7.5%	0%																		
At 7.5%	50%																		
7.5% to 12.5%	Straight line between 50% to 100%																		
12.5% or higher	100%																		
TSR	Vesting outcome																		
Equal to or less than 50 th percentile of peer group	0%																		
Greater than 50 th but less than 75 th percentile of peer group	Straight line between 50% to 100%																		
Equal to or exceeding 75 th percentile of peer group	100%																		
Potential maximum LTI	<p>The MD & CEO and CFO can earn up to 100% of their annual fixed remuneration.</p> <p>The other Executives within the Executive Team can earn 44% to 100% of their annual fixed remuneration.</p>																		
Approval of the LTI	<p>The Board approves the LTI based on the financial and non-financial performance outcome as recommended by the Remuneration & Performance Committee.</p>																		
Forms of LTI reward	<p>DEA of conditional rights to Steadfast ordinary shares and vesting after a three-year tenure hurdle and meeting future performance hurdles from the grant date.</p>																		
Rationale for choosing performance measures	<p>The financial measures of EPS growth and TSR are chosen to ensure long-term shareholder value is increased.</p> <p>The non-financial measures are chosen to ensure each member of the Executive Team delivers outcomes that support the success of Steadfast.</p>																		

2022 Remuneration Report continued

Component	Details
Key terms of DEA	<p>DEA is normally granted on the date the audited financial results are announced.</p> <p>These rights are granted to the participants (at no cost), to the dollar value of a percentage of their fixed remuneration in accordance with the LTI Plan.</p> <p>The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date.</p> <p>The participants in the LTI Plan become eligible to receive one Steadfast ordinary share per conditional right, subject to their continuing employment with the Group for the three-year period from the grant date and meeting performance hurdles, subject to Board discretion.</p> <p>These rights will not accrue notional dividends and may accrue, subject to Board discretion, any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.</p>
Forfeiture conditions	<p>The Board retains the discretion to adjust any unpaid or unvested LTI downwards if it is appropriate to do so. Malus provisions also apply.</p> <p>The conditional rights will be forfeited if the Executive resigns before the vesting date.</p> <p>When an Executive ceases employment in special circumstances, such as genuine retirement, redundancy or ill health, any unvested rights may be paid in cash and/or Steadfast shares subject to Board discretion.</p>
Change of control	<p>The conditional rights will vest upon change of control. However, the Board has discretion for them to immediately vest or to vest over the vesting period.</p>

3.5. Keeping Executives' and shareholders' interests aligned

Component	Details
Shareholding requirements	<p>The Executive Team have acquired Steadfast's ordinary shares through the following means:</p> <ul style="list-style-type: none">▶ shares allocated to three Executives either directly or through loans, which have since been repaid by the Executives;▶ allotment of ordinary shares to Mr Lightbody (former Executive) as part consideration for the acquisition by Steadfast, as part of the IPO in August 2013, of Miramar, an underwriting agency business then partly owned by Mr Lightbody;▶ subscription for ordinary shares as part of the Company's IPO and subsequent rights issues;▶ participation in the Company's Dividend Reinvestment Plan;▶ conditional rights converting into ordinary shares;▶ potential vesting of DEAs granted through the STI and LTI Plans in the financial years from 1 July 2014 onwards (refer Sections 3.3 and 3.4 for further details of the STI and LTI Plans); and▶ purchase of shares on market within trading windows.

Section 6.3 provides details of movements of Steadfast's ordinary shares held by the Executive Team during the current financial year.

4. Remuneration in detail

4.1. Statutory remuneration disclosure

The table below provides remuneration details for the KMP (including the MD & CEO and his direct reports).

No KMP was newly appointed to the Executive Team during either financial year.

	Short-term employment benefits		Post-employment benefits	Other long-term employment benefits	Subtotal (excluding share-based payments)	Share-based payments	Total	
	(1)	(2)	(3)	(4)	(5)	(6)		
	Cash salary and leave accruals	Cash short-term incentive	Non-monetary benefits	Superannuation	Long service leave accruals			
	\$	\$	\$	\$	\$	\$	\$	
Key Management Personnel								
Robert Kelly, AM, Managing Director & CEO								
2022	1,171,529	1,386,000	90,161	23,568	30,894	2,702,152	2,079,000	4,781,152
2021	1,072,441	1,320,000	25,784	21,694	17,817	2,457,736	1,980,000	4,437,736
Stephen Humphrys, Chief Financial Officer								
2022	677,051	472,500	30,882	23,568	14,100	1,218,101	945,000	2,163,101
2021	621,003	450,000	20,646	21,694	9,547	1,122,890	900,000	2,022,890
Samantha Hollman, Chief Operating Officer								
2022	525,392	393,750	20,181	23,568	10,699	973,590	656,250	1,629,840
2021	490,853	375,000	17,211	21,694	7,909	912,668	625,000	1,537,668
Allan Reynolds, Executive General Manager – Direct, New Zealand & Singapore								
2022	480,295	291,000	10,848	23,568	14,861	820,572	557,750	1,378,322
2021	463,113	276,000	6,426	21,694	7,098	774,331	529,000	1,303,331
Former Key Management Personnel								
Simon Lightbody, CEO - Steadfast Underwriting Agencies ⁽⁷⁾								
2022	277,457	218,750	24,561	16,107	4,092	540,967	221,511	762,478
2021	487,828	375,000	42,201	21,694	7,765	934,487	625,000	1,559,487

Table notes

- Cash salary includes amounts paid in cash plus any salary sacrifice items. Annual leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.
- The 2022 short-term incentive (STI) represents 60% of the total STI awarded and approved by the Board and will be paid in cash in September 2022.
- The Executive Team is provided with cash salary, superannuation, and other non-monetary benefits such as car parking, income protection and life insurances.
- Superannuation contributions are paid in line with legislative requirements.
- Long service leave accruals are determined in accordance with AASB 119 Employee Benefits.
- Share-based payments represent the expense amount accrued in the year for deferred equity awards (both STI and LTI). The 2022 expense is higher than prior year due to the cumulative effect of prior years' grants plus increased probability of meeting vesting conditions.
- Simon Lightbody ceased as a KMP on 1 February 2022 and has continued as a Non-Executive Director and advisor on a number of the Steadfast Underwriting Agencies (SUA) subsidiary boards.

2022 Remuneration Report continued

4.2. Conditional rights

The table below provides the number of conditional rights held by KMPs as at 30 June 2021 and 30 June 2022. These are aggregate holdings of unvested DEAs from the various grants that remain on foot (see chart in section 2.4).

	Balance 30 June 2021	STI granted during FY22	LTI granted during FY22	DRP granted	STI/LTI vested during FY22 ¹	Balance 30 June 2022
Robert Kelly, AM	1,299,977	187,809	234,762	9,792	(507,337)	1,225,003
Stephen Humphrys	561,009	64,026	128,052	3,454	(201,856)	554,685
Samantha Hollman	361,805	53,355	80,032	2,876	(131,298)	366,770
Simon Lightbody ²	363,398	53,355	80,032	2,894	(130,059)	369,620
Allan Reynolds	287,747	39,269	73,630	1,940	(92,653)	309,933
	2,873,936	397,814	596,508	20,956	(1,063,203)	2,826,011

¹ The third tranche of the STI DEAs granted in August 2018, the second tranche of the STI DEAs granted in August 2019, the first tranche of the STI DEAs granted in August 2020 and the LTI DEAs granted in August 2018 were vested in the current financial year. In accordance with the terms of the STI and LTI plans, eligible participants of the plans received one Steadfast ordinary share per conditional right at nil cost to them upon vesting.

² Simon Lightbody ceased as a KMP on 1 February 2022 and continued as a Non-Executive Director and advisor on a number of the Steadfast Underwriting Agencies (SUA) subsidiary boards until 1 August 2022.

Refer Section 6.2 for the fair value of the conditional rights awarded in August 2021.

4.3. Executive service agreements

Steadfast has ongoing executive service agreements (Executive Agreements) with each KMP. These Executive Agreements may be terminated by written notice from either party or by the Company making a payment in lieu of notice.

The Executive Agreements outline the components of remuneration paid to executives and require the remuneration of Executives to be reviewed annually. The Executive Agreements do not require the Company to increase base salary, pay a short-term incentive or offer a long-term incentive in any given year.

The table below contains the key terms of the Executive Agreements. The Executive Agreements do not provide for any termination payments, other than payment in lieu of notice by the Company.

Name	Notice period from the Company	Notice period from the employee	Termination provisions in relation to payment in lieu of notice
Robert Kelly, AM ¹	12 months	12 months	12 months fixed remuneration
Stephen Humphrys	6 months	6 months	6 months fixed remuneration
Samantha Hollman	6 months	6 months	6 months fixed remuneration
Simon Lightbody	6 months	6 months	6 months fixed remuneration
Allan Reynolds	6 months	6 months	6 months fixed remuneration

¹ Mr Kelly has stated his intention not to terminate his employment contract before the period immediately succeeding the AGM in October 2023.

In accordance with the requirements of *Corporations Act 2001*, termination provisions could include the payment of unused annual leave and long service leave accruals where applicable.

4.3.1. Retrenchment entitlements

In the event of redundancy or ill health, Mr Kelly will be paid an amount equal to 12 months fixed remuneration.

4.3.2. Termination under other situations

In the event of gross negligence or gross misconduct, the Company may terminate the Executive Agreement immediately by notice in writing and without payment in lieu of notice.

5. Non-Executive Director remuneration

5.1. Fee structure and policy

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is reviewed periodically and recommended for approval by shareholders.

The fee structure is designed to provide the Group with the ability to attract and retain directors of the highest calibre.

The aggregate amount of remuneration sought to be approved by shareholders and the manner in which it is paid to Directors is reviewed annually. The Board considers advice from external consultants as well as fees paid to Non-Executive Directors of comparable companies when undertaking the review process.

Independent and non-independent Non-Executive Director remuneration consists of three elements:

- ▶ Board fees;
- ▶ committee fees; and
- ▶ superannuation, which is paid in line with legislative requirements.

Directors do not receive retirement benefits beyond superannuation contributions and do not participate in any incentive programs.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

At the Annual General Meeting held on 22 October 2021, the shareholders approved the maximum aggregate Directors' fee pool of \$2,000,000 per annum for each financial year effective from and including the financial year commenced on 1 July 2021.

The table below contains the annual fee structure for the Steadfast Board and committees (inclusive of superannuation). The remuneration details are set out in Section 5.3.

		Board \$	Audit & Risk Committee \$	Nomination Committee \$	Remuneration & Performance Committee \$	People, Culture & Governance Committee \$
Chair	2022	305,000	40,000	-	40,000	30,000
	2021	275,000	30,000	-	27,500	20,000
Deputy Chair	2022	230,000	-	-	-	-
	2021	160,000	-	-	-	-
Members	2022	170,000	7,500	-	7,500	-
	2021	135,000	7,500	-	7,500	-

No additional remuneration will be paid for the Chair and members of the Nomination Committee nor any directorships of subsidiaries. The Directors have determined that fees for the financial year ended 30 June 2023 will not be increased.

Board members are allocated to different Committees based on the requirements of the Committee, hence Board members do not sit on all the Committees. The Chair and Deputy Chair have a standing invitation to attend all committee meetings.

2022 Remuneration Report continued

The remuneration for the Steadfast Board and committees was determined and paid in accordance with the table below which was the committee structure as at 30 June 2021.

Role	Audit & Risk Committee	Nomination Committee	Remuneration & Performance Committee	People, Culture & Governance Committee
Chair	Anne O'Driscoll	Frank O'Halloran, AM	David Liddy, AM	Gai McGrath
Members ¹	Vicki Allen Greg Rynenberg	Robert Kelly, AM David Liddy, AM Vicki Allen Gai McGrath Anne O'Driscoll Philip Purcell Greg Rynenberg	Vicki Allen Philip Purcell	Robert Kelly, AM Philip Purcell Greg Rynenberg

¹ Philip Purcell retired as a Non-Executive Director on 22 February 2022.

The table below provides the Chair and members information for the Steadfast committees as at 30 June 2022.

Role	Audit & Risk Committee	Nomination Committee	Remuneration & Performance Committee ¹	People, Culture & Governance Committee
Chair	Anne O'Driscoll	Frank O'Halloran, AM	Vicki Allen	Gai McGrath
Members	Vicki Allen Greg Rynenberg	Robert Kelly, AM David Liddy, AM Vicki Allen Gai McGrath Anne O'Driscoll Greg Rynenberg	David Liddy, AM	Robert Kelly, AM Greg Rynenberg

¹ Vicki Allen commenced as Chairman of the Remuneration & Performance Committee effective 1 November 2021.

5.2. Minimum shareholding requirement

Non-Executive Directors are not required under the Company's constitution to hold any of Steadfast's ordinary shares.

However, contained in each Director's letter of appointment from the Company is a term and condition that the Non-Executive Directors must hold an amount equal to 50% of their annual remuneration in the Company's ordinary shares by the end of their second year in office.

Refer Section 6.3 for details of Steadfast's ordinary shares held by the Non-Executive Directors.

5.3. Remuneration details for Non-Executive Directors

The table below provides remuneration details of the Non-Executive Directors on the Company's Board.

	Short-term employment benefits		Post-employment benefits	Total
	Board fees	Committee fees	Superannuation	
	\$	\$	\$	\$
Current Non-Executive Directors				
Frank O'Halloran, AM				
2022	281,432	-	23,568	305,000
2021	253,306	-	21,694	275,000
David Liddy, AM				
2022	209,091	-	20,909	230,000
2021	146,119	31,963	16,918	195,000
Vicki Allen				
2022	170,000	31,667	-	201,667
2021	38,942	4,327	-	43,269
Gai McGrath				
2022	170,000	30,000	-	200,000
2021	135,000	20,000	-	155,000
Anne O'Driscoll				
2022	154,545	36,364	19,091	210,000
2021	123,288	34,247	14,965	172,500
Greg Rynenberg				
2022	154,546	13,636	16,818	185,000
2021	123,288	13,699	13,013	150,000
Former Non-Executive Director				
Philip Purcell ¹				
2022	103,030	9,091	11,212	123,333
2021	123,288	13,699	13,013	150,000

¹ 2022 fees for Philip Purcell are until 22 February 2022 being his retirement date.

2022 Remuneration Report continued

6. Additional information

6.1. Remuneration governance

This report meets the remuneration reporting requirements of the *Corporations Act 2001* and Accounting Standard AASB 124 Related Party Disclosures. The term remuneration used in this report has the same meaning as compensation as prescribed in AASB 124.

6.1.1. Role of the Remuneration & Performance Committee

The Remuneration & Performance Committee of the Board is responsible for reviewing and recommending to the Board remuneration arrangements for the Non-Executive Directors and the Executive Team made up of the Managing Director & CEO and his direct reports listed in the KMP table in Section 1.1.

6.1.2. Use of remuneration consultant

The Remuneration & Performance Committee directly engages and considers market remuneration data from remuneration consultants as required. The data provided by remuneration consultants is used as a guide for remuneration decisions with respect to the Executive Team. Remuneration consultants are engaged no less than every three years to provide information on fixed remuneration packages and incentives to the Remuneration & Performance Committee.

An external remuneration consultant, Godfrey Remuneration Group, was engaged during the financial year to conduct remuneration benchmarking of base salaries for the Executive team and fees for the Board, as well as a review of STI and LTI schemes for the Executive Team. The benchmarking provided by Godfrey Remuneration Group was in line with Steadfast remuneration framework.

6.1.3 Hedging prohibition

All deferred equity awards must remain at risk until it has fully vested. Accordingly, Executives must not enter into any scheme that specifically hedges the value of equity allocated.

6.2. Valuation of conditional rights

The table below details the fair value of conditional rights issued affecting remuneration of KMP in the previous, current or future reporting periods:

Description	Recipient	Grant date	Vesting date	Fair value at grant date \$ ¹	Volume weighted average share price (VWAP) \$ ²
October 2021 STI conditional rights ³	MD & CEO	22-Oct-21	16-Aug-22	4.7884	4.6856
October 2021 STI conditional rights ³	MD & CEO	22-Oct-21	16-Aug-23	4.7783	4.6856
October 2021 STI conditional rights ³	MD & CEO	22-Oct-21	16-Aug-24	4.7635	4.6856
August 2021 STI conditional rights ³	Other executives	16-Aug-21	16-Aug-22	4.6832	4.6856
August 2021 STI conditional rights ³	Other executives	16-Aug-21	16-Aug-23	4.6678	4.6856
August 2021 STI conditional rights ³	Other executives	16-Aug-21	16-Aug-24	4.6450	4.6856
October 2020 STI conditional rights ⁴	MD & CEO	28-Oct-20	25-Aug-21	3.5586	3.5146
October 2020 STI conditional rights ⁴	MD & CEO	28-Oct-20	25-Aug-22	3.5496	3.5146
October 2020 STI conditional rights ⁴	MD & CEO	28-Oct-20	25-Aug-23	3.5338	3.5146
August 2020 STI conditional rights ⁴	Other executives	25-Aug-20	25-Aug-21	3.5142	3.5146
August 2020 STI conditional rights ⁴	Other executives	25-Aug-20	25-Aug-22	3.5018	3.5146
August 2020 STI conditional rights ⁴	Other executives	25-Aug-20	25-Aug-23	3.4830	3.5146
October 2019 STI conditional rights ⁴	MD & CEO	17-Oct-19	21-Aug-21	3.5891	3.5057
October 2019 STI conditional rights ⁴	MD & CEO	17-Oct-19	21-Aug-22	3.5723	3.5057
August 2019 STI conditional rights ⁴	Other executives	21-Aug-19	21-Aug-21	3.5401	3.5057
August 2019 STI conditional rights ⁴	Other executives	21-Aug-19	21-Aug-22	3.5194	3.5057
October 2018 STI conditional rights ⁴	MD & CEO	18-Oct-18	24-Aug-21	2.9252	3.0648
August 2018 STI conditional rights ⁴	Other executives	24-Aug-18	24-Aug-21	2.9737	3.0648
October 2021 LTI conditional rights	MD & CEO	22-Oct-21	16-Aug-24	4.5686	4.6856
August 2021 LTI conditional rights	Other executives	16-Aug-21	16-Aug-24	4.3561	4.6856
October 2020 LTI conditional rights	MD & CEO	28-Oct-20	25-Aug-23	3.3398	3.5146
August 2020 LTI conditional rights	Other executives	25-Aug-20	25-Aug-23	3.2525	3.5146
October 2019 LTI conditional rights	MD & CEO	17-Oct-19	21-Aug-22	3.3868	3.5057
August 2019 LTI conditional rights	Other executives	21-Aug-19	21-Aug-22	3.2975	3.5057
October 2018 LTI conditional rights	MD & CEO	18-Oct-18	24-Aug-21	2.7609	3.0648
August 2018 LTI conditional rights	Other executives	24-Aug-18	24-Aug-21	2.7771	3.0648

¹ The fair value at grant date is determined in accordance with Accounting Standard, AASB 2 Share-based Payment.

² To calculate the number of conditional rights to be granted, the award value is divided by the volume weighted average share price of Steadfast shares over the five trading days on the Australian Securities Exchange prior to Steadfast announcing its full year results.

³ The STI conditional rights granted all vest after one year from grant date.

⁴ The STI conditional rights granted all vest in three equal tranches after one, two and three years from the grant date.

2022 Remuneration Report continued

6.3. Shareholdings

The table below summarises the movement in holdings of ordinary shares during the year and the balance at the end of the financial year both in total and held nominally by related parties of Non-Executive Directors and KMPs.

	Total shares held at 1 July 2021	Purchases	SPP allocation	Shares transferred upon vesting of DEA	Shares allocated via DRP	Sales/ Reductions	Total shares held at 30 June 2022	Shares held nominally at 30 June 2022 ¹
Frank O'Halloran, AM ²	994,853	101,500	26,608	-	-	-	1,122,961	1,085,764
Robert Kelly, AM ²	3,314,938	-	6,652	507,337	-	(676,000)	3,152,927	-
David Liddy, AM ²	154,438	-	6,652	-	-	-	161,090	161,090
Vicki Allen ²	25,000	13,348	6,652	-	-	-	45,000	45,000
Gai McGrath ²	49,188	-	6,652	-	-	-	55,840	55,840
Anne O'Driscoll ²	168,498	-	6,652	-	-	-	175,150	175,150
Philip Purcell ^{2,3}	104,438	10,000	6,652	-	-	-	121,090	121,090
Greg Rynenberg ²	1,061,417	40,000	13,304	-	27,341	(137,202)	1,004,860	1,004,860
Samantha Hollman	252,624	-	13,304	131,298	-	(29,000)	368,226	162,420
Stephen Humphrys	966,793	-	6,652	201,856	-	(775,000)	400,301	-
Simon Lightbody ⁴	722,675	-	-	130,059	-	-	852,734	455,314
Allan Reynolds	1,138,843	-	3,326	92,653	1,412	(630,000)	606,234	57,729

¹ Shares held nominally are included in the column headed 'Total shares held at 30 June 2022'. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependants and entities controlled, jointly controlled or significantly influenced by the KMP.

² For the Directors, total shares held directly and nominally also represented the relevant interest in the listed securities, being ordinary shares of the Company, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this Directors' Report.

³ The shareholdings of Philip Purcell are reflective up to 22 February 2022 being the date he retired as a NED.

⁴ The shareholdings of Simon Lightbody are reflective up to 1 February 2022 being the date he ceased as KMP.

6.4. Related party transactions

The following transactions occurred with Directors' (Robert Kelly, AM and Greg Rynenberg) related parties which are part of Steadfast Network but are not part of Steadfast Group:

	2022 \$	2021 \$
i. Sale of goods and services		
Professional service fees received by Directors' related entities on normal commercial terms	16,000	16,000
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
ii. Current receivable from related parties		
Trade receivables from Directors' related entities	24,976	11,973

Rounding

The Group is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities & Investments Commission. In accordance with that Instrument, amounts in the Directors' Report and financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

Signed at Sydney on 17 August 2022 in accordance with a resolution of the Directors.



Frank O'Halloran, AM
Chair



Robert Kelly, AM
Managing Director & CEO



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

To the Directors of Steadfast Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Steadfast 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.

KPMG

Scott Guse
Partner

Sydney

17 August 2022



Steadfast's business strategy is to continue to grow shareholder value by maintaining our position as the largest intermediated insurance distribution network in Australasia.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 \$'m	2021 \$'m
Fee and commission income		1,048.3	829.7
Less: brokerage commission paid		(255.1)	(193.3)
Net fee and commission income		793.2	636.4
Premium funding interest income		72.8	66.7
Share of profits of associates & joint ventures	12	25.9	17.5
Fair value gain on listed investment		2.3	13.8
Net gain from investments		9.3	11.1
Other income		7.9	5.6
		911.4	751.1
Employment expense		(377.2)	(309.5)
Operating, brokers' support service and other expenses		(116.2)	(94.3)
Selling expense		(44.0)	(38.7)
Amortisation expense	7	(51.5)	(42.0)
Depreciation expense		(21.7)	(18.9)
Impairment expense – non-financial assets	7	(3.6)	(3.9)
Finance cost		(18.0)	(14.1)
		(632.2)	(521.4)
Profit before income tax expense		279.2	229.7
Income tax expense	18	(79.8)	(64.2)
Profit after income tax expense for the year		199.4	165.5
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		27.8	22.5
Owners of Steadfast Group Limited	4	171.6	143.0
		199.4	165.5

	Notes	2022 \$'m	2021 \$'m
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Net movement in foreign currency translation reserve		(3.1)	-
Cash flow hedge effective portion of change in fair value		-	0.1
Income tax benefit on other comprehensive income		0.9	-
Total other comprehensive income for the year, net of tax		(2.2)	0.1
Total comprehensive income for the year, net of tax		197.2	165.6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		27.8	22.5
Owners of Steadfast Group Limited		169.4	143.1
		197.2	165.6
EARNINGS PER SHARE			
Basic earnings per share (cents per share)	5	17.89	16.55
Diluted earnings per share (cents per share)	5	17.85	16.51

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	2022 \$'m	2021 \$'m
ASSETS			
Current assets			
Cash and cash equivalents	19	279.8	231.2
Cash held on trust	19	665.2	506.1
Trade and other receivables	13	206.1	166.9
Premium funding receivables	13	575.7	498.0
Other		11.0	8.7
Total current assets		1,737.8	1,410.9
Non-current assets			
Goodwill	7	1,494.1	1,082.2
Intangible assets	7	265.5	202.0
Investments in associates & joint ventures	12	210.3	115.6
Property, plant and equipment		59.3	59.2
Right-of-use assets		45.3	31.8
External shareholder loans	14C	31.9	27.8
Loans to associates	20	3.4	-
Other financial assets		33.0	25.6
Deferred tax assets	18	29.4	23.5
Other		6.5	3.9
Total non-current assets		2,178.7	1,571.6
Total assets		3,916.5	2,982.5

	Notes	2022 \$'m	2021 \$'m
LIABILITIES			
Current liabilities			
Payables on broking/underwriting agency operations		648.7	488.6
Premium funding payables		139.5	122.5
Trade and other liabilities		121.4	109.7
Corporate and subsidiary borrowings	8	10.2	7.4
Premium funding borrowings	8	32.1	26.7
Bank overdrafts	8, 19	-	0.5
Lease liabilities		14.7	13.2
Deferred consideration	10	51.9	46.4
Provisions		47.0	34.7
Income tax payable		29.5	25.1
Total current liabilities		1,095.0	874.8
Non-current liabilities			
Corporate and subsidiary borrowings	8	409.4	344.3
Premium funding borrowings	8	434.8	372.5
Deferred tax liabilities	18	98.0	65.0
Lease liabilities		37.5	25.4
Provisions		11.6	10.8
Deferred consideration	10	15.7	22.2
Other payables		0.6	0.5
Total non-current liabilities		1,007.6	840.7
Total liabilities		2,102.6	1,715.5
Net assets		1,813.9	1,267.0
EQUITY			
Share capital	9	1,638.9	1,178.3
Treasury shares held in trust	9	(15.9)	(13.9)
Revaluation reserve		12.1	12.1
Other reserves	9D	(42.7)	(51.1)
Retained earnings		92.1	33.4
Equity attributable to the owners of Steadfast Group Limited		1,684.5	1,158.8
Non-controlling interests		129.4	108.2
Total equity		1,813.9	1,267.0

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Equity attributable to owners of Steadfast Group Limited					Non-controlling interests	Total equity	
	Share capital \$'m	Treasury shares held in trust \$'m	Revaluation reserve \$'m	Other reserves \$'m	Retained earnings \$'m	Total \$'m	\$'m	
2022								
Balance at 1 July 2021	1,178.3	(13.9)	12.1	(51.1)	33.4	1,158.8	108.2	1,267.0
Profit after income tax expense for the year	-	-	-	-	171.6	171.6	27.8	199.4
Other comprehensive income for the year, net of tax	-	-	-	(2.2)	-	(2.2)	-	(2.2)
Total comprehensive income for the year	-	-	-	(2.2)	171.6	169.4	27.8	197.2
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:								
Issue of share capital (Note 9)	460.6	-	-	-	-	460.6	-	460.6
Shares acquired and held in trust (Note 9)	-	(6.5)	-	-	-	(6.5)	-	(6.5)
Share-based payments on Executive Shares and employee share plans	-	-	-	7.3	(1.1)	6.2	-	6.2
Shares (allotted)/allocated (Note 9)	-	4.5	-	(4.9)	-	(0.4)	-	(0.4)
Non-controlling interests of acquired entities (Note 10)	-	-	-	-	-	-	2.2	2.2
Revaluation of put options over non-controlling interests (Note 10G)	-	-	-	(1.9)	-	(1.9)	-	(1.9)
Change in equity interests in subsidiaries without loss of control	-	-	-	10.1	-	10.1	13.5	23.6
Dividends declared and paid (Note 6)	-	-	-	-	(111.8)	(111.8)	(22.3)	(134.1)
Balance at 30 June 2022	1,638.9	(15.9)	12.1	(42.7)	92.1	1,684.5	129.4	1,813.9

2021	Equity attributable to owners of Steadfast Group Limited					Total \$'m	Non- controlling interests	Total equity
	Share capital \$'m	Treasury shares held in trust \$'m	Reval- uation reserve \$'m	Other reserves \$'m	Retained earnings \$'m		\$'m	\$'m
Balance at 1 July 2020	1,149.6	(11.2)	12.1	(11.8)	(18.6)	1,120.1	77.4	1,197.5
Profit after income tax expense for the year	-	-	-	-	143.0	143.0	22.5	165.5
Other comprehensive income for the year, net of tax	-	-	-	0.1	-	0.1	-	0.1
Total comprehensive income for the year	-	-	-	0.1	143.0	143.1	22.5	165.6

TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:

Issue of share capital (Note 9)	28.7	-	-	-	-	28.7	-	28.7
Shares acquired and held in trust (Note 9)	-	(5.9)	-	-	-	(5.9)	-	(5.9)
Share-based payments on Executive Shares and employee share plans	-	-	-	7.7	-	7.7	-	7.7
Shares (allotted)/allocated (Note 9)	-	3.2	-	(3.6)	-	(0.4)	-	(0.4)
Transfer between other reserves and retained earnings	-	-	-	1.0	(1.0)	-	-	-
Non-controlling interests of acquired entities (Note 10)	-	-	-	-	-	-	3.7	3.7
Issuance of put options over non- controlling interests (Note 10F)	-	-	-	(23.9)	-	(23.9)	-	(23.9)
Change in equity interests in subsidiaries without loss of control	-	-	-	(20.6)	-	(20.6)	24.2	3.6
Dividends declared and paid (Note 6)	-	-	-	-	(90.0)	(90.0)	(19.6)	(109.6)
Balance at 30 June 2021	1,178.3	(13.9)	12.1	(51.1)	33.4	1,158.8	108.2	1,267.0

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2022 \$'m	2021 \$'m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		927.2	767.5
Payments to suppliers and employees, and Network Broker rebates		(603.3)	(503.7)
Dividends received from associates and joint ventures		26.9	17.3
Interest received		3.4	3.9
Interest and other finance cost paid		(16.2)	(11.6)
Income taxes paid		(77.0)	(63.4)
Net cash from operating activities before customer trust account and premium funding movements		261.0	210.0
Net cash (outflow)/inflow from premium funding customers		(80.3)	14.4
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		67.0	24.6
Net cash from operating activities	19	247.7	249.0
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisitions of subsidiaries and business assets		(258.0)	(125.7)
Cash acquired from acquisitions of subsidiaries and business assets	10	103.7	40.5
Payments for investments in associates and joint ventures	12	(62.7)	(10.6)
Payments for step-up investment in subsidiaries on hubbing arrangements		(22.0)	(25.0)
Dividends received from listed investment		0.3	0.6
Payments for additional shares in listed investment		(5.1)	-
Payments for deferred consideration of subsidiaries, associates and business assets	10	(48.5)	(9.3)
Proceeds from disposal of investment in subsidiaries, net of cash disposed		1.7	-
Proceeds from part disposal of investment in subsidiaries on hubbing arrangements		35.5	26.7
Proceeds from disposal of investment in associates		1.2	0.6
Payments for property, plant and equipment		(4.1)	(5.8)
Payments for intangible assets		(4.4)	(5.4)
Net cash used in investing activities		(262.4)	(113.4)

	Notes	2022 \$'m	2021 \$'m
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		253.1	-
Payments for transaction costs on issue of shares		(4.3)	(0.1)
Dividends paid to owners of Steadfast, net of Dividend Reinvestment Plan		(107.9)	(61.3)
Dividends paid to non-controlling interests		(22.3)	(19.6)
Proceeds from borrowings (excluding premium funding)	8	466.9	112.2
Repayment of borrowings (excluding premium funding)	8	(399.4)	(86.4)
Net cash inflow from premium funding borrowings	8	68.9	0.7
Payments for purchase of treasury shares	9	(6.5)	(5.9)
Repayment of related party loans		2.7	1.3
Payments for related party loans		(9.1)	(3.1)
Repayment of non-related party loans		2.6	21.5
Payments for non-related party loans		(7.3)	(3.5)
Payment of lease liabilities		(14.0)	(14.0)
Net cash from financing activities		223.4	(58.2)
Net increase in cash and cash equivalents		208.7	77.4
Cash and cash equivalents at the beginning of the financial year		736.8	659.6
Effect of movements in exchange rates on cash held		(0.5)	(0.2)
Cash and cash equivalents at the end of the financial year	19	945.0	736.8

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2022

Note 1. General information

This general purpose financial report is for the year ended 30 June 2022 and comprises the consolidated financial statements for Steadfast Group Limited (Steadfast or the Company) and its subsidiaries and the Group's interests in associates and joint ventures (Steadfast Group or the Group). These financial statements are presented in Australian dollars, which is Steadfast's functional and presentation currency.

The Company is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 4, 99 Bathurst Street, Sydney NSW 2000.

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report, which is not part of this financial report.

This general purpose financial report was authorised for issue by the Board on 17 August 2022.

Note 2. Significant accounting policies

A. Statement of compliance

This financial report has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, as appropriate for for-profit oriented entities and the Australian Securities Exchange (ASX) Listing Rules.

International Financial Reporting Standards (IFRS) refer to the overall framework of standards and pronouncements approved by the International Accounting Standards Board. IFRS forms the basis of the Australian Accounting Standards. This financial report of the Group complies with IFRS.

B. Basis of preparation of the financial report

The significant accounting policies adopted in the preparation of this financial report have been applied consistently by all entities in the Group and are the same as those applied for the previous reporting period unless otherwise noted. These financial statements have been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

I. New and amended standards adopted by the Group

The Group has adopted the following revised or amending Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2022. Adoption of these standards has not had any material effect on the financial position or performance of the Group.

Title	Description
AASB 2020-8	Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform - Phase 2

II. Rounding

The Group is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission. In accordance with that Instrument, amounts in this financial report have been rounded to the nearest hundred thousand dollars, unless otherwise stated.

C. Principles of consolidation

I. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The excess of the consideration transferred over the fair value of identifiable net assets acquired and non-controlling interests is recorded as goodwill. If the consideration transferred is less than the fair value of identifiable net assets acquired and non-controlling interests, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income. Costs of acquisition are expensed as incurred, except if they relate to the issue of debt or equity securities.

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 of the Group from the date on which control commences until the date on which control ceases.

III. Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquired subsidiaries' identifiable net assets at the date of acquisition. For operations and businesses being put into a business hub, NCI represent the fair value at the hubbing date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

IV. Loss of control

When the Group ceases control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

V. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full.

VI. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Group's share of the profit or loss of associates and the joint ventures is included in the Group's consolidated statement of profit or loss and other comprehensive income.

D. Revenue recognition

Revenue is recognised as the Group provides services. Revenue is recognised to the extent that there is no future performance obligation. Where there is a future performance obligation, a portion is deferred over the expected service period.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract. The Group's revenue does not have a significant financing component so the transaction (invoice) price is considered to have no difference between the promised consideration and the cash selling price.

The Group's revenue is disaggregated by major products and services which is consistent with the revenue information by reportable segment as disclosed in note 4.

The Group recognises revenue on contracts when the service is provided, which is generally at the point in time when the invoice is raised resulting in a recognition of a receivable. It is possible that there is a short time lag between invoice date and policy inception date. Following a detailed review, it has been determined that revenue is generally recognised in the same month that work is undertaken, and any revenue earned but not invoiced would be immaterial.

I. Fee and commission income

The Group retains a portion of policy premiums as fee and commission income. Premiums are typically collected on an annual basis, at or near invoice date (which could be up to 90 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a premium credit provider.

Commission, brokerage and fees are recognised when the related service has been provided and it is probable that the Group will be compensated for services rendered, and the amount of consideration for such services can be reliably measured. This is deemed to be the invoice date. Where there is a future obligation to provide claims handling services, a portion of the fee income is deferred over the expected service period.

The company receives professional services fees, for services provided, from strategic partners such as insurers, premium funders and underwriting agencies.

The Group utilises the practical expedient in AASB 15 to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less. The Group applies a cost plus margin approach to determine the stand-alone selling price given this cost is unobservable.

The Group may receive a claims experience benefit payment or payments in respect of certain types of insurance purchased for the benefit of Steadfast Network brokers. Revenue is recognised for a claims experience benefit for a particular policy year when it is likely that a claims experience benefit is receivable and the amount can be reliably measured.

Factors taken into account in recognising a claims experience benefit include, the number of years that have passed since the end of a policy year and whether various claims have been closed or can be reliably measured.

II. Premium funding income

Premium funding interest income is brought to account at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or expense and any application fee income that is considered an integral part of the effective interest rate over the relevant period. The effective interest rate is that rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Notes to the Financial Statements continued

III. Other revenue

Other revenue is recognised when the right to receive payment is established.

E. Taxation

The Company (the head entity) and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Consequently, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

In addition, certain controlled subsidiaries and their wholly-owned Australian subsidiaries have formed income tax consolidated groups under the tax consolidation regime. These entities are also taxed as a single entity and the deferred tax assets and liabilities of these tax consolidated groups are offset in the consolidated financial statements.

F. Cash and cash equivalents

Cash and cash equivalents includes cash at bank, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash. This includes cash held by the subsidiaries for business operation/operating expense purposes.

Cash held on trust relates to cash held for insurance premiums received from policyholders, which will ultimately be paid to underwriters. Cash held on trust cannot be used to meet business operations/operating expenses other than payments to underwriters and/or refunds to policyholders.

G. Trade and other receivables

Trade and other receivables includes fee and commission receivables recognised at amortised cost, net of the associated expected credit loss (ECL) provision, as well as other receivables. Refer to Note 3(F) for additional information on the calculation of the ECL provision.

H. Premium funding receivables

Premium funding receivables represent the amounts due from clients in the Group's premium funding businesses and are recognised at amortised cost, net of the associated expected credit loss (ECL) provision. Funds are collected on a monthly instalment basis and generally within twelve months of the loan issuance date. Refer to Note 3(F) for additional information on the calculation of the ECL provision.

I. Property, plant and equipment

Items of plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. The carrying value of plant and equipment is periodically reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any gain or loss on disposal of an item of plant and equipment is recognised in the consolidated statement of profit or loss and other comprehensive income.

J. Intangible assets

Identifiable intangible assets acquired separately or in a business combination (mainly customer relationships and capitalised software) are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. The useful lives of these intangible assets are assessed on acquisition.

Internally developed software costs are capitalised once the project is assessed to be feasible. The costs capitalised include licensing and direct labour costs. The useful lives of capitalised software assets are assessed when the projects are completed and available for use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and provision for impairment.

Intangible assets with finite lives are amortised over their useful lives, currently estimated to be up to 10 years, and their useful lives are reviewed annually.

Software-as-a-Service (SaaS) arrangements are service contracts that provide the Group with the right to access the cloud provider's application software over the contract period. As the Group does not receive a software intangible asset at the contract commencement date, the costs incurred in relation to SaaS arrangements are treated as follows:

- ▶ Fee for use of application software and customisation costs - recognised as an expense over the term of the service contract.
- ▶ Configuration, migration, testing and training costs - recognised as an expense as the service is received.

K. Premium funding borrowings

The Group's premium funding borrowings are loans from third party financial institutions to finance the premium funding businesses. These loans have recourse to the assets of the premium funding businesses only and are not cross-collateralised with other borrowings in the Group.

L. Payables on broking/underwriting agency operations

These amounts represent insurance premiums payable to insurance companies for broking/underwriting agency operations on amounts received from customers (policyholders) prior to the end of the financial year.

M. Hedge accounting

Hedge accounting is applied when the Group designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting.

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to interest rate fluctuations associated with the corporate debt facility. For cash flow hedges, the portion of the gain or loss on the hedge instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts deferred in equity are transferred to profit or loss in the same period the hedged item is recognised in the profit or loss.

N. Land and buildings

The Group recognises land & buildings at fair value, being Board valuation based on an independent appraisal. The Group obtains regular independent appraisals to ensure that the carrying amount of land & buildings reported does not differ materially from its fair value.

Any surplus arising on the revaluation of land & buildings is accumulated in equity under 'revaluation reserve'. Any deficit on revaluation is recognised in the statement of profit or loss and other comprehensive income except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the deficit is recognised as a reduction in the revaluation reserve within equity.

O. Australian Accounting Standards issued and not yet effective

The Group has not early adopted and applied any new, revised or amending Australian Accounting Standards and Interpretations that are not yet mandatory for the financial year ended 30 June 2022.

The Group intends to adopt new, revised or amending Australian Accounting Standards and Interpretations in the operating year commencing 1 July after the effective date of these standards and interpretations as set out in the table below. Additional disclosures as a result of adopting these new accounting standards will be provided in accordance with the disclosure requirements. The Group does not expect any material impact on the financial position or performance of the Group as a result of applying the new accounting standard.

Title	Description	Effective Date	Operating year	Note
AASB 17	Insurance Contracts	1 January 2023	30 June 2024	(i)

Table note

- i. AASB 17 Insurance Contracts was issued in July 2017 as a replacement for AASB 4 Insurance Contracts and will be applicable to general, life and health insurance businesses. As the Group does not assume underwriting risk on insurance contracts or reinsurance contracts issued on behalf of licensed insurers as an intermediary, there is no significant financial impact expected from AASB 17 on the Group.

Notes to the Financial Statements continued

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ from the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) during the year ended 30 June 2022 are discussed below.

The Group has considered the impact of Covid and economic conditions such as inflation and the rising interest rate environment when preparing the consolidated financial statements and related note disclosures, including the impact on the Group's forecast cash flows and liquidity. While the effects of these uncertainties do not change the significant estimates, judgements and assumptions considered by management in the preparation of the consolidated financial statements, they have increased the level of estimation uncertainty and the application of further judgement within these identified areas.

A. Goodwill

Goodwill is not amortised but assessed for impairment annually or more frequently when there is evidence of impairment.

The recoverable amount of goodwill is estimated using the higher of fair value or the value in use of the relevant Cash Generating Unit (CGU) deducting the carrying amount of the identifiable net assets of the CGU. Key assumptions used in the calculation of recoverable amounts are the discount rates, terminal value growth rates and inputs to revenue and expense growth assumptions.

B. Intangible assets

The carrying amounts of intangible assets with finite lives are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above.

An impairment loss is recognised if the carrying amount of the intangible asset exceeds its recoverable amount.

C. Equity-accounted investments

Equity-accounted investments are carried at the lower of the equity-accounted amount and the recoverable amount.

The carrying amounts of equity-accounted investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above.

An impairment loss is recognised if the carrying amount of the equity-accounted investment exceeds its recoverable amount.

D. Fair value of assets acquired

The Group measures the net assets acquired in a business combination at their fair value at the date of acquisition. If new information obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date, identifies adjustments to the fair value, then the amounts recognised as at the acquisition date will be retrospectively revised.

Fair value is estimated with reference to the market transactions for similar assets or discounted cash flow analysis.

E. Fair value of assets and liabilities

The Group's assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of assets and liabilities is determined, including the valuation technique and inputs used. For the Group's assets and liabilities not measured at fair value, their carrying amount provides a reasonable approximation of their fair values.

Fair values are categorised into different levels in a fair value hierarchy, based on the inputs used in the valuation techniques, as follows:

- ▶ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ▶ Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3: inputs for the asset or liability that are not based on observable market data.

Asset or Liability	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred consideration	Level 3	The fair value is calculated based on a contracted multiple, typically of forecast EBITA or fees and commissions	Forecast EBITA or fees and commissions	The estimated fair value would increase/decrease if the forecast EBITA or fees and commissions were higher/lower
Land and Buildings	Level 3	The fair value is determined using an independent appraisal by qualified property valuers. The last appraisal was performed for year ending 30 June 2021, which has formed the basis of management's valuation for the current year. Their valuation is based on the use of capitalisation of net income (Discounted Cash Flow), and direct comparison approaches. The last appraisal was performed for year ending 30 June 2021, which has formed the basis of management's valuation for the current year.	Forecast cash flows and market value are driven largely by market yield. Yield is impacted by numerous factors including rental growth, occupancy rates and rental incentives which are all driven by supply and demand forces. Forecast cash flows are also impacted by the the discount rate adopted.	The estimated fair value would increase/decrease if market yields were higher/lower The estimated fair value would increase/decrease if the discount rate used was higher/lower
Interest rate swaps (trade and other liabilities)	Level 2	The fair value is calculated using the present value of the estimated future cash flow based on observable yield curves	Not applicable	Not applicable
Investment in listed shares (other financial assets)	Level 1	The fair value is calculated based on number of shares multiplied by quoted price on ASX at balance date	Not applicable	Not applicable

F. Expected credit loss provision

The expected credit loss provision is estimated based on the analysis of aged receivables, as the Group assumes that the credit risk on fee and commission receivables increases significantly if it is more than 90 days past due, as well as based on assumptions made on forward-looking information. For the premium funding businesses, the expected credit loss provision is based on historical analysis of credit losses for loans in arrears, having considered whether this remains appropriate.

The Group continues to assess the credit impact of COVID-19 on the Group's fee and commission receivables. As at the date of reporting, COVID-19 has not had any material adverse impact on the Group's ability to collect outstanding debts, therefore, there has been no significant movement in the Group's provision for expected credit losses compared to the comparative reporting period due to COVID-19.

G. Climate change

Climate change, together with increased urbanisation, is a global risk that is a material risk for the insurance industry including insurers' operations, customers and the whole economy. Climate change may increase the frequency and severity of acute weather-related events such as floods, bushfires and storms, as well as changes such as rising sea levels, increased heat waves and droughts.

The principal activities of the Group are the provision of services to Steadfast Network brokers, the distribution of insurance policies via insurance brokerages and underwriting agencies, and related services. As such the Group is not exposed to climate change risk in the same manner as insurers that underwrite the risk of an insurance policy. Whilst the potential risks and related opportunities from climate change are considered as part of the Group's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on the Group's principal activities, particularly from an asset impairment standpoint.

Notes to the Financial Statements continued

Note 4. Operating segments

The Group's corporate structure includes equity investments in insurance intermediary entities (insurance broking and underwriting agencies), premium funders and complementary businesses. Discrete financial information about each of these entities is reported to management on a regular basis and, accordingly, management considers each entity to be a discrete business operation.

The Group distributes insurance and issues premium funding products primarily in Australia and New Zealand. The Group is also expanding its footprint in the United Kingdom and Singapore, and has a controlling interest in UnisonSteadfast, a network headquartered in Germany. Regarding geographical information, the revenue and non-current assets attributed to geographies outside of Australasia are currently immaterial to the Group and hence no separate geographical disclosure has been made.

The financial performance of the Group's operating segments is regularly provided to the Chief Operating Decision Maker (considered to be the Managing Director & CEO), for each discrete business operation. The below table presents the financial performance for the Group's insurance intermediaries and premium funders on an aggregated basis as each discrete business operation within these operating segments is considered to have similar economic characteristics. The financial performance of each of these operating segments is presented on an unconsolidated basis, that is, gross of transactions between reportable segments. Intercompany eliminations between insurance intermediaries and premium funders are disclosed separately below.

2022	Insurance Intermediary \$'m	Premium Funding \$'m	Other \$'m	Intercompany Eliminations \$'m	Total Underlying \$'m	Re- classifications \$'m ¹	Non- trading items \$'m ²	Total statutory \$'m
Total revenue	1,063.9	70.4	8.9	(7.3)	1,135.9	(235.6)	11.1	911.4 ³
Total expenses	(805.3)	(60.9)	(20.6)	7.3	(879.5)	251.2	(3.9)	(632.2)
Share of EBITA from associates and joint ventures	26.9	0.2	0.9	-	28.0	(27.1)	(0.9)	-
Financing expense - associates	(0.6)	-	(0.1)	-	(0.7)	0.7	-	-
Amortisation expense - associates	(1.7)	(0.1)	(0.2)	-	(2.0)	2.0	-	-
Net profit/(loss) before tax	283.2	9.6	(11.1)	-	281.7	(8.8)	6.3	279.2
Income tax benefit/(expense)	(79.7)	(3.2)	(3.2)	-	(86.1)	8.8	(2.5)	(79.8)
Net profit/(loss) after tax	203.5	6.4	(14.3)	-	195.6	-	3.8	199.4
Non- controlling interests	(26.2)	(0.4)	-	-	(26.6)	-	(1.2)	(27.8)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	177.3	6.0	(14.3)	-	169.0	-	2.6	171.6

¹ Much of the reclassification relates to commissions paid by the Group's underwriting agencies. Such commissions paid are netted off against revenue in the statutory numbers, and are disclosed as expenses in the underlying numbers.

² Refer Note 5B for a breakdown of non-trading item adjustments.

³ Total statutory total revenue includes all income net of brokerage commission paid, as set out in the statement of profit or loss and other comprehensive income.

2021	Insurance Intermediary \$'m	Premium Funding \$'m	Other \$'m	Intercompany Eliminations \$'m	Total Underlying \$'m	Re- classifications \$'m	Non- trading items \$'m	Total statutory \$'m
Total revenue	836.5	65.6	5.6	(7.8)	899.9	(172.6)	23.8	751.1
Total expenses	(638.4)	(58.4)	(17.3)	7.8	(706.3)	190.2	(5.3)	(521.4)
Share of EBITA from associates and joint ventures	25.2	-	0.4	-	25.6	(26.0)	0.4	-
Financing expense - associates	(0.4)	-	-	-	(0.4)	0.4	-	-
Amortisation expense - associates	(2.1)	-	-	-	(2.1)	2.1	-	-
Net profit/(loss) before tax	220.8	7.2	(11.3)	-	216.7	(5.9)	18.9	229.7
Income tax benefit/(expense)	(63.4)	(2.2)	0.6	-	(65.0)	5.9	(5.1)	(64.2)
Net profit/(loss) after tax	157.4	5.0	(10.7)	-	151.7	-	13.8	165.5
Non- controlling interests	(20.8)	(0.2)	-	-	(21.0)	-	(1.5)	(22.5)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	136.6	4.8	(10.7)	-	130.7	-	12.3	143.0

Notes to the Financial Statements continued

Note 5. Earnings per share

A. Reporting period value

	2022 Cents	2021 Cents
Basic earnings per share	17.89	16.55
Diluted earnings per share	17.85	16.51
If non-trading items were removed, the underlying earnings per share would be as follows:		
Basic earnings per share	17.62	15.12
Diluted earnings per share	17.58	15.09

B. Reconciliation of earnings used in calculating earnings per share

	2022 \$'m	2021 \$'m
Profit after income tax	199.4	165.5
Non-controlling interests	(27.8)	(22.5)
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of statutory basic and diluted earnings per share	171.6	143.0
Removing non-trading items (net of tax and non-controlling interest):		
Impairment of intangibles	3.5	3.9
Net loss on deferred consideration estimates	12.5	1.7
Net gain from change in value or sale of businesses and other movements	(17.0)	(8.3)
Mark-to-market gains from revaluation of listed investments	(1.6)	(9.6)
Underlying profit after income tax attributable to the owners of Steadfast Group Limited (underlying NPAT) for calculation of underlying basic and diluted earnings per share	169.0	130.7

C. Reconciliation of weighted average number of shares used in calculating earnings per share

	2022 Number in 'm	2021 Number in 'm
I. Weighted average number of ordinary shares issued		
Weighted average number of ordinary shares issued	962.9	868.0
Weighted average number of treasury shares held in trust	(3.9)	(3.7)
Weighted average number of ordinary shares used in calculating basic earnings per share	959.0	864.3
II. Weighted average number of dilutive potential ordinary shares related to		
Weighted average number of ordinary shares	959.0	864.3
Effect of share-based payments arrangements	2.2	1.8
Weighted average number of ordinary shares used in calculating diluted earnings per share	961.2	866.1

The weighted average number of ordinary shares or dilutive potential ordinary shares is calculated by taking into account the period from the issue date of the shares to the reporting date unless otherwise stated as below:

Steadfast operates share-based payment arrangements (being an employee conditional rights scheme, a short-term incentive plan and a long-term incentive plan) where eligible employees may receive conditional rights instead of cash. One conditional right will convert to one ordinary share subject to vesting conditions being met. These share-based payment arrangements are granted to employees free of cost and no consideration is payable on conversion to Steadfast's ordinary shares. These arrangements have a dilutive effect to the basic earnings per share (EPS).

Note 6. Dividends

A. Dividends on ordinary shares

	Cents per share	Total amount \$'m	Payment date	Tax rate for franking credit	Percentage franked
2022					
2022 interim dividend	5.2	50.8	23 March 2022	30%	100%
2021 final dividend	7.0	61.0	10 September 2021	30%	100%
2021					
2021 interim dividend	4.4	38.2	25 March 2021	30%	100%
2020 final dividend	6.0	51.8	25 September 2020	30%	100%

It is standard practice that the Board declares the dividend for a period after the relevant reporting date. A dividend is not accrued until it is declared and so the dividends for a period are generally recognised and measured in the financial reporting period following the period to which the dividends relate.

The dividends recognised in the current reporting period include \$0.4 million (2021: \$0.4 million) paid in relation to treasury shares held in a trust controlled by the Group. All the treasury shares participate in the Dividend Reinvestment Plan (DRP).

B. Dividend policy

The Company targets a dividend payout ratio in the range of 65% to 85% of underlying net profit after tax attributable to shareholders of the Company with a minimum dividend payout ratio of 50% of net profit after tax and before amortisation, impairment and other non-trading items.

C. Dividend reinvestment

A Dividend Reinvestment Plan (DRP) allows equity holders to elect to receive their dividend entitlement in the form of the Company's ordinary shares. The price of DRP shares is the average share market price calculated over the pricing period (which is at least five trading days) less any discount as determined by the Board for each dividend payment date.

D. Dividend not recognised at reporting date

On 17 August 2022, the Board resolved to pay the following dividend. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

	Cents per share	Total amount \$'m	Expected payment date	Tax rate for franking credit	Percentage franked
2022 final dividend	7.8	76.3	9 September 2022	30%	100%

The Company's DRP will operate by the issue of new shares. No discount will be applied. The last election notice for participation in the DRP in relation to this final dividend is 24 August 2022.

Notes to the Financial Statements continued

E. Franking credits

	2022 \$'m	2021 \$'m
Franking account balance at reporting date at 30%	92.6	63.7
Franking credits to arise from payment of income tax payable	15.0	12.7
Franking credits available for future reporting periods	107.6	76.4
Franking account impact of dividends declared before issuance of financial report but not recognised at reporting date	(32.7)	(26.1)
Franking credits available for subsequent financial year based on a tax rate of 30%	74.9	50.3

Note 7. Intangible assets and goodwill

A. Composition

2022	Customer relationships \$'m	Capitalised software \$'m	Other intangible assets \$'m	Total intangible assets \$'m	Goodwill \$'m
At cost	439.7	79.1	8.1	526.9	1,544.6
Accumulated amortisation and impairment	(213.8)	(40.3)	(7.3)	(261.4)	(50.5)
	225.9	38.8	0.8	265.5	1,494.1

B. Movements

2022	Customer relationships \$'m	Capitalised software \$'m	Other intangible assets \$'m	Total intangible assets \$'m	Goodwill \$'m
Balance at the beginning of the financial year	167.8	33.5	0.7	202.0	1,082.2
Additions	5.3	16.8 ¹	0.1	22.2	-
Additions through business combinations	94.9	-	-	94.9	424.5
Reduction upon loss of control	(1.9)	(0.1)	-	(2.0)	(8.6)
Amortisation expense	(40.0)	(11.5)	-	(51.5)	-
Impairment expense	(0.3)	-	-	(0.3)	(3.3)
Net foreign currency exchange difference	0.1	0.1	-	0.2	(0.7)
Balance at the end of the financial year	225.9	38.8	0.8	265.5	1,494.1

¹ This is made up of \$16.5m of internally developed software and \$0.3m of acquired software.

C. Composition

2021	Customer relationships \$'m	Capitalised software \$'m	Other intangible assets \$'m	Total intangible assets \$'m	Goodwill \$'m
At cost	342.4	62.8	8.0	413.2	1,129.2
Accumulated amortisation and impairment	(174.6)	(29.3)	(7.3)	(211.2)	(47.0)
	167.8	33.5	0.7	202.0	1,082.2

D. Movements

2021	Customer relationships \$'m	Capitalised software \$'m	Other intangible assets \$'m	Total intangible assets \$'m	Goodwill \$'m
Balance at the beginning of the financial year	148.4	32.8	1.2	182.4	930.3
Additions	5.4	11.4 ¹	-	16.8	-
Additions through business combinations	45.1	-	-	45.1	156.0
Reduction upon loss of control	-	(0.2)	-	(0.2)	-
Amortisation expense	(31.0)	(10.5)	(0.5)	(42.0)	-
Impairment expense	-	-	-	-	(3.9)
Net foreign currency exchange difference	(0.1)	-	-	(0.1)	(0.2)
Balance at the end of the financial year	167.8	33.5	0.7	202.0	1,082.2

¹ This is made up of \$10.6m of internally developed software and \$0.8m of acquired software.

E. Amortisation rates per annum

2022	Customer relationships	Capitalised software	Other intangible assets	Goodwill
Amortisation rates per annum	10.0%-12.5%	20.0%-100.0%	20.0%-33.3%	-

F. Impairment testing

The Group performs impairment testing for all goodwill on an annual basis and for any identifiable intangibles, including investments in associates and joint ventures that have impairment indicators. In performing impairment testing, each business acquired or portfolio of businesses acquired is considered a separate Cash Generating Unit (CGU) or grouped into one CGU where operations are linked. Goodwill and identifiable intangible assets are allocated across each of the Group's CGUs, the majority of which operate in the Insurance Intermediary segment. The goodwill and identifiable intangible assets allocated to each individual CGU outside the Insurance Intermediary segment are not considered significant in comparison to the Group's total carrying value of these assets.

For the year ended 30 June 2022, the Group recognised an impairment expense of \$3.6 million (2021: \$3.9 million) in relation to a single CGU. The carrying value of assets was reviewed against a number of potential scenarios to account for the ongoing global uncertainties.

Impairment losses for each category of intangible assets and investments in associates and joint ventures are shown in Section B and D above and Note 12 respectively. When assessing the recoverable amount of customer relationships, the Group considers client retention rates and current market conditions to determine both fair value and value in use of each CGU.

Notes to the Financial Statements continued

To conduct impairment testing, the Group compares the carrying value with the recoverable amount of each asset. The recoverable amount is the higher of:

- ▶ value in use – a discounted cash flow model, based on a five-year projection of the FY23 approved budget of the tested CGUs with a terminal value; and
- ▶ fair value less costs of disposal – based on the Group's estimates of sustainable earnings before interest expense, tax and amortisation of acquired intangible assets (EBITA) for each CGU multiplied by an earnings multiple appropriate for similar businesses less costs to sell.

The following table outlines the key assumptions for the value in use and fair value less costs of disposal models:

	2022	2021
Post-tax discount rates ¹	9.0% to 12.5%	9.2% to 10.2%
Pre-tax discount rates	12.2% to 15.6%	11.1% to 12.9%
Revenue growth rate – year two to five extrapolation ²	2.0% to 5.0% per annum	2.0% to 5.0% per annum
Long-term revenue growth rate ³	3.00% per annum	3.00% per annum
Earnings multiple ⁴	10x EBITA	9x EBITA

¹ Post tax discount rates reflect the Group's weighted average cost of capital (WACC), adjusted for additional risks specific to each CGU. The WACC takes into account market risks, size of the business, current borrowing interest rates, borrowing capacity of the businesses and the risk free rate. External advice has been sought in relation to the determination of appropriate discount rates to be used.

² Year one FY23 approved budget applied

³ The Group considers that a long-term revenue growth rate of 3.00% is appropriate, based on the current market conditions and historical Gross Written Premium (GWP) trends.

⁴ The Group applies an earnings multiple of 10 for all CGUs with the exception of CGUs where goodwill has been allocated for business combinations performed within the last 12 months. For these CGUs, the Group applies the acquisition earnings multiple when determining the recoverable amount unless sources of information suggest otherwise.

Given the economic outlook with regard to rising interest rates and inflation, and the associated impact on asset valuation, the Group ran a number of scenarios and took a probability weighted approach to estimate value in use. The growth rate assumptions utilised in the value in use model are shown above.

A reasonable change in individual assumptions would result in the following impairments:

- ▶ WACC rate increased by 100bps: an additional \$22.5 million impairment
- ▶ Revenue growth rate in years two to five decreased by 0.5%: an additional \$13.2 million impairment
- ▶ Long-term revenue growth rate decreased by 0.5%: an additional \$8.7 million impairment
- ▶ Earnings multiple decreased by 1x: an additional \$0.1m impairment

The Group has also considered the impact of climate change from an asset impairment standpoint. The Group has incorporated the potential risks and opportunities of climate change in the current asset impairment review methodology and processes. Based on what is currently known, it is not expected that climate risks will have a significant impact on the Group's principal activities.

Note 8. Borrowings

The Group has two types of borrowings, as follows:

- I. Corporate and subsidiary borrowings - Bank loans and lines of credit in corporate and subsidiaries for the purpose of carrying out the Group's principal activities including the distribution of insurance policies via insurance brokerages and underwriting agencies and related services, as well as acquisitions and bolt-ons. These loans are secured against the Group's assets, excluding IQumulate Premium Funding Pty Ltd (IQumulate).
- II. Premium funding borrowings - Borrowings and issuance of notes to finance only the premium funding businesses (predominantly IQumulate). These loans have recourse only to the assets of the premium funding business.

These two types of borrowings are not cross-collateralised, and therefore are shown separately.

The Group complied with all debt covenants during the financial year.

A. Corporate and subsidiary borrowings

I. Bank loans

	2022 \$'m	2021 \$'m
Current	10.2	7.4
Non-current	410.4	344.7
	420.6	352.1
Capitalised transaction costs	(1.0)	(0.4)
	419.6	351.7

II. Bank facilities available

	2022 \$'m	2021 \$'m
a. Bank facilities drawn down or applied		
Bank loans - corporate facility	340.0	292.0
Bank loans - subsidiaries	80.6	60.1
Lines of credit - corporate facility	5.2	4.6
Lines of credit - subsidiaries	-	0.5
	425.8	357.2
b. Bank facilities not drawn down or applied		
Bank loans - corporate facility	310.0	158.0
Bank loans - subsidiaries	10.7	9.9
Lines of credit - corporate facility	4.8	5.4
Lines of credit - subsidiaries	13.7	1.1
	339.2	174.4
c. Total bank facilities available		
Bank loans	741.3	520.0
Lines of credit	23.7	11.6
	765.0	531.6

III. Corporate facility details

The Company entered into a new multibank syndicated facility agreement (corporate facility) during the year.

As at 30 June 2022:

- ▶ the Company had a \$660.0 million multibank syndicated facility (corporate facility) (2021: \$460.0 million); and
- ▶ \$340.0 million of the \$660.0 million facility had been drawn down, which together with \$5.2 million for bonds and rental guarantees, leaves \$314.8 million available in the corporate facility for future drawdowns (2021: \$163.4 million).

IV. Key terms and conditions of corporate facilities

The \$660.0 million corporate facility includes the following tranches:

- ▶ a revolving (partly drawn) \$320.0 million tranche for three years, maturing November 2024;
- ▶ a fully drawn (term loan) \$140.0 million tranche for three years, maturing November 2024; and
- ▶ a fully drawn (term loan) \$200.0 million tranche for five years, maturing November 2026.

Notes to the Financial Statements continued

Other key terms of the corporate facility are:

- ▶ variable interest rate – based on BBSY plus an applicable margin for all tranches of the corporate facility; and
- ▶ the facility is guaranteed by certain wholly-owned subsidiaries and is secured over all of the present and future acquired property of the Company and the guarantors (other than certain excluded property), which is standard in facilities of this nature.

The Company has entered into two interest rate swaps, with face values of \$150.0 million and \$62.5 million, where the Company swaps the floating rate payment into fixed rate payments, which will mature in January 2023 and January 2025 respectively. Refer Note 14B for further details on the interest rate swaps. The swaps are designed to hedge interest costs associated with the underlying corporate debt obligations.

B. Premium funding borrowings

	2022 \$'m	2021 \$'m
I. Premium funding borrowings		
Current	32.1	26.7
Non-current	434.8	373.3
	466.9	400.0
Less: capitalised transaction costs	-	(0.8)
	466.9	399.2
II. Premium funding borrowings available		
Premium funding borrowings drawn down or applied	466.9	400.0
Premium funding borrowings not drawn down or applied	72.3	85.5
	539.2	485.5

The Group's premium funding subsidiary, IQumulate, has a Warehouse Trust to finance its Australian lending operation through the issuance of notes. During the financial year, the Warehouse Trust limit increased to \$500.0 million (including a \$50.0 million overdraft facility) from \$470.0 million with an extended availability period to July 2022. Subsequently, in July 2022, the Warehouse Trust limit was further increased by \$70.0 million to \$570.0 million (including a \$60.0 million overdraft facility), with an availability period to July 2023. At 30 June 2022, whilst the contractual availability period ended in July 2022, the premium funding borrowings have been classified as non-current in the statement of financial position as the contractual maturity date includes an amortisation period giving the Group twelve months to repay from the date of the last maturing premium funding in the Warehouse Trust. IQumulate continues to hold trade credit insurance coverage, and recourse to the assets is limited to IQumulate only and is not cross-collateralised with other borrowings in the Group.

C. Reconciliation of movements of liabilities and cash flows arising from financing activities

	Bank loans - corporate facility \$'m ¹	Bank loans - subsidiaries \$'m	Bank loans - corporate facility and subsidiaries \$'m	Premium funding borrowings \$'m ²	Total borrowings \$'m
2022					
Balance at the beginning of the financial year	291.6	60.1	351.7	399.2	750.9
Proceeds from borrowings	445.0	21.9	466.9	68.9	535.8
Repayment of borrowings	(397.0)	(2.4)	(399.4)	-	(399.4)
Acquisitions	-	1.0	1.0	-	1.0
Unwind of capitalised transaction costs	(0.6)	-	(0.6)	(1.2)	(1.8)
Balance at the end of the financial year (net of capitalised transaction costs)	339.0	80.6	419.6	466.9	886.5

¹ The opening balance comprises \$292.0m drawn down less capitalised transaction costs of \$0.4m. The closing balance comprises \$340.0m drawn down less capitalised transaction costs of \$1m.

² Proceeds from and repayment of premium funding borrowings are classified as cash flows from operating activities in the Consolidated Statement of Cash Flows.

D. Borrowings by associates and joint ventures

As at 30 June 2022, the Group's associates and joint ventures had a total of \$69.5 million (2021: \$41.6 million) of bank borrowings (including bank overdrafts and loans).

As the associates and joint ventures are equity-accounted, these borrowings are not included in the Group consolidated statement of financial position. The Group's proportionate share of the associates' and joint ventures' bank borrowings is \$28.9 million (2021: \$17.4 million). Refer Note 12C for summarised financial information of associates and joint ventures.

Notes to the Financial Statements continued

Note 9. Notes to the Statement of Changes in Equity and Reserves

A. Share capital

	2022 Number of shares 'm	2021 Number of shares 'm	2022 \$'m	2021 \$'m
Reconciliation of movements				
Balance at the beginning of the financial year	871.5	863.2	1,178.3	1,149.6
Shares issued for:				
Institutional and retail share placement	56.1	-	253.1	-
Scrip issued to vendors for acquisitions	49.2	-	206.7	-
Dividend Reinvestment Plan	0.8	8.3	3.9	28.7
Less: Transaction costs, net of income tax	-	-	(3.1)	-
Balance at the end of the financial year	977.6	871.5	1,638.9	1,178.3

The following ordinary shares were issued during the financial year as a result of the capital raise and acquisition:

- ▶ 44.3 million ordinary shares were issued under the institutional placement and 49.2 million ordinary shares as scrip consideration for the acquisition of Coverforce Holdco Pty Ltd and other acquisitions.
- ▶ 11.8 million ordinary shares were issued under the Share Purchase Plan.

Steadfast issued shares for the acquisition of Coverforce. The valuation of shares issued (being the institutional placement bookbuild price) and the fair value of these shares differ as the shares issued were subject to an escrow (refer Note 10A).

Ordinary shares in the Company have no par value and entitle the holder to participate in dividends as declared from time to time. All ordinary shares rank equally with regard to the Company's residual assets.

B. Treasury shares held in Trust

	2022 Number of shares 'm	2021 Number of shares 'm	2022 \$'m	2021 \$'m
Reconciliation of movements				
Balance at the beginning of the financial year	3.9	3.4	13.9	11.2
Shares acquired	1.3	1.6	6.5	5.9
Shares allocated to employees	(1.4)	(1.2)	(4.9)	(3.6)
Shares allotted through the Dividend Reinvestment Plan	0.1	0.1	0.4	0.4
Balance at the end of the financial year	3.9	3.9	15.9	13.9

Treasury shares are ordinary shares of the Company bought on market by the trustee (a wholly-owned subsidiary of the Group) of an employee share plan for meeting future obligations under that plan when conditional rights vest and shares are allocated to participants.

C. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, maintain an optimum capital structure to minimise the cost of capital and continue its listing on the ASX, within the risk appetite approved by the Directors.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of its total gearing ratio excluding premium funding borrowings, as these borrowings are only securitised against the assets of the premium funder. The total gearing ratio is calculated as total borrowings of the Company and its subsidiaries divided by total equity and total borrowings of the Company and its subsidiaries. Currently the Group's total gearing ratio is 19.0% compared to the maximum gearing ratio determined by the Board of 30.0%, excluding premium funding borrowings.

The total gearing ratio has been calculated both including and excluding the premium funding borrowings as follows:

	Note	2022 \$'m	2021 \$'m	Maximum Board approved
Total borrowings of the Company and its subsidiaries (excluding premium funding borrowings)	8	425.8	357.2	
Total Group equity		1,813.9	1,267.0	
Total Group equity and total borrowings of the Company and its subsidiaries		2,239.7	1,624.2	
Total gearing ratio excluding premium funding borrowings		19.0%	22.0%	30.0%
Total borrowings of the Company and its subsidiaries (including premium funding borrowings)	8	892.7	756.4	
Total Group equity		1,813.9	1,267.0	
Total Group equity and total borrowings of the Company and its subsidiaries		2,706.6	2,023.4	
Total gearing ratio including premium funding borrowings		33.0%	37.4%	

D. Nature and purpose of reserves

I. Other reserves

The other reserves include three components as below.

- ◆ Foreign currency translation reserve: the foreign currency translation reserve records the foreign currency differences from the translation of the financial information of foreign operations that have a functional currency other than Australian dollars.
- ◆ Share-based payments reserve: the share-based payments reserve is used to recognise the fair value at grant date of equity settled share-based remuneration provided to employees.
- ◆ Other reserves: the other reserves are used to recognise other movements in equity including cumulative net change in fair value of hedging instruments; the present value of liabilities in respect of put options issued to the minority shareholders of certain subsidiaries over those subsidiaries' shares; and the net effect on disposal of partial equity ownership in subsidiaries without loss of control.

II. Revaluation reserve

The revaluation reserve is used to record the movement in the fair value of the Group's property following Board valuation based on independent appraisal.

Notes to the Financial Statements continued

Note 10. Business combinations

Acquisitions for the year ended 30 June 2022

During the year ended 30 June 2022, the Group completed a number of acquisitions in accordance with its strategy. The following disclosures provide the provisional financial impact to the group at the acquisition date. Only significant acquisitions are disclosed separately. Other acquisitions are disclosed in aggregate.

Acquisition of subsidiaries

The following tables provide:

- ▶ detailed information for the acquisition of Coverforce HoldCo Pty Ltd and its subsidiaries (Coverforce) on 16 August 2021; and
- ▶ aggregated information for 27 other acquired businesses (Other acquisitions).

Note 10E includes the ownership interest in businesses acquired which became subsidiaries of the Group.

A. Consideration paid/payable

	2022			2021 \$'m
	Coverforce \$'m	Other acquisitions \$'m	Total \$'m	
Cash	193.9	102.5	296.4	130.3
Consideration shares	202.4(i)	4.3	206.7	0.7
Deemed consideration ⁽ⁱⁱ⁾	-	34.2	34.2	21.8
Deferred consideration ⁽ⁱⁱⁱ⁾	0.8	25.2	26.0	39.6
	397.1	166.2	563.3	192.4

Table notes

- i. This amount represents shares issued as consideration for the acquisition of Coverforce. Shares were issued to Coverforce shareholders at a valuation of \$4.51 per share (being the institutional placement bookbuild price) whereas the fair value of these shares was calculated at \$4.19 per share as these shares are subject to an escrow until August 2022.
- ii. This amount represents the fair value of the original investments at the date the Group gained control of an entity which was previously an associate of the Group.
- iii. Pursuant to the Share Purchase Agreements, some of the consideration will be settled based on future years' actual financial performance and thus was recognised as deferred consideration by the Group. The deferred consideration is estimated based on a multiple of forecast revenue and/or earnings. Any variations at the time of settlement will be recognised as an expense or income in the consolidated statement of profit or loss and other comprehensive income. The deferred consideration shown above represents:
 - \$24.8 million of deferred consideration for which the maximum amount of payment is variable and not capped; and
 - \$1.2 million of deferred consideration which is capped.

The deferred consideration excludes the present value of liabilities (\$25.8 million) in respect of put options issued to the minority shareholders of certain subsidiaries over those subsidiaries' shares (refer Note 10F).

B. Identifiable assets and liabilities acquired

	2022			2021 \$'m
	Coverforce \$'m	Other acquisitions \$'m	Total \$'m	
Cash and cash equivalents ¹	51.3	52.4	103.7	40.5
Trade and other receivables ²	9.6	5.5	15.1	9.4
Property, plant and equipment	1.5	1.1	2.6	0.8
Right-of-use assets	1.1	4.9	6.0	2.7
Deferred tax assets	4.9	1.6	6.5	2.8
Identifiable intangibles ³	52.2	42.7	94.9	45.1
Investment in associates & joint ventures	75.2	-	75.2	-
Other assets	1.2	1.4	2.6	13.7
Trade and other payables	(53.0)	(51.8)	(104.8)	(43.1)
Income tax payable	(3.6)	(1.2)	(4.8)	(4.6)
Lease liabilities	(1.2)	(5.2)	(6.4)	(2.8)
Provisions	(2.8)	(4.2)	(7.0)	(2.6)
Deferred tax liabilities	(20.5)	(14.5)	(35.0)	(15.5)
Other liabilities	(4.8)	(2.8)	(7.6)	(6.3)
Total net identifiable assets acquired	111.1	29.9	141.0	40.1

¹ Includes cash held on trust.

² The trade receivables comprise contractual amounts and are expected to be fully recoverable.

³ Identifiable intangibles are measured at fair value through the discounted cash flow model.

If new information obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date, identifies adjustments to the above amounts, then the acquisition accounting will be revised. In the current year, there were no revisions relating to prior year acquisitions.

C. Goodwill on acquisition

	2022			2021 \$'m
	Coverforce \$'m	Other acquisitions \$'m	Total \$'m	
Total consideration paid/payable	397.1	166.2	563.3	192.4
Total net identifiable assets acquired	(111.1)	(29.9)	(141.0)	(40.1)
Non-controlling interests	-	2.2	2.2	3.7
Goodwill on acquisition¹	286.0	138.5	424.5	156.0

¹ The majority of goodwill relates to acquired subsidiaries' ability to generate future profits with the skills and technical talent of their work force as well as the benefits from the combination of synergies. None of the goodwill recognised is expected to be deductible for tax purposes.

Notes to the Financial Statements continued

D. Financial performance of acquired subsidiaries

The contribution to the financial performance of the Group by acquired subsidiaries, for the period since acquisition, is outlined in the table below.

	Coverforce \$'m	Other acquisitions \$'m	Total \$'m
Revenue	56.7	40.8	97.5
EBITA	27.5	15.3	42.8
Profit after income tax	18.2	10.3	28.5

If the acquisitions of subsidiaries occurred on 1 July 2021, the Group's revenue from acquisitions for the year ended 30 June 2022 would further increase by \$22.9 million to \$934.3 million, EBITA would further increase by \$8.1 million to \$360.4 million and profit after income tax would further increase by \$5.3 million to \$204.7 million.

E. Acquisition-related costs

The Group incurred acquisition-related costs of \$0.2m on legal, accounting and consulting with respect to the Coverforce acquisition. These costs have been included in 'Operating, brokers' support service and other expenses'. A further \$2.9m (net of tax) in respect of the capital raise and scrip issue attributable to the Coverforce acquisition was capitalised to share capital.

F. Subsidiaries acquired

The table below outlines the subsidiaries acquired during the year ended 30 June 2022. Some acquisitions represent portfolio or business purchases by subsidiaries and are therefore not included in this table.

Name of subsidiaries acquired	Table note	Ownership interest	
		2022 %	2021 %
AFA Insurance Brokers Pty Ltd		71.00	-
Bill Owen Insurance Brokers Pty Ltd		100.00	-
Consult Insurance Solutions Pty Ltd		100.00	-
Coverforce HoldCo Pty Ltd and its subsidiaries		100.00	-
Domina Group Pty Ltd		70.00	-
Edgewise Insurance Brokers Pty Ltd	(i)	100.00	49.23
Entegre Risk Technology Services Pty Ltd	(ii)	75.00	50.00
Ginn & Penny Pty Ltd		100.00	-
Holdfast Insurance Brokers Pty Ltd		70.00	-
Ian Bell Insurance Brokers Pty Ltd		75.05	-
Miller Avenue Pty Ltd		100.00	-
Pollard Advisory Services Pty Ltd	(i)	95.00	46.50
Primassure (Australia) Pty Ltd		100.00	-
Risk Broking Pty Ltd		60.00	-
Rose Stanton Insurance Brokers Pty Ltd	(i)	100.00	49.00
Simplex Insurance Solutions Pty Ltd		60.00	-
Steadfast Risk Services Pty Ltd	(ii)	75.00	50.00
Timjamway Pty Ltd		90.00	-
Tudor Insurance Brokers Pty Ltd	(i)	74.04	48.00

Table notes

- i. During the year, the Group acquired additional shares in Edgewise Insurance Brokers Pty Ltd (Edgewise), Pollard Advisory Services Pty Ltd (Pollard), Rose Stanton Insurance Brokers Pty Ltd (Rose Stanton) and Tudor Insurance Brokers Pty Ltd (Tudor). As a result, Edgewise, Pollard, Rose Stanton and Tudor, which were previously associates, became subsidiaries of the Group.
- ii. During the year, the Group acquired additional shares in Steadfast Risk Services Pty Ltd (Steadfast Risk Services) and Entegre Risk Technology Services Pty Ltd (Entegre Risk). As a result, Steadfast Risk Services and Entegre Risk, which were previously joint ventures, became subsidiaries of the Group

G. Deferred consideration reconciliation

The following table shows a reconciliation of movements in deferred consideration.

	2022 \$'m	2021 \$'m
Balance at the beginning of the financial year	68.6	12.2
Settlement of deferred consideration	(48.5)	(9.3)
Non-cash settlement of deferred consideration	(0.5)	(2.0)
Additions from new acquisitions in business combinations	26.0	39.6
Additions from subsidiary business combinations	1.8	-
Additions from issuance of put options over non-controlling interests	1.9	23.9
Additions from new acquisitions of associates	2.4	1.4
Additions from new acquisitions of intangibles	1.1	1.0
Additions from step-up investments	2.0	0.3
Net loss in profit or loss on settlement or reassessment	12.8	1.5
Balance at the end of the financial year	67.6	68.6
Disclosed as:		
Deferred consideration current:		
Put options over non-controlling interests ¹	25.8	8.3
Other	26.1	38.1
Deferred consideration non-current:		
Put options over non-controlling interests ¹	-	15.6
Other	15.7	6.6
Balance at the end of the financial year	67.6	68.6

¹ This deferred consideration will only be payable if the put option is exercised by the minority shareholder. If the option remains unexercised, the financial liability will be derecognised against equity through other reserves at the expiry date.

The balance of deferred consideration at the end of the financial year represents:

	2022 \$'m	2021 \$'m
Amount payable is limited	1.6	3.1
Amount payable is not capped	62.8	65.5
Amount payable is fixed	3.2	-
	67.6	68.6

Notes to the Financial Statements continued

Note 11. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following key subsidiaries.

Name	Country of incorporation	Ownership interest	
		2022 %	2021 %
A. Parent entity			
Steadfast Group Limited	Australia		
B. Subsidiaries - operating entities			
I. Insurance broking businesses			
Steadfast Insurance Brokers Pty Ltd	Australia	100.00	100.00
Steadfast Insurance Brokers (New Zealand) Pty Ltd	New Zealand	100.00	100.00
Steadfast Group UK Ltd	United Kingdom	100.00	100.00
Abbott NZ Holdings Ltd and its subsidiaries	New Zealand	68.34	68.34
AFA Insurance Brokers Pty Ltd	Australia	71.00	-
Asparq Consolidated Pty Ltd and its subsidiaries	Australia	97.56	97.56
Austcover Holdings Pty Ltd and its subsidiaries	Australia	69.47	91.00
Ausure Group Pty Ltd and its subsidiaries	Australia	50.07	50.07
Ballyglisheen Pty Ltd (trades as Steel Pacific)	Australia	59.63	63.64
Bill Owen Insurance Services Pty Ltd	Australia	100.00	-
Body Corporate Brokers Pty Ltd and subsidiary	Australia	100.00	100.00
Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust and its subsidiaries	Australia	82.75	70.00
Centrewest Holdings Pty Ltd and its subsidiaries	Australia	70.18	70.18
Community Broker Network Pty Ltd and its subsidiaries	Australia	100.00	100.00
Consolidated Insurance Agencies Pty Ltd and its subsidiary	Australia	55.00	55.00
Consult Insurance Solutions Pty Ltd	Australia	100.00	-
Corporate Insurance Brokers Ballina (NSW) Pty Ltd	Australia	100.00	100.00
Coverforce Holdco Pty Ltd and its subsidiaries	Australia	100.00	-
Domina Group Pty Ltd and its subsidiaries	Australia	70.00	-
Edgewise Insurance Brokers Pty Ltd (Formerly Trustee for The Bradstock GIS Unit Trust) and its subsidiaries	Australia	100.00	49.23
Galaxy Insurance Consultants Pte Ltd	Singapore	60.00	60.00
Ginn & Penny Pty Ltd	Australia	100.00	-
Great Wall Insurance Services Pty Ltd	Australia	67.50	67.50
GSA Insurance Brokers Pty Ltd	Australia	60.00	80.00
Holdfast Insurance Brokers Pty Ltd	Australia	70.00	-
Ian Bell Insurance Brokers Pty Ltd	Australia	75.05	-
ICF (Australia) Pty Ltd and its subsidiary	Australia	100.00	100.00
Joe Vella Insurance Brokers Pty Ltd	Australia	81.70	70.00
Mega Capital Holdings Pty Ltd	Australia	100.00	100.00
Miller Avenue Pty Ltd	Australia	100.00	-

Name	Country of incorporation	Ownership interest	
		2022 %	2021 %
National Credit Insurance (Brokers) Pty Ltd (incorporating IMC Trade Credit) and its subsidiaries	Australia	85.66	85.61
Network Insurance Group Pty Ltd and its subsidiaries	Australia	60.00	60.00
Newmarket Grand West Pty Ltd and its subsidiaries	Australia	100.00	100.00
Newsure Insurance Brokers Pty Ltd	Australia	67.41	75.00
Paramount Insurance Brokers Pty Ltd	Australia	62.50	62.50
Phoenix Insurance Brokers Pty Ltd	Australia	65.00	65.00
PID Holdings Pty Ltd and its subsidiaries	Australia	100.00	100.00
Pollard Advisory Services Pty Ltd	Australia	95.00	46.50
Resolute Property Protect Pty Ltd	Australia	78.50	78.50
QIB Group Holdings Pty Limited (formerly RIB Group Holdings Pty Ltd)	Australia	81.70	70.00
Risk Broking Pty Ltd	Australia	60.00	-
Risk Partners Pty Ltd	Australia	100.00	100.00
Rose Stanton Insurance Brokers Pty Ltd	Australia	100.00	49.00
Scott & Broad Pty Ltd and its subsidiary	Australia	65.00	65.00
Scott Winton Nominees Pty Ltd	Australia	90.00	90.00
Simplex Insurance Solutions Pty Ltd	Australia	60.00	-
SRB Management Pty Ltd and its subsidiaries	Australia	50.00	50.00
Steadfast Distribution Services Pte Ltd	Singapore	100.00	100.00
Steadfast IFS Pty Ltd	Australia	0.00	50.40
Steadfast IRS Pty Ltd and its subsidiaries	Australia	60.00	60.00
Steadfast NZ Holdings Ltd	New Zealand	100.00	100.00
Steadfast NZ Ltd	New Zealand	100.00	100.00
Steadfast Shared Services Pty Ltd	Philippines	100.00	100.00
Steadfast Taswide Insurance Brokers Pty Ltd and its subsidiaries	Australia	66.12	66.12
T&G Insurance Brokers Pty Ltd and its subsidiary	Australia	81.70	80.00
Timjamway Pty Ltd	Australia	90.00	-
Trident Insurance Group Pty Ltd and its subsidiary	Australia	78.00	80.00
Tudor Insurance Brokers Pty Ltd	Australia	74.00	48.00
Webmere Pty Ltd and its subsidiaries	Australia	76.00	76.00
Whitbread Life Pty Ltd	Australia	100.00	100.00
Whitbread Holdings Pty Ltd and its subsidiary	Australia	100.00	100.00
Work Health Alternatives Pty Ltd	Australia	57.00	59.00
II. Underwriting agency businesses			
Steadfast Underwriting Agencies Holdings Pty Ltd	Australia	100.00	100.00
Axis Underwriting Services Pty Ltd	Australia	90.00	100.00
Calliden Group Pty Ltd and its subsidiaries	Australia	100.00	100.00
CHU Underwriting Agencies Pty Ltd and its subsidiaries	Australia	100.00	100.00
Coast Insurance Pty Ltd (Formerly Hostsure Underwriting Agency Pty Ltd)	Australia	51.00	100.00
Emergence Insurance Group Pty Ltd and its subsidiary	Australia	50.00	50.00

Notes to the Financial Statements continued

Name	Country of incorporation	Ownership interest	
		2022 %	2021 %
Grange Underwriting Pty Ltd	Australia	76.00	76.00
HMIA Pty Ltd	Australia	70.80	80.00
JMT Insurance Holdings Pty Ltd and its subsidiaries	Australia	89.19	89.19
Miramar Underwriting Agency Pty Ltd	Australia	100.00	100.00
NM Insurance Pty Ltd and its subsidiary	Australia	90.00	80.00
Platinum Placement Solutions Pty Ltd	Australia	100.00	100.00
Primassure (Australia) Pty Ltd	Australia	100.00	0.00
Procover Underwriting Agency Pty Ltd	Australia	100.00	100.00
Proteus Marine Insurance Pty Ltd	Australia	95.00	87.50
Quanta Insurance Group Pty Ltd	Australia	100.00	-
Residential Builders Underwriting Agency Pty Ltd	Australia	100.00	100.00
Sports Underwriting Australia Pty Ltd	Australia	90.00	90.00
Steadfast Placement Solutions Pty Ltd	Australia	100.00	100.00
Steadfast Placement Solutions UK Ltd	United Kingdom	100.00	100.00
SUA Services Pty Ltd	Australia	100.00	100.00
Underwriting Agencies of Australia Pty Ltd	Australia	88.33	88.33
Underwriting Agencies of Fiji Pte Ltd	Fiji	88.33	88.33
Underwriting Agencies of New Zealand Limited	New Zealand	83.92	83.92
Underwriting Agencies of Singapore Pte Ltd	Singapore	88.33	88.33
Underwriting Agencies of Hong Kong Limited	Hong Kong	88.33	88.33
Unity Trade Credit Pty Ltd	Australia	100.00	100.00
WM Amalgamated Pty Ltd and its subsidiaries	Australia	100.00	100.00
III. Complementary businesses			
Aus Funding Solutions Pty Ltd	Australia	81.70	80.00
Goldseal I.P. Pty Ltd	Australia	100.00	100.00
Goldseal Practice Management Pty Ltd	Australia	100.00	100.00
IQumulate Premium Funding Pty Ltd	Australia	90.00	100.00
InsuranceCONNECT Pty Ltd	Australia	100.00	100.00
Steadfast Business Solutions Pty Ltd	Australia	100.00	100.00
Steadfast Convention Pty Ltd	Australia	100.00	100.00
Steadfast Foundation Pty Ltd	Australia	100.00	100.00
Steadfast INSIGHT Holdings Pty Ltd	Australia	100.00	100.00
Steadfast Risk Group Pty Ltd and its subsidiaries	Australia	100.00	100.00
Steadfast Share Plan Nominee Pty Ltd	Australia	100.00	100.00
Steadfast Technologies Group Holdings Pty Ltd	Australia	100.00	100.00
Steadfast Technologies NZ Ltd	New Zealand	100.00	100.00
Steadfast Technologies Pty Ltd	Australia	100.00	100.00
Steadfast Technologies Shared Services Pty Ltd	Australia	100.00	100.00
Steadfast Technology Services NZ Ltd	New Zealand	100.00	100.00
Steadfast Technology Services Pty Ltd	Australia	100.00	100.00

Name	Country of incorporation	Ownership interest	
		2022 %	2021 %
Steadfast UnderwriterCentral Holdings Pty Ltd	Australia	100.00	100.00
Steadfast Virtual Underwriter Holdings Pty Ltd	Australia	100.00	100.00
UnisonSteadfast AG	Germany	60.00	60.00

Note 12. Investments in associates & joint ventures

A. Details of associates & joint ventures

Interests in associates and joint ventures are accounted for using the equity method of accounting. Information relating to key associates is set out below.

Name	Ownership interest		Equity-accounted	
	2022 %	2021 %	2022 \$'m	2021 \$'m
I. Insurance broking businesses				
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	-	25.00	-	1.0
Ausure Group Pty Ltd – associates thereof	17.13	16.52	10.6	5.5
Baileys Broking Ltd	40.00	-	6.0	-
Baileys Premium Funding Ltd	40.00	-	1.1	-
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	40.00	40.00	2.5	2.7
Collective Insurance Brokers Pty Ltd	49.00	49.00	0.3	0.3
Covercorp Pty Ltd	49.00	49.00	1.0	1.1
Coverforce HoldCo Pty Ltd - associates thereof	24.09	-	36.5	-
Edgewise Insurance Brokers Pty Ltd (Formerly Trustee for The Bradstock GIS Unit Trust)	-	49.23	-	9.1
McLardy McShane Partners Pty Ltd and McLardy McShane Insurance Brokers Pty Ltd	37.00	37.00	3.4	2.9
Fenchurch Insurance Brokers Pty Ltd	22.50	22.50	1.9	2.0
Finpac Insurance Advisors Pty Ltd	49.00	49.00	1.0	1.0
J.D.I. (Young) Pty Ltd	25.00	25.00	1.0	1.0
Johansen Insurance Brokers Pty Ltd	48.35	48.35	4.1	4.1
Listsure Pty Ltd	26.30	29.80	1.4	1.5
McKillops Insurance Brokers Pty Ltd	49.00	49.00	4.2	4.3
Melbourne Insurance Brokers Pty Ltd	49.00	49.00	1.5	1.6
Origin Insurance Brokers Pty Ltd	49.00	49.00	-	-
Pollard Advisory Services Pty Ltd	-	46.50	-	3.9
Quattro Risk Services Pty Ltd - associates thereof	12.00	12.00	0.2	0.2
Rose Stanton Insurance Brokers Pty Ltd	-	49.00	-	0.7
Rothbury Group Ltd and its subsidiaries	42.80	42.80	29.9	28.7
RSM Group Pty Ltd	49.00	49.00	4.8	5.0
Sapphire Star Pty Ltd	30.00	30.00	0.8	0.7
Southside Insurance Brokers Pty Ltd	49.00	49.00	0.6	0.5

Notes to the Financial Statements continued

Name	Ownership interest		Equity-accounted	
	2022 %	2021 %	2022 \$'m	2021 \$'m
Steadfast Eastern Insurance Brokers Pty Ltd	25.00	25.00	1.2	1.1
Steadfast IRS Pty Ltd - associates thereof	47.00	21.00	3.1	3.0
Steadfast Life Pty Ltd and its subsidiary	50.00	50.00	3.2	3.2
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	-	48.00	-	2.1
UnisonSteadfast AG - associates thereof	30.00	30.00	-	-
Watkins Taylor Stone Insurance Brokers Pty Ltd and D&E Watkins Unit Trust	35.00	35.00	1.2	1.2
II. Underwriting agency businesses				
Community Broker Network Pty Ltd - associates thereof	37.09	25.00	1.1	0.3
QUS Pty Ltd	45.00	45.00	0.8	0.9
Sterling Insurance Pty Ltd	39.50	39.50	4.9	4.8
III. Complementary businesses				
HJS Unit Trust	33.33	33.33	1.8	0.8
Meridian Lawyers Ltd	25.00	25.00	2.3	2.3
IV. Joint Ventures				
Abbott NZ Holdings Ltd - joint ventures thereof	50.00	50.00	0.4	0.4
Aasure Group Pty Ltd - joint ventures thereof	22.36	21.32	4.4	3.8
BAC Insurance Brokers Pty Ltd and its subsidiary	50.00	50.00	11.5	11.1
Blend Insurance Solutions Pty Ltd	50.00	50.00	1.7	2.1
Coverforce HoldCo Pty Ltd - joint ventures thereof	33.65	-	47.1	-
Network Insurance Group Hospitality Pty Ltd - joint ventures thereof	30.00	-	3.5	-
Steadfast Risk Group Pty Ltd - joint ventures thereof	50.00	50.00	7.2	0.5
Steadfast Technologies Group Holdings Pty Ltd - joint ventures thereof	50.00	-	0.2	-
Steadfast Valuation Holdings Pty Ltd - joint ventures thereof	50.00	-	1.8	-

B. Reconciliation of movements of associates & joint ventures

	Year to 30 June 2022 \$'m	Year to 30 Jun 2021 \$'m
Balance at the beginning of the financial year	115.6	118.9
Additions - cash	62.7	10.6
Additions - non-cash	10.0	1.7
Additions - scrip issued	38.3	-
Step-up investment to subsidiaries	(13.8)	(15.3)
Disposal of associates	(0.7)	(0.5)
	212.1	115.4
Share of EBITA from associates & joint ventures	36.0	26.2
Less share of:		
Finance cost	(0.7)	(0.4)
Amortisation expense	(2.3)	(2.3)
Income tax expense	(7.1)	(6.0)
Share of associates & joint ventures' profit after income tax	25.9	17.5
Dividends received/receivable	(26.9)	(17.3)
Net foreign exchange movements	(0.8)	-
Balance at the end of the financial year	210.3	115.6

Notes to the Financial Statements continued

C. Summarised financial information of associates & joint ventures

I. Disclosure in aggregate

These disclosures relate to the investment in all associates and joint ventures in aggregate. The figures below represent the financial position and performance of the associates and joint ventures as a whole and not just the Group's share.

	2022 \$'m	2021 \$'m
Current assets	371.8	298.4
Non-current assets	157.0	149.9
Current liabilities	(347.2)	(270.4)
Non-current liabilities	(73.3)	(47.6)
Net assets	108.3	130.3
Revenue	283.1	236.4
EBITA	67.8	63.3
Profit after income tax	44.2	45.0
Total comprehensive income	44.2	45.0

Note 13. Trade and other receivables

	2022 \$'m	2021 \$'m
Trade and other receivables		
Fee and commission receivable	137.8	100.1
Less: expected credit loss provision (refer Note 14C)	(3.6)	(3.1)
Net fee and commission receivable	134.2	97.0
Other receivables	71.9	69.9
	206.1	166.9

	2022 \$'m	2021 \$'m
Premium funding receivables		
Premium funding receivables	576.9	500.0
Less: expected credit loss provision (refer Note 14C)	(1.2)	(2.0)
	575.7	498.0

Note 14. Financial instruments

A. Financial risk management objectives

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Financial risk management is carried out by senior finance executives (finance) under policies approved by the Directors. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and may hedge financial risks within the Group's operating units. Finance reports to the Directors on a regular basis.

B. Market risk

Interest rate risk

As at the reporting date, the Group had the following variable rate bank accounts and borrowings:

	2022 Weighted average interest rate %	2022 Balance \$'m	2021 Weighted average interest rate %	2021 Balance \$'m
Non-derivatives				
Cash at bank	0.20	769.2	0.09	593.1
Cash on deposit	0.98	175.8	0.24	144.2
Bank overdrafts	-	-	4.65	(0.5)
Bank loans	2.93 ¹	(419.6)	2.08 ¹	(351.7)
Premium funding borrowings	2.97 ¹	(466.9)	2.71 ¹	(399.2)
		58.5		(14.1)
Derivatives				
Interest rate swaps ²	1.98	(212.5)	1.98	(212.5)

¹ Weighted average interest rate excludes any applicable line fee paid to lenders.

² The Group has entered into two interest rate swaps, with face values of \$150.0 million and \$62.5 million, where the Group swaps the BBSY indexed floating rate payment into 1.84450% and 2.29875% fixed rate payments respectively. The interest rate swaps for the \$150.0 million and \$62.5 million mature in January 2023 and January 2025, respectively. The Group entered into the interest rate swaps to minimise the Group's exposure to interest rate risk by the Group agreeing to exchange the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon face value. The swaps are designed to hedge interest costs associated with the underlying corporate debt obligations. At 30 June 2022, after taking into account the effect of the interest rate swaps, the Group had approximately 37.3% of the Group's corporate debt exposed to variable rates (2021: 27.1%).

An increase/decrease in interest rates of one hundred (2021: one hundred) basis points would have the following effect on profit/(loss) after tax:

- ▶ Increase of one hundred basis points: \$0.4 million favourable per annum (2021: \$0.1 million unfavourable)
- ▶ Decrease of one hundred basis points: \$3.9 million favourable per annum (2021: \$4.6 million favourable); assuming a zero interest rate floor on cash at bank and cash on deposit balances.

The basis point change is based on the expected volatility of interest rates using market data, historical trends over prior years and the Group's ongoing relationships with financial institutions.

Notes to the Financial Statements continued

C. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount (net of any provisions for impairment of those assets) as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral, except for the collateral specified in relation to loans to facilitate management buy-ins as described below.

Credit risk of the Group mainly arises from cash and cash equivalents, and trade and other receivables.

The Group has funded \$31.9 million (2021: \$27.8 million) of loans to facilitate management buy-ins to certain businesses under the Group's owner-driven business model. These loans are disclosed as other non-current assets in the Consolidated Statement of Financial Position. These loans attract commercial interest rates, with dividends from these businesses used to fund interest and loan repayments. The shares held by management in those businesses are provided as loan collateral.

The Group's exposure to credit risk is concentrated in the financial services industry with parties that are considered to be of sufficiently high credit quality (including cash held with major Australian banks) to minimise credit risk losses. Receivables include amounts due from policyholders in respect of insurances arranged by controlled entities. The Group assumes that the credit risk on fee and commission receivable increases significantly if outstanding past credit due terms. An expected credit loss provision is recognised in respect of fee and commission receivable.

The Group also has exposure to credit risk from premium funding loans. The expected credit loss provision for premium funding loans is based on historical data as a percentage of total loans written, after expected recoveries from trade credit policies.

The following table shows the movement in expected credit loss that has been recognised for fee and commission receivable and premium funding receivables in accordance with the simplified approach set out in AASB 9:

	2022 \$'m	2021 \$'m
Fee & commission receivables		
Balance at the beginning of the financial year	3.1	3.2
(Decrease)/increase in expected credit loss	0.2	(0.3)
Additions through business combinations	0.3	0.2
Balance at the end of the financial year	3.6	3.1
	2022 \$'m	2021 \$'m
Premium funding receivables		
Balance at the beginning of the financial year	2.0	2.0
Decrease in expected credit loss	(0.8)	-
Balance at the end of the financial year	1.2	2.0

D. Liquidity risk

Vigilant liquidity risk management requires that the Group maintains sufficient liquid assets to be able to pay debts as and when they become due and payable. For both the Group's insurance intermediaries and premium funders, this is largely achieved by maintaining sufficient cash reserves in the forms of cash and cash equivalents and available borrowing facilities.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities, continuously monitoring actual and forecast cash flows, and by matching the maturity profiles of financial assets and liabilities.

For the Group's premium funders, liquidity risk is mitigated by allocating premium funding to a diverse range of corporate and SME businesses, limiting the majority of premium funding loans to 10 monthly instalments, minimising the life cycle of funds in use, retaining adequate levels of available funds to safeguard against exceeding facility limits, and by matching the maturity profile of current and prospective financial assets against available funding limits.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	Weighted average interest rate %	1 year or less \$'m	Between 1 to 2 years \$'m	Between 2 to 5 years \$'m	Over 5 years \$'m	Total contractual maturities \$'m
2022						
Non-derivatives						
I. Non-interest bearing						
Payables on broking/underwriting agency operations		648.7	-	-	-	648.7
Trade and other payables		121.4	-	-	-	121.4
Premium funding payables		139.5	-	-	-	139.5
Deferred consideration		51.9	15.7	-	-	67.6
II. Interest bearing						
Bank loans	2.93	10.5	8.4	396.1	16.9	431.9
Premium funding borrowings	2.97	33.0	-	447.7	-	480.7
Total non-derivatives		1,005.0	24.1	843.8	16.9	1,889.8
Derivatives						
Hedge interest rate swaps (net settled)		(0.3)	-	-	-	(0.3)
Total derivatives		(0.3)	-	-	-	(0.3)
2021						
Non-derivatives						
I. Non-interest bearing						
Payables on broking/underwriting agency operations		488.6	-	-	-	488.6
Trade and other payables		109.7	-	-	-	109.7
Premium funding payables		122.5	-	-	-	122.5
Deferred consideration		46.4	22.2	-	-	68.6
II. Interest bearing						
Bank loans	2.08	7.5	174.8	99.9	76.9	359.1
Premium funding borrowings	2.71	27.4	382.6	-	-	410.0
Total non-derivatives		802.1	579.6	99.9	76.9	1,558.5
Derivatives						
Hedge interest rate swaps (net settled)		(0.2)	-	-	-	(0.2)
Total derivatives		(0.2)	-	-	-	(0.2)

Notes to the Financial Statements continued

Note 15. Contingencies

Contingent liabilities

Macquarie Bank put options

The Group has granted options to Macquarie Bank Limited (Macquarie) to enable Macquarie to put shares held by other shareholders in associates to the Group at fair value if Macquarie enforces its security over those shares. These have been granted in relation to shares held by other shareholders in associates over which Macquarie holds a security interest to secure indebtedness by those shareholders. The Group expects no material net exposure from this arrangement as the contingent liabilities have contingent assets (being rights to shares held by the relevant shareholders) approximating similar values.

Bank guarantee

In the normal course of business, certain controlled entities in the Group have provided security for bank guarantees principally in respect of their contractual obligations on commercial leases.

Note 16. Events after the reporting period

Final dividend

On 17 August 2022, the Board declared a final dividend for FY22 of 7.8 cents per share, fully franked. The dividend will be paid on 9 September 2022.

Acquisition of Insurance Brands Australia

In August 2022 the Group announced the acquisition of Insurance Brands Australia for a purchase price of \$301 million, of which \$25 million is subject to meeting future financial performance criteria. The acquisition will be funded via \$56.1 million of Steadfast scrip to be issued to the vendors and utilisation of our corporate debt facility.

Capital raising

The Group is undertaking a fully underwritten placement to raise approximately \$225 million together with an accompanying non-underwritten Share Purchase Plan. This will provide further capacity for anticipated Trapped Capital acquisitions.

Note 17. Share-based remuneration

Share-based payments – employee related

Share-based remuneration encourages employee share ownership, links employee reward to the performance of the Group and assists with attracting, retaining and motivating highly qualified and key personnel.

The Company intends to settle its obligations under share-based payment arrangements by the on-market purchase of the Company's ordinary shares which will be held in trust pending exercise of vested rights by employees. The Group has established a practice of purchasing a tranche of shares on or near grant date at the prevailing market price to facilitate building up a portfolio sufficient to meet the obligations when rights vest.

Trading in the Company's ordinary shares awarded under the share-based remuneration arrangements is covered by the same restrictions that apply to all forms of share ownership by employees. These restrictions prohibit an employee trading in the Company's ordinary shares when they are aware of price sensitive information and limit their trading at other times.

The Group has the following types of share-based remuneration arrangements provided to employees; each arrangement has different purposes and different rules:

- ▶ short-term incentive plan; and
- ▶ long-term incentive plan.

The share-based payments are included in the employment expense line in the statement of profit or loss and other comprehensive income.

Senior management and executive share plans

The senior management and executive share plan arrangements are awarded based on the terms and conditions as set out in the short-term and long-term incentive plans. When granted, the awards in these two plans may be in the form of cash and/or conditional rights. The Board has approved the participation of each individual in these arrangements as well as the actual awards based on the performance conditions in these two plans being met.

A. The short-term incentive plan (STI)

The STI plan is a discretionary, performance-based, at risk reward arrangement. STI is awarded based on each participant's performance hurdles and whether the financial performance hurdle of a minimum 12.2% (FY21: 7.5% underlying diluted earnings per share growth) return on capital (defined as return on opening shareholders' funds) is met.

The key terms of the STI plan for the 2022 financial year are:

- ▶ total STI will be awarded and settled in the form of cash and conditional rights as approved by the Board if return on capital and individual participant's performance criteria for the performance period (i.e. 1 July to 30 June) are met. If met:
 - ▶ 60% of STI will be settled in the form of cash and will be paid annually in August after the performance period; and
 - ▶ 40% of STI awarded will be deferred and granted in the form of conditional rights;
- ▶ conditional rights (rights) are granted for nil consideration;
- ▶ the vesting condition of rights is not market related and requires the participant to continue in relevant employment from the grant date of the rights (retention period), and will vest one year after grant date;
- ▶ the rights will accrue notional dividends during the retention period;
- ▶ when vesting (after completion of the retention period), each right will be converted into one Steadfast ordinary share per right for nil consideration upon exercise by the participant. The notional dividends will be converted into an equivalent number of Steadfast ordinary shares based on the Dividend Reinvestment Plan issue price applicable to each dividend;
- ▶ the Board has discretion to settle the rights in cash instead of Steadfast ordinary shares;
- ▶ the vesting is conditional on there being no material adverse deterioration in the 2022 reported results during the performance period before the exercise of the rights; and
- ▶ if the vesting condition is not met then the rights lapse.

Further details of the 2022 STI in relation to the Group's key management personnel are disclosed in the Remuneration Report.

B. The long-term incentive plan (LTI)

The LTI plan is a discretionary, performance-based, at risk reward arrangement. LTI is awarded based on each participant's performance hurdles and whether the minimum financial performance hurdles in diluted earnings per share growth and Total Shareholder Return (TSR) are met.

The key terms of the LTI plan for the 2022 financial year are:

- ▶ LTI will be awarded in the form of conditional rights as approved by the Board and will be granted in August following the end of each financial year;
- ▶ conditional rights (rights) are granted for nil consideration;
- ▶ the vesting condition of rights is not market related and is conditional on meeting the following performance hurdles:
 - ▶ the participants meeting their individual performance hurdles during the three-year employment tenure from the grant date of the rights (retention period);
 - ▶ 50% (FY21: 75%) based on the Group achieving a minimum 7.5% (maximum at 12.5%) average straight line per annum diluted EPS growth during the retention period; and
 - ▶ 50% (FY21: 25%) based on the Group achieving a minimum TSR above the 50th percentile (maximum at 75th percentile) of the peer group during the retention period;
- ▶ the rights will not accrue notional dividends during the retention period;
- ▶ before vesting, the Board will determine the number of rights to vest based on the combined outcome of the performance hurdles;
- ▶ when vesting (after completion of the retention period), each right will be converted into one Steadfast ordinary share for nil consideration upon exercise by the participant;
- ▶ the Board has discretion to settle the rights in cash instead of Steadfast ordinary shares; and
- ▶ if the vesting conditions are not met then the rights lapse.

Further details of the 2022 LTI in relation to the Group's key management personnel are disclosed in the Remuneration Report.

Employee share plan

The Short-Term Employee Incentive Plan (STEIP) is a discretionary, performance based at-risk reward arrangement for employees other than senior management and Executives that aims to recognise the contributions of the eligible employees of Steadfast Group Limited when outstanding financial results and individual performance objectives are achieved.

The 2022 STEIP consists of two potential reward components:

- ▶ cash component – a cash award which may be delivered if return on capital (ROC) targets are met; and
- ▶ deferred equity component – a deferred equity award (DEA) of conditional rights to Steadfast shares if ROC targets are met and subject to a tenure hurdle and no material adverse deterioration in ROC. Participation in the DEA component of the STEIP is by invitation only and is limited to participants approved by the Group Managing Director & CEO.

The ROC growth targets for the STEIP are aligned with those in the senior management and executive STI plan.

Notional dividends on the conditional rights will accrue during the tenure hurdle period from the first interim dividend after the grant date. The notional dividends will be calculated in accordance with the Dividend Reinvestment Plan (DRP) as varied from time to time. The accrued value of notional dividends will be provided to a participant on the vesting date of a conditional right in the form of additional Steadfast shares (or cash in lieu).

Notes to the Financial Statements continued

Note 18. Taxation

	2022 \$'m	2021 \$'m
A. Income tax (expense)/benefit		
Profit before income tax expense	279.2	229.7
Income tax expense at statutory tax rate	(83.8)	(68.9)
Tax effect of difference in corporate tax rates in foreign jurisdictions	0.4	0.4
Tax effect of amounts that are not (deductible)/taxable in calculating taxable income		
Share of after-tax profits of associates and joint ventures	5.2	5.3
Non-assessable and other deductible items	58.2	25.9
Non-deductible and other assessable items	(58.3)	(23.1)
Under provision for income tax of prior periods	(1.5)	(3.8)
Income tax expense	(79.8)	(64.2)
B. Major components of income tax expense		
Current tax	(76.6)	(61.9)
Movement in deferred tax assets	(1.5)	(4.8)
Movement in deferred tax liabilities	(1.2)	5.3
Adjustments for current tax of prior periods	(0.5)	(2.8)
	(79.8)	(64.2)
C. Income tax on items recognised directly in equity		
Deferred tax assets	2.0	-
Deferred tax liabilities	(0.2)	-
	1.8	-
D. Deferred tax assets		
I. Composition		
Accrued expenses	12.9	8.5
Provisions	13.5	14.4
Deferred income	12.1	9.3
Business related capital costs	9.6	10.4
AASB16 Leases	2.0	2.0
Other	6.7	8.2
	56.8	52.8

	2022 \$'m	2021 \$'m
II. Movements		
Balance at the beginning of the financial year	23.5	174
Add: reversal of offset against deferred tax liabilities	29.3	37.5
Gross balance at the beginning of the financial year	52.8	54.9
Opening balance adjustments	0.4	(0.1)
Charged to profit or loss	(1.5)	(4.8)
Charged to equity	1.9	-
Additions through business combinations	6.5	2.8
Disposals	(3.3)	-
Balance at the end of the financial year before offset	56.8	52.8
Less: offset against deferred tax liabilities	(27.4)	(29.3)
Balance at the end of the financial year	29.4	23.5

E. Deferred tax liabilities

I. Composition

Intangible assets	66.4	47.5
Receivables and investments	53.7	40.1
Asset revaluation	5.2	5.2
Other	0.1	1.5
	125.4	94.3

II. Movements

Balance at the beginning of the financial year	65.0	46.5
Add: reversal of offset against deferred tax assets	29.3	37.5
Gross balance at the beginning of the financial year	94.3	84.0
Charged to profit or loss	1.2	(5.2)
Charged to equity	(0.2)	-
Additions through business combinations	35.0	15.5
Disposals	(4.9)	-
Balance at the end of the financial year before offset	125.4	94.3
Less: offset against deferred tax assets	(27.4)	(29.3)
Balance at the end of the financial year	98.0	65.0

Notes to the Financial Statements continued

F. ATO transparency reporting

The Australian Taxation Office (ATO) publishes total income, taxable income and tax payable in relation to large taxpayers, with the 2020 financial year being the latest information released. The information published is sourced from the income tax return lodged by Steadfast Group Limited as the head company of the Australian tax consolidated group (which captures only the entities that are 100% owned by the Group).

Total income includes all Australian income, including commission and fee income, investment return and dividends. It does not include any business expenses such as commission and fees expense, salaries or other operating expenses.

Taxable income is the net profit that is subject to tax and takes into account allowable deductions for business expenses and other tax concessions, including non-taxable dividends from foreign subsidiaries.

Tax payable on taxable income is calculated with reference to the Australian corporate tax rate of 30%, adjusted for franking credits and other tax concessions. On release of the 2021 tax information, we envisage the following will be reported:

	2021 \$'m	2020 \$'m
Total income	533.0	456.1
Taxable income	158.5	214.1
Tax paid by head entity	16.0	7.3
Effective tax rate	10.09%	3.41%

The most significant reason for the low effective tax rate for the parent entity is that a substantial portion of its disclosed taxable income is dividends received and the attached franking credits (derived from those entities paying tax) reduce the tax payable by the head entity.

For a complete view of the effective tax rate, the following needs to be considered:

	2021 \$'m	2020 \$'m
Tax paid by head entity	16.0	7.3
Tax paid by investees (and passed to head entity as franking credits)	31.6	56.9
Underlying tax paid	47.6	64.2
Taxable income	158.5	214.1
Effective tax rate (excl. franking credits)	30%	30%

The 2022 income tax return for Steadfast Group Limited is expected to have an effective rate continuing at circa 30%.

Note 19. Notes to the Statement of Cash Flows

A. Composition

	2022 \$'m	2021 \$'m
Cash and cash equivalents	279.8	231.2
Cash held on trust	665.2	506.1
Bank overdrafts	-	(0.5)
	945.0	736.8

B. Reconciliation of profit after income tax to net cash from operating activities

	2022 \$'m	2021 \$'m
Profit after income tax expense for the year	199.4	165.5
Adjustments for		
Depreciation, amortisation and gain/loss on disposal of property, plant and equipment	73.3	61.2
Share of profits of associates and joint ventures	(25.9)	(17.5)
Income tax paid	(77.0)	(63.4)
Dividends received from associates/joint ventures	26.9	17.3
Fair value gain on listed investments	(2.3)	(13.8)
Net gain from investments	(9.3)	(11.1)
Share-based payments and incentives accruals	(5.4)	11.2
Impairment expense	3.6	3.9
Interest income on loans	(0.4)	0.2
Capitalised interest on loans	1.8	(2.5)
Change in operating assets and liabilities		
Increase in trade and other receivables	(24.8)	(16.9)
Decrease/(increase) in deferred tax assets	1.5	(5.3)
(Increase)/decrease in other assets	(2.9)	4.1
Increase in trade and other payables	4.5	42.8
Increase in income tax payable	77.1	64.7
Increase in deferred tax liabilities	1.2	4.8
Increase/(decrease) in other liabilities	0.1	(0.2)
Increase in provisions	6.3	4.0
Net cash from operating activities	247.7	249.0

Notes to the Financial Statements continued

Note 20. Related party transactions

A. Key management personnel compensation

The aggregate remuneration received/receivable by the Directors and other members of key management personnel of the Group is set out below.

	2022 \$'000	2021 \$'000
Short-term benefits	7,434	7,105
Post-employment benefits	202	188
Long-term benefits	74	50
Accrued share-based expenses	4,460	4,659
	12,170	12,002

B. Transactions with subsidiaries

All transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes.

C. Transactions with other related parties

The following transactions occurred with related parties:

	2022 \$'000	2021 \$'000
I. Sale of goods and services		
Professional services fees received from associates and joint ventures on normal commercial terms	210	215
Commission income received/receivable from associates on normal commercial terms	1,499	1,183
II. Payment for goods and services		
Commission expense paid/payable to associates on normal commercial terms	12,466	11,786
Professional service fees paid to associates	545	482
III. Receivable from and payable to related parties		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
a. Current receivables		
Receivables from associates	422	310
Dividends receivable from associates	-	118
b. Current payables		
Payables to associates	2,577	2,512
IV. Loans to/from related parties		
Loans to associates	3,391	-

Note 21. Parent entity information

The financial information provided in the table below is only for Steadfast Group Limited, the parent entity of the Group.

A. Statement of comprehensive income

	2022 \$'m	2021 \$'m
Profit after income tax	127.0	126.4
Other comprehensive income	(0.3)	(0.9)
Total comprehensive income	126.7	125.5

B. Statement of financial position

	2022 \$'m	2021 \$'m
Current assets	95.5	75.6
Total assets	2,180.6	1,639.2
Current liabilities	70.9	57.0
Total liabilities	417.5	353.0
Total equity of the parent entity comprising of:		
Share capital	1,638.9	1,178.3
Share-based payments reserve	11.4	8.8
Retained earnings	100.7	87.0
Revaluation reserve	12.1	12.1
Total equity	1,763.1	1,286.2

C. Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for investments in subsidiaries, associates and joint ventures which are accounted for at cost, less any impairment. Dividends received are recognised as income by the parent entity.

D. Going concern

The parent entity financial statements have been prepared on a going concern basis.

E. Contingent assets/liabilities not considered remote

The Company is exposed to the contingent assets and liabilities pertaining to the Macquarie Bank put options set out in Note 15.

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

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

G. Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity provided no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Notes to the Financial Statements continued

Note 22. Remuneration of auditors

A. KPMG

	2022 \$'000	2021 \$'000
I. Audit and review services		
Audit and review of financial statements - Group	858	775
Audit and review of financial statements - controlled entities	1,469	1,238
	2,327	2,013
II. Assurance services		
Regulatory assurance services	72	172
Other assurance services	6	12
	78	184
III. Other services		
Taxation advice and tax compliance services	127	288
Other services	80	124
	207	412

B. Other auditors

	2022 \$'000	2021 \$'000
I. Audit and review services		
Audit and review of financial statements	508	526
II. Assurance services		
Regulatory assurance services	40	14
Other assurance services	4	-
	44	14
III. Other services		
Taxation advice and tax compliance services	45	26
	45	26

Director's declaration

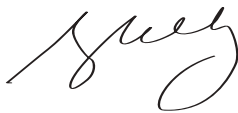
1. In the opinion of the Directors of Steadfast Group Limited ('the Company'):
 - a. the consolidated financial statements and notes that are set out on pages 80 to 128 and the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a 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
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. 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.
3. The Directors draw attention to Note 2A to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney on 17 August 2022 in accordance with a resolution of the Directors:



Frank O'Halloran, AM

Chair



Robert Kelly, AM

Managing Director & CEO



Independent Auditor's Report

To the shareholders of Steadfast Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Steadfast 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 Statement 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; and
- 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.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation of Goodwill, Intangible assets and Investments in associates & joint ventures;
- Acquisition accounting for Coverforce Holdco Pty Ltd; and
- Decentralised operations.

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.

These matters were 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 these matters.

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Valuation of Goodwill, Intangible assets, and Investments in associates & joint ventures

Refer to Note 7: Goodwill (\$1,494.1m) and Other intangible assets (\$265.5m), Note 12: Investments in associates & joint ventures (\$210.3m), and Note 3: Critical accounting judgements, estimates and assumptions

The key audit matter	How the matter was addressed in our audit
<p>The valuation of Goodwill, Intangible assets, and Investments in associates & joint ventures is a key audit matter given the:</p> <ul style="list-style-type: none"> • Size of the balance (being 50% of the Group’s total assets). • High number of individual Cash Generating Units (CGUs), of more than 77 at 30 June 2022. This necessitated our consideration of the Group’s determination of CGUs and increases the complexity in the Group’s valuation for each of the CGUs, intangible assets and investments in associates& joint ventures. • Forward-looking assumptions applied by the Group in its valuation for each of the CGUs, including: <ul style="list-style-type: none"> – Forecast cash flows, revenue and expense growth assumptions and terminal value growth rates which are influenced by subjective drivers and rely on the Group’s expectation of future customer activity and insurance market premium growth; and – Discount rates, which are complicated in nature and can vary according to the underlying economic conditions. The Group engaged an external expert to assist in determining the discount rates. <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessing the Group’s determination of CGUs based on our understanding of the operation of the Group’s businesses, and how independent cash flows were generated, against the requirements of the accounting standards. • Assessing the Group’s analysis of indicators of impairment of intangible assets and its investments in associates & joint ventures based on actual business performance and approved forecasts. <p>Working with our valuation specialists, our procedures included:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the valuation methods applied (value in use and fair value less costs of disposal) by the Group against the requirements of the accounting standards • Comparing the forecast cash flows contained in the valuation models to the Board approved budgets. We also evaluated the forecasting process undertaken by the Group and assessed the precision of prior year forecast cash flows by comparison to actual outcomes. • Applying increased professional scepticism to forecast cash flows in the areas where previous forecasts were not achieved. We compared the revenue and expense growth assumptions and terminal value growth rate assumptions to recent external data on inflation rates as an indicator of future customer activity and projected insurance market premium growth in Australia. We used our knowledge of the Group, its past performance, business and customers, and our general insurance industry experience in considering the feasibility of the forecasts used. • Independently developing a range of discount rates based on analysis of comparable companies using publicly available market data, adjusted by risk factors specific to the Group and the industry it operates in. • Performing sensitivity analysis by varying key assumptions, such as forecast growth rates, terminal value growth rates and discount rates, within a reasonably possible range, for all CGUs. We did this to identify those CGUs at higher risk of impairment,

	<p>assumptions at higher risk of bias, and to focus our further audit procedures. Additionally, we cross checked the valuation results against earnings multiples based on the value of other comparable companies.</p> <ul style="list-style-type: none"> • Assessing the integrity of the value in use model used, including accuracy of the underlying calculation formulas. • We assessed the disclosures in the financial report using our understanding obtained from our testing, and against the requirements of the accounting standards.
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Acquisition accounting for Coverforce Holdco Pty Ltd

Refer to Note 10: Business combinations (\$563.3m)

The key audit matter	How the matter was addressed in our audit
<p>The Group acquired Coverforce HoldCo Pty Ltd (Coverforce) for consideration of \$397.1 million on 16 August 2021.</p> <p>The acquisition accounting associated with this transaction is a key audit matter given:</p> <ul style="list-style-type: none"> • The financial significance of the transaction for the Group. • The determination of fair value of acquired intangible assets and goodwill are sensitive to changes in a number of judgemental assumptions. This drives additional audit effort specifically on the feasibility of these assumptions and the methods used. Areas of focus included the: <ul style="list-style-type: none"> – Assessment of the completion date and impact of the corresponding share price on the fair value of the shares issued as consideration which are subject to an escrow period; – fair value of the acquired customer contract intangible assets at the acquisition date, including focus on the discount rate and client attrition rates as the key assumptions; and – fair value of the identifiable assets and liabilities as part of the acquisition, including the acquired investments in associates & joint ventures of Coverforce this included gathering evidence on forecasted cashflows as the key 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Reading the transaction documents related to the acquisition to understand the structure, key terms and conditions. Using this, we evaluated the accounting treatment of the acquisition against the criteria of a business combination in the accounting standards. • Working with our technical accounting specialists to assess whether the Group’s determination of the completion date and the fair value of shares issued as consideration were in accordance with the accounting standards. <p>Working with our valuation specialists, our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the Group’s external valuation expert’s objectivity, competence and scope of work with respect to their involvement in the determination of fair value of shares issued as consideration, acquired investments in associates & joint ventures, and the purchase price allocation to goodwill and separately identifiable intangible assets. • Assessing the valuation methodology against accepted industry practice and the requirements of the accounting standards. • Comparing specific assumptions (such as revenue and expense growth assumptions) used by the Group’s external valuation expert to approved business forecasts and publicly available industry growth rates. • Challenging the Group’s judgmental assumptions

<p>assumption.</p> <p>The Group engaged an external valuation expert to assist with the identification and measurement of acquired assets and liabilities, the determination of the fair value of purchase consideration, and the purchase price allocation to goodwill and separately identifiable intangible assets.</p> <p>We involved valuation specialists and technical accounting specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>related to the fair value of shares issued as consideration, acquired investments in associates & joint ventures, and separately identifiable intangible assets including discount rate, client attrition rate and forecasted cashflows. We did this by comparing these assumptions to publicly available market data and valuations from comparable transactions.</p> <ul style="list-style-type: none"> • Checking the goodwill balance recognised as a result of the transaction and comparing it to the goodwill amount recorded by the Group. • Assessing the disclosures in the financial report, by comparing these to our understanding of the acquisitions obtained from our testing and the requirements of the accounting standards.
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Decentralised operations

Refer to Note 2: Significant accounting policies, Note 11: Subsidiaries, and Note 12: Investments in associates & joint ventures

The key audit matter	How the matter was addressed in our audit
<p>The Group comprises more than 169 subsidiaries, associates and joint ventures (components) whose operations are spread across Australia, New Zealand, and to a lesser degree, the United Kingdom, Singapore and Germany. The individual components are wide ranging in size, and the customers and products of each business operation vary.</p> <p>The decentralised and varied nature of these operations requires significant oversight by the Group to monitor the activities, review component financial reporting, and undertake the Group consolidation. This is an extensive process due to the variety of accounting processes and systems used by each component across the Group.</p> <p>This is a key audit matter given:</p> <ul style="list-style-type: none"> • The high number of subsidiaries, associates and joint ventures and the varied operations, accounting processes and systems across the Group. • The level of senior audit team member effort involved to: <ul style="list-style-type: none"> – Understand the components and identify the significant risks of misstatement within each component; – Scope relevant audit procedures consistent with the risks identified and to 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Instructing component audit teams to perform procedures on the financial information prepared for consolidation purposes by 33 components. The selected components were significant to the audit of the Group, either by size or by risk, and covered over 82% of the Group’s revenue and 84% of total assets. The objective of this approach was to gather evidence on significant balances that aggregate to form a large part of the Group’s financial reporting. • The component audit teams performed audits of the financial information of these components which included specific Group reporting package information and local statutory financial reporting. We worked with the component audit teams to identify risks significant to the audit of the Group and to plan relevant procedures. • Discussing with component audit teams the component audits as they progressed to identify and address any issues. • Reading the audit reports issued to us and the underlying memos to evaluate the work performed by the component audit teams for sufficiency with the overall Group audit purpose. This included the components compliance with the Group’s accounting policies, including those relating to the recognition of revenue. • Testing the financial data used in the consolidation

<p>enable sufficient appropriate audit evidence over the significant aggregated balances at the Group;</p> <ul style="list-style-type: none"> – Assess components compliance with the Group accounting policies; and – Audit the consolidation process and aggregation of results from component audit team procedures. 	<p>process for consistency with the financial data audited by component audit teams. We also assessed the consolidation process for compliance with the accounting standards.</p> <ul style="list-style-type: none"> • For selected significant components, inspecting the component auditors’ files for consistency between the auditor’s opinion and the underlying audit work. • For the other components not within the scope of component audit teams’ procedures, our head office audit procedures included testing the Group’s key monitoring controls and performance of analytical procedures. We inspected a sample of bank reconciliations, debtors’ reports, statutory financial reports, and accompanying audit reports, and inquired with head office management. In our analytical procedures, we compared actual financial results to budgets and the prior year results. We inquired of head office and considered trends within the insurance market.
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Other Information

Other Information is financial and non-financial information in Steadfast 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 opinions.

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; and
- 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 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. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Steadfast 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 53 to 76 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

Scott Guse
Partner

Sydney
17 August 2022

Julia Gunn
Partner

Shareholders' information

As at 29 July 2022

Ordinary share capital

There were 977,593,945 fully paid ordinary shares held by 8,959 shareholders. All the shares carry one vote per share and carry the rights to dividends.

Distribution of shareholders

The number of shareholders by size of holding are as follows:

Range	No. of holders	No. of shares	% of issued capital
100,001 and over	379	906,629,411	92.74%
10,001 to 100,000	1,824	53,878,741	5.51%
5,001 to 10,000	1,179	8,627,558	0.88%
1,001 to 5,000	2,786	7,218,529	0.74%
1 to 1,000	2,791	1,239,706	0.13%
Total	8,959	977,593,945	100.00%

There were 246 shareholders holding less than a marketable parcel based on a market price of \$5.32 at the close of trading on 29 July 2022.

Twenty largest shareholders

Name	No. of shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	273,471,636	27.97%
J P Morgan Nominees Australia Pty Limited	185,705,724	19.00%
Citicorp Nominees Pty Limited	79,858,802	8.17%
National Nominees Limited	58,895,179	6.02%
Mr James Angelis	48,200,000	4.93%
Citicorp Nominees Pty Limited	30,779,943	3.15%
Mackay Insurance Services Pty Ltd	27,775,392	2.84%
BNP Paribas Noms Pty Ltd	26,249,202	2.69%
Argo Investments Limited	14,504,109	1.48%
BNP Paribas Nominees Pty Ltd	8,522,970	0.87%
Mackay Insurance Services Pty Ltd	7,691,016	0.79%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	6,669,238	0.68%
Steadfast Share Plan Nominee Pty Ltd	3,850,231	0.39%
BNP Paribas Nominees Pty Ltd	3,570,000	0.37%
HSBC Custody Nominees (Australia) Limited	3,191,607	0.33%
Mr Robert Bernard Kelly	3,152,927	0.32%
RC & IP Gilbert Pty Ltd	3,100,000	0.32%
HSBC Custody Nominees (Australia) Limited - A/C 2	3,046,389	0.31%
HSBC Custody Nominees (Australia) Limited	2,997,685	0.31%
Mr David Ingram	2,742,017	0.28%
Total	793,974,067	81.22%

Substantial shareholders

Name	Date of notice	No. of shares	% of issued capital
Superannuation and Investment Holdco Pty Ltd	8 June 2022	49,377,475	5.05%
Commonwealth Bank of Australia	1 March 2022	49,041,029	5.02%
Vanguard	10 March 2022	48,900,999	5.00%

This information is based on the most recent substantial holder notices lodged with the ASX.

Securities purchased on-market

The following securities were purchased on market during the financial year for the purpose of the employee incentive share scheme:

	Number of shares purchased	Average price paid per share
Ordinary Shares	151,965	\$4.99

Dividend details

Dividend	Franking	Amount per share	DRP issue price	Payment date
Interim	Fully franked	5.2 cents	¹	23 March 2022
Final	Fully franked	7.8 cents	²	9 September 2022

¹ The Group provided shares under the DRP through an on-market purchase.

² The DRP issue price of the final dividend is scheduled to be announced on 31 August 2022.

The final dividend has an ex-dividend date of 22 August 2022, a record date of 23 August 2022, a payment date of 9 September 2022 and is eligible for Steadfast's Dividend Reinvestment Plan (DRP) which carries no discount.

Glossary of Terms

Term	Explanation
AGM	Annual General Meeting
Client	Customer of broker/underwriting agency
CPS	Cents per share
DPS	Dividend per share
DRP	Dividend reinvestment plan
EBITA	Earnings before interest (after premium funding interest income and expense), tax and amortisation. To ensure comparability, underlying EBITA also deducts the interest expense on lease liabilities and depreciation of right-of-use assets
EPS (NPAT)	Earnings per share that reference NPAT
EPS (NPATA)	Earnings per share that reference NPATA
Equity Brokers	An insurance broker who is a member of the Steadfast network, where Steadfast does have an equity interest
Group	Steadfast Group Limited (ABN 98 073 659 677, AFSL 254928)
GWP	Gross Written Premium – the amount paid by customers for insurance policies excluding taxes and levies
Hayne Royal Commission	Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
Hubbing	The merger of two or more insurance intermediary businesses
IBNA	IBNA Limited, an Australian general insurance broker network acquired by Steadfast in FY20
IFRS	International Financial Reporting Standards
IPO	An initial public offering of the Company's fully paid ordinary shares
NCI	Non controlling interests
Network	The collective reference to the distribution network that is comprised of all Steadfast Network Brokers
Network Broker	An insurance broker who is a member of the Steadfast network, where Steadfast has no equity interest
Non-trading items	Include revenue and/or expense items that are typically one-off in nature and are not reflective of the Group's normal operating activities
NPAT	Net profit after tax
NPATA	Net profit after tax adjusted for (post non controlling interests) amortisation of customer relationships
PSF	Professional services fee
Rebate	An annual payment made to Steadfast Network Brokers, at the discretion of the Board
SCTP	Steadfast Client Trading Platform – a web based platform that is a digitally contestable market place providing Steadfast Network Brokers access to obtain multiple, detailed quotes from a variety of insurers, with only one data input as well as place and maintain policy contracts
SME	Small to medium enterprise
Steadfast PSF Rebate offer	An offer by Steadfast to Steadfast Network brokerages to receive Steadfast shares or cash in exchange for renouncing their rights to professional service fee (PSF) rebates from the Group
Strategic Partner	Preferred product partners underwriting or arranging the general insurance policies and premium funding products which are placed by Steadfast Network Brokers
Underlying earnings	Underlying earnings are equal to statutory earnings adjusted for non-trading items
Underwriting agency	Underwriting agencies act on behalf of general insurers to design, develop and provide specialised insurance products and services for specific market segments

Corporate Directory

Directors

Frank O'Halloran AM (Chair)
Robert Kelly (Managing Director & CEO) AM
Vicki Allen
Joan Cleary
David Liddy AM
Gai McGrath
Anne O'Driscoll
Greg Rynenberg

Company secretaries

Linda Ellis
Peter Roberts

Notice of the AGM

The AGM will be held on Thursday, 20 October 2022.

Corporate Office

Steadfast Group Limited
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Sydney NSW 2000

Postal Address

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Sydney South NSW 1235
P 02 9495 6500
E investor@steadfast.com.au
W steadfast.com.au
ACN 073 659 677

Share registry

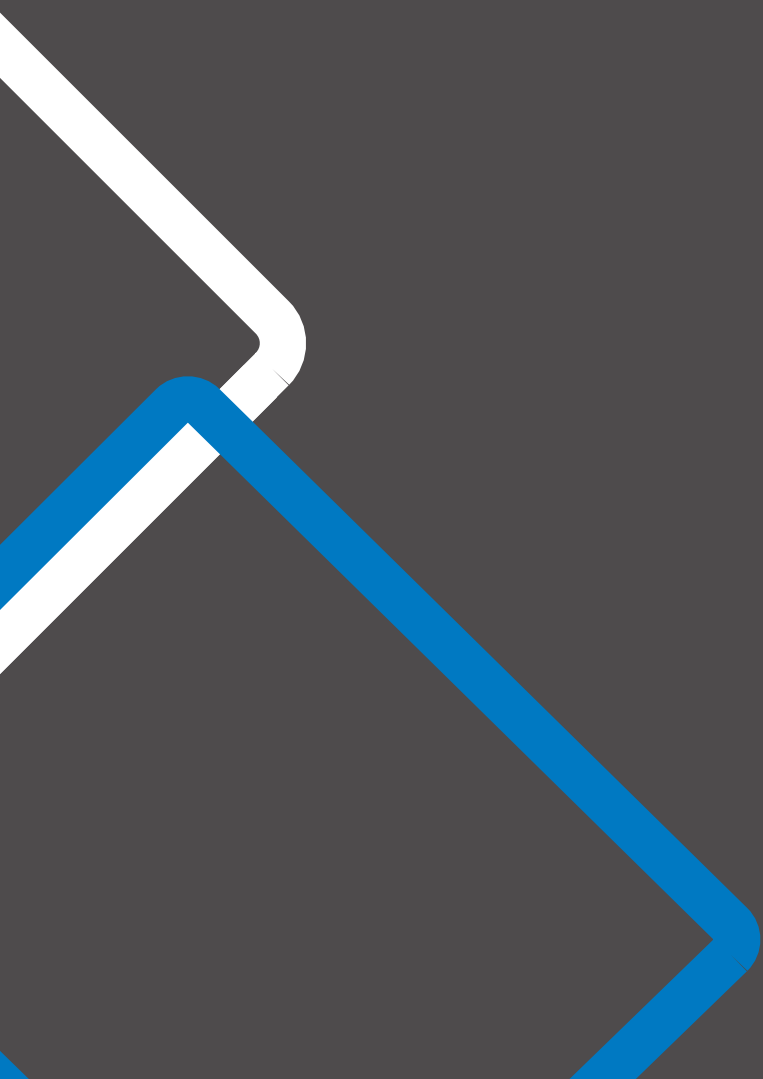
Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Postal Address

Locked Bag A14
Sydney South NSW 1235
P 1300 554 474
E registrars@linkmarketservices.com.au

Stock Listing

Steadfast Group Limited ordinary shares are listed on the Australian Securities Exchange (ASX code: SDF).



Steadfast Group Limited
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www.steadfast.com.au