MA Financial Group

ANNUAL REPORT 2023

We respectfully acknowledge the Traditional Owners of lands across Australia and pay our respects to their Elders, past, present and emerging.

Our head office is located on Gadigal land.

MA FINANCIAL GROUP LIMITED

Registered office

Principal place of business
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FY23 at a glance

↗ $9.2b
Assets under Management
18% increase from FY22

↔ 20.0¢
Full year dividend
per share fully franked (¢)
in line with FY22

↘ $269.9m
Underlying revenue[1]
11% decrease from FY22

↗ $1.9b
Record Asset Management
gross fund inflows
27% increase from FY22

↗ $123.1m
Cash and
undrawn facilities[2]
11% increase from FY22

↘ $81.6m
Underlying EBITDA[1]
24% decrease from FY22

↗ $178m
Underlying
recurring revenue
23% increase from FY22

FY23 acquisition

BLUE ELEPHANT
CAPITAL MANAGEMENT

Rebranded as

MA Asset Management

↘ $41.6m
Underlying NPAT[1]
32% decrease from FY22

↗ $110b
Finsure Managed Loans
21% increase on FY22

↘ 26.0¢
Underlying earnings
per share[1]
32% decrease from FY22

↗ $829m
MA Money loan book
244% increase on FY22

↗ $8.1m
MA Foundation donations
since establishment
in 2018

↘ 10.6%
Underlying Return
on Equity[1, 3]
33% decrease on FY22

1. Underlying revenue, Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT), Return on Equity (ROE), Earnings Per Share (EPS) and other measures of Underlying performance are not prepared in accordance with International Financial Reporting Standards (IFRS) and are not audited. Detailed reconciliations between the Underlying and statutory measures are set out in note 3 of the 2023 Financial Report and in the Group's FY23 Investor presentation.
2. Represents Operating balance sheet cash plus undrawn amount of working capital facility.
3. Underlying ROE is Underlying NPAT divided by average equity for the year.

About us

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Financial Review Property Summit

Presenting Partner

CUSHMAN & WAKEFIELD

Platinum Partner

MA Financial Group

Gold Partner

CLAYTON UTZ

Supporting Partners

Commercial Real Estate | Domain

YARDI

KONE

About MA Financial

We invest. We lend. We advise.

MA Financial Group is a global alternative asset manager specialising in private credit, real estate, and hospitality. We lend to the property, corporate, and specialty finance sectors, in addition to providing corporate advice.

We invest in and manage $9.2 billion on behalf of our clients, oversee more than $110 billion in Managed Loans, and have advised on over $120 billion in advisory and equity capital market transactions since 2009.

Today we employ more than 600 professionals across Australia, China, Hong Kong, New Zealand, Singapore, and the United States.

Our vision and purpose

Our vision is to create an environment of enterprise, optimism, and partnership. To place the interests of our clients above all else, and work together as co-creators of long-term value. Our purpose is to create sustainable, long-term value for our clients.

We believe in unlimited potential

At MA Financial, unlimited potential is more than just a perspective. It is an unwavering belief in the potential of our people and our clients. We aim to harness the best in contemporary financial thinking to deliver innovative approaches to unlock value.

ASSET MANAGEMENT

$9.2b AUM

18% increase on FY22

Asset Management

We are a global alternative asset manager specialising in private credit, real estate, hospitality, unique operating assets and private equity and venture capital. We also manage traditional asset classes including equities, bonds, and cash. We offer solutions for wholesale, retail and institutional investors who entrust us to manage $9.2 billion on their behalf.

Our investment teams have diverse skill sets and experience across a range of strategies and market conditions and are focused on delivering long-term growth. We seek opportunities based on sound market fundamentals, investing with discipline and rigour.

As active managers, we directly handle our real estate and hospitality assets, as well as manage loans in our Credit funds. We firmly believe that hands-on management and in-house expertise lead to improved risk management and stronger long-term asset performance for our clients.

About MA Financial

LENDING & TECHNOLOGY

$110b

Finsure Managed Loans for FY23

CORPORATE ADVISORY & EQUITIES

$3.5b

Transactions for FY23

Lending & Technology

Our Lending & Technology division leverages our combined expertise in credit advisory and credit investment. This division includes a technology advanced Residential Lending Marketplace and a range of lending solutions for individuals and businesses in Australia and worldwide. Our global lending ecosystem encompasses a substantial $110 billion in loans.

Residential Lending Marketplace

Founded in 2022 through the acquisition of Finsure, our Residential Lending Marketplace oversees $110 billion in loans for 400,000 borrowers. Integrating seamlessly with our residential lender MA Money and Middle, a digital tool aiding brokers in gathering verified financial data for loan applications, the Marketplace is instrumental in achieving our goal of becoming a significant player in Australia's $2 trillion residential mortgage market.

Corporate Advisory & Equities

In partnership with global investment bank Moelis & Company, we provide financial advice for clients across mergers and acquisitions and strategic advisory, equity and debt capital markets, capital structure advisory, equities research and trading.

Our specialised sector capabilities include real estate, credit and restructuring, resources technology and small to mid-cap industrial companies.

We maintain a strong strategic alliance with Moelis & Company, a global investment bank listed on the NYSE, holding 13.2% of our Group's issued capital. This partnership proves mutually advantageous as it provides clients access to a worldwide network of advisory executives, fostering collaboration on cross-border or industry-specific mandates.

Independent Chair's letter

Jeffrey Browne
Independent Chair and Non-Executive Director

I am extremely pleased with how MA Financial Group has weathered a challenging year, characterised by rising interest rates, increased geopolitical tensions and volatile investment markets. Our business demonstrated its resilience and the benefits of a deliberate strategy to diversify our revenue streams.

MA Financial is a financial services business, founded in 2009. It operates a diverse range of activities. These can be simply described as:

- **Asset Management.** Specialist in alternative assets with a total of $9.2 billion of AUM;
- **Lending & Technology.** Focusing on residential mortgages and specialty finance sectors. These streams have grown to encompass in excess of $110 billion of loans; and
- **Corporate Advisory & Equities.** We operate actively in our domestic market and in close association with global investment bank Moelis & Company.

Record inflows into our Asset Management funds, accelerating growth in MA Money's loan book, and the continued growth of Finsure's mortgage aggregation platform highlights that we are on track to deliver on our medium-term growth ambitions.

Group earnings per share (EPS) in 2023 were down on the previous year. However, lower revenue, and its impact on EPS, can be attributed to a number of industry wide factors such as depressed Corporate Advisory activity and weak investment markets materially reducing performance fees relative to 2022. These two factors underline the market related, and less predictable nature of such revenues, relative to our more predictable and growing annuity style revenues. Revenues that we consider to be recurring in nature increased 23% year-on-year, driven by record inflows into our managed funds. In 2023, 66% of the Group's revenue was derived from sources that we consider recurring in nature versus 48% in 2022, thus significantly improving the quality of our earnings.

On the cost side of the EPS equation our deliberate investment in growth initiatives impacted EPS by approximately 5 cents. However, this spending is strategic and very much planned, and we firmly believe in the value of investing today to reap rewards in the future. This investment spending related to MA Money, our US credit investment platform, opening offices in Singapore and New Zealand and on growing our marketing, brand and distribution capability. In particular, we see growing our brand as a critically important task as we deepen our distribution capability and breadth, alongside innovating the nature and number of our investment funds and lending products.

We continued to invest in the build out of our Residential Lending Marketplace, harnessing the opportunity to scale into Australia's $2 trillion mortgage market by leveraging the strategic strengths of the MA platform. Our investment in residential mortgage lender MA Money, represents a near-term earnings drag to the business but offers a significant opportunity to deliver highly scalable earnings growth over time. MA Money's loan book accelerated over the year and is now at $829 million. The business remains on track to deliver an anticipated net profit after tax of $15 million to $20 million in 2026.

We have also continued to grow Middle, an exciting digital experience for mortgage brokers and borrowers, which we have developed in house and believe will transform the efficiency in which mortgage brokers do business. Middle makes the process of securing a home loan easier and faster for both the consumer and their broker. This platform began gaining momentum in the second half of 2023, and in January 2024 over $500 million worth of loan applications were received through its digital platform. We can see Middle rapidly heading toward processing $1 billion in residential loan applications monthly. As with all technology platforms achieving user acceptance and scale in user volume is a process that takes time and money to achieve. However, we are very pleased and excited by the growth in volume and our investment in the platform.

Middle has also been an important tool in achieving improved user experience to mortgage brokers subscribing to our Finsure aggregation platform, thus assisting Finsure to grow the number of brokers using its market leading technology and services.

We are constantly balancing the need to invest for growth whilst delivering returns to shareholders in the near term. The Group is building several highly scalable business platforms in deep markets in Australia and offshore that we believe will deliver significant growth over the medium term. We have a track record that demonstrates our ability to deliver on these investments. In 2017 and 2018 the Group began to strategically invest in its Private Credit fund platform and domestic distribution capabilities to diversify the Group's investment product and sources of funds. Fast forward to 2023 and our Private Credit funds received a record $1.7 billion of gross inflows during the year and 57% of the Group's gross fund inflows were received from domestic sources. We will continue to invest to scale and diversify our business for medium and long-term growth.

The Board's confidence in the outlook for the business is reflected in its declaration of a fully franked final dividend of 14 cents per share taking our full year's dividend to 20 cents per share, fully franked.

The growth of our Private Credit funds continues to bolster recurring revenue, driving record flows into the Group's Asset Management funds in 2023. Assets under Management grew 18% to $9.2 billion over the year and up from $1.1 billion when we listed back in 2017.

There is a global trend towards investment in unlisted alternative asset classes and the attractive, consistent yield-based returns they can provide. This shift is being driven by increased savings pools, the wish for reliable income streams and lower investment volatility. We identified these dynamics several years ago when we began building an Asset Management business to focus on direct investment in Credit, Hospitality and Real Estate. MA Financial is well positioned as a global manager of alternative assets to continue to take advantage of these investment trends.

In October, we announced a significant milestone in the evolution of MA Financial Group unveiling a new strong, clear and more recognisable logo, and a re-branding of our website and intranet. We believe this refresh is important as we expand into new markets and strive to become a trusted household name in the delivery of financial services.

Since our inception in 2009, we have always embraced change, seizing new opportunities for growth and adjusting to market dynamics. Evolving our 'look and feel' is a natural progression in our journey, and we believe this investment in our brand will play a crucial role in positioning us for future success. Our mantra, 'We invest. We lend. We advise,' succinctly describes our multifaceted, but complimentary activities, providing clarity to our clients about the breadth of our services.

The quality of our people remains the real key to our ongoing success. We've invested in the retention and development of our key personnel and talent during a challenging year. Acknowledging that attracting, developing and retaining the best people is essential to the Group's long-term success. We continue to refine our remuneration structures to provide appropriate incentivisation for senior staff that aligns with positive shareholder outcomes.

As MA Financial's activities grow and diversify, the Board continues to enhance its focus on sustainability. Our third annual Sustainability report reflects our maturity in environmental, social, and governance practices. In 2023, we developed a Climate Change Action Plan, taking steps that will enable us to advance our emissions reduction targets in 2024. Simultaneously, we made significant investments in cybersecurity and other risk controls, corporate governance, and training.

After adding three independent directors to our Board in recent years, I am delighted with the performance of the Board during 2023. Our independent directors bring a diverse range of skills, greatly contributing to the governance and oversight of MA Financial Group. I am extremely pleased with the blend of skills, contribution and the rhythm and harmony between all of our Directors and I believe we are positioned very well as a Board, to oversee the growth of the business.

I extend my gratitude to our Board, senior executives, and all employees for their continued hard work and dedication in 2023.

Jeffrey Browne
Independent Chair and Non-Executive Director

Joint Chief Executive Officers' letter

Christopher Wyke & Julian Biggins

Joint Chief Executive Officers

Our financial results for 2023 underscore the success of our diversified and resilient business strategy, enabling us to invest and expand while delivering strong returns for our shareholders.

MA Financial Group delivered an Underlying net profit of $41.6 million, equivalent to 26 cents per share. This was down 32% on the 2022 result as difficult markets impacted transactional and performance fees, coupled with planned strategic investment into growth areas such as MA Money, Middle technology, our US credit platform, brand and our distribution platform. This investment represented an impact on our EPS of 5 cents per share. However, from the day we founded MA Financial in 2009 we have believed in investing today, for tomorrow.

Importantly, the Group's recurring revenue increased 23% in 2023 driven by record inflows into our Asset Management funds and the ongoing growth of the Finsure mortgage aggregation platform. The ongoing growth in recurring revenue is delivering a high-quality profile for this business with 66% of Underlying revenue in 2023 from sources that we consider recurring in nature versus 48% in the year prior.

Our Asset Management division is the major contributor to Group earnings delivering 80% of the Group's Underlying EBITDA in 2023. Record gross inflows of $1.9 billion, an increase of 27% on the previous year, were driven by strong growth in our two key Private Credit strategies, both of which surpassed $1 billion funds under management in the year, and investor demand for the MA Marina Fund, a new alternative asset class for the Group.

At our IPO in 2017 we had a total of $1.1 billion of Assets under Management and revenue of $107 million, yet just six years later we delivered $270 million in revenue and had $9.2 billion of Assets under Management. Asset Management inflows in 2023 materially exceeded our total AUM at listing. It is very satisfying to us that our dual focus on achieving attractive earnings whilst innovating and investing for long-term growth is working.

The development of our Residential Lending Marketplace within the Lending & Technology division continued at pace in 2023. Finsure grew its managed loans by 21% on the previous year to $110 billion and the number of mortgage brokers on its award-winning platform increased to 3,129, up 19% on the previous year. Middle, our proprietary technology platform that materially improves the digital data collection process for mortgage brokers and borrowers began to gain traction in second half of 2023. In January 2024 over $500 million of loan applications were received on our digital platform and we anticipate this will increase to $1 billion monthly by the end of first half 2024.

The Group's new residential mortgage lender, MA Money, grew its loan book by 244% to $829 million at 31 December 2023, as it built momentum over the year. We will continue to invest in MA Money's product and platform, which is a near-term drag on earnings but represents a significant opportunity to scale into Australia's $2 trillion residential mortgage market. We see MA Money as becoming run-rate breakeven in the second half of 2024, and in future years becoming a strong contributor to our earnings.

Joint Chief Executive Officers' letter

MA MONEY

$500m

RMBS securitisation
Record for a first time Australian issuer

MA MONEY

$829m

244% increase on FY22

Our Corporate Advisory & Equities division demonstrated resilience in the face of challenging market conditions that impacted transaction timelines and equity capital market activity levels. Despite these challenges, we successfully advised on a range of transactions totalling $3.5 billion.

Notably, in 2023, the division strategically expanded by hiring senior metals and mining expertise, positioning itself to meet the increasing client demand for natural resources advisory and execution. This investment in executive talent during FY23, notwithstanding the challenging corporate advisory environment, reflects our ongoing confidence in the Corporate Advisory and Equities business. Looking forward, we anticipate an improving transactional landscape as evidenced by strengthened transaction pipelines.

New horizons – an investment in growth

Identifying new territories and client segments for growth, MA Financial successfully expanded into three new international markets in 2023.

The acquisition of the US-based credit asset manager, Blue Elephant Capital Management, and the launch of the MA Global Private Credit Fund, has enhanced our credit investment platform. The development allows us to offer proprietary lending opportunities in the US credit markets to our domestic and international clients, while providing us with scalable entry to the estimated US$5 trillion specialty finance market.

Simultaneously, we expanded our presence in Asia, opening an office in Singapore to cater to our growing asset management client base. Further, Finsure recognised an opportunity to offer a comprehensive mortgage aggregator model in New Zealand. This, in turn, led to the establishment of an office in Auckland, marking a phenomenal year of growth.

The year also saw us establish a digital distribution platform in Japan, securing licensing in December 2023. This strategic initiative opens the door to a multi-billion-dollar market opportunity. Our goal is to redirect Japanese investors away from conventional cash and deposit products toward higher-yielding investment alternatives.

The Group's global expansion and the growth of its consumer-facing businesses this year provided the opportune moment for us to unveil a new logo and brand identity, and we're delighted with the result.

As outlined by the Chair, as we expand into new geographies and client segments, the investment in our brand will enable us to increase awareness among a broader client base, and strategically position the firm for future growth.

Everything accomplished in 2023 was made possible by the commitment and hard work of our team, for which we express our gratitude.

Additionally, we extend our appreciation to our shareholders for their continued trust and support and we look forward to keeping you informed of our progress throughout 2024.

Christopher Wyke & Julian Biggins

Joint Chief Executive Officers

Year in review

Overview

For the year ended 31 December 2023, the Group recorded total comprehensive income attributable to the ordinary equity holders of $19.0 million (2022: $45.8 million) and profit after income tax to the ordinary equity holders of $28.5 million (2022: $44.9 million). Basic earnings per share was 17.8 cents, a decrease of 36% on the prior year.

Statutory results	31 Dec 2023 $'000	31 Dec 2022 $'000	Movement %
Total income	392,770	334,998	17%
Profit before tax	43,479	60,969	(29%)
Profit after income tax	31,079	44,855	(31%)
Profit after income tax attributable to ordinary equity holders	28,517	44,855	(36%)
Total comprehensive income attributable to ordinary equity holders	18,997	45,754	(58%)

Underlying results	31 Dec 2023 $'000	31 Dec 2022 $'000	Movement %
Revenue	269,876	301,799	(11%)
EBITDA	81,565	106,720	(24%)
Net profit after income tax	41,599	61,436	(32%)

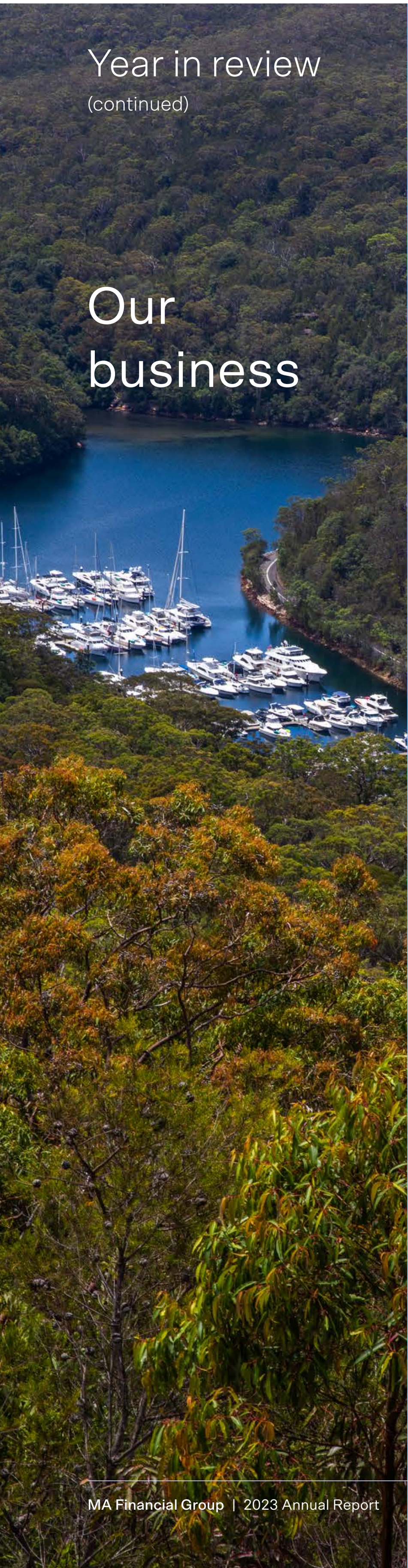
	31 Dec 2023 cents		31 Dec 2022 cents		Movement %	
	Statutory	Underlying	Statutory	Underlying	Statutory	Underlying
Basic earnings per share (cents per share)	17.8	26.0	28.0	38.3	(36%)	(32%)
Diluted earnings per share (cents per share)	17.3	25.2	26.9	36.9	(36%)	(32%)
Full year dividend (cents per share)	20.0		20.0		-	

Non-IFRS Underlying results[1]

The Group also utilises non-IFRS Underlying financial information in its assessment and presentation of Group performance. When reading the Group's results, we note there are some Underlying adjustments that a reader may find useful to understand in more detail. For further information on adjustments between statutory and Underlying results, please refer to the detailed reconciliation provided in note 3 of the 2023 Financial Report and to the explanation in the Directors' report as to why the Directors believe that, when read in conjunction with the statutory results, the Underlying measures are useful to the reader.

Underlying revenue was down 11% from FY22 driven by a reduction in performance fees versus an exceptionally stronger FY22 and difficult macroeconomic conditions for corporate advisory activity, making deal execution and timing uncertain. Recurring revenue made up 66% of the FY23 Underlying revenue compared to 48% in FY22, resulting in a stronger earnings composition. Expenses were down 3% on FY22 despite material investment in strategic growth initiatives and an inflationary operating environment.

1. Non-IFRS financial information is not prepared in accordance with Australian Accounting Standards and IFRS and is not audited.



Year in review
(continued)

Our business

The Group experienced robust inflows across Asset Management funds, reaching $1.9 billion, a 27% increase on FY22. Additionally, Lending & Technology saw substantial growth, with Finsure Managed Loans up by 21% to $110 billion, and MA Money's loan book surged by 244% on FY22 to $829 million. Strategic investments included a brand refresh for MA Financial, expansion of Private Credit capabilities into the US, establishment of new distribution channels in Singapore and Japan, and continued investment into lending platforms and technology. While these investments impacted FY23 results, they position the Group for significant growth opportunities in the future. Corporate Advisory & Equities faced challenges in a tough market environment, resulting in subdued performance for the year.

The Group's Underlying divisional measures directly align with the segment measures required by AASB 8 *Operating Segments*. Further information and reconciliations are provided in note 3 of the 2023 Financial Report. The table below shows the divisions' respective contributions to Group Underlying EBITDA and NPAT. Unallocated costs associated with the central executives and corporate support functions are shown separately as Corporate Services.

	31 Dec 2023 $'000	31 Dec 2022 $'000
Asset Management	82,223	103,477
Lending & Technology	14,054	15,611
Corporate Advisory & Equities	6,853	13,982
Corporate Services	(21,565)	(26,350)
Underlying EBITDA	**81,565**	**106,720**
Depreciation and amortisation	(12,954)	(11,121)
Interest expense	(9,184)	(7,834)
Income tax expense	(17,828)	(26,329)
Underlying NPAT	**41,599**	**61,436**

Year in review (continued)

ASSET MANAGEMENT

$1.9b

Record gross fund inflows
a 27% increase on FY22

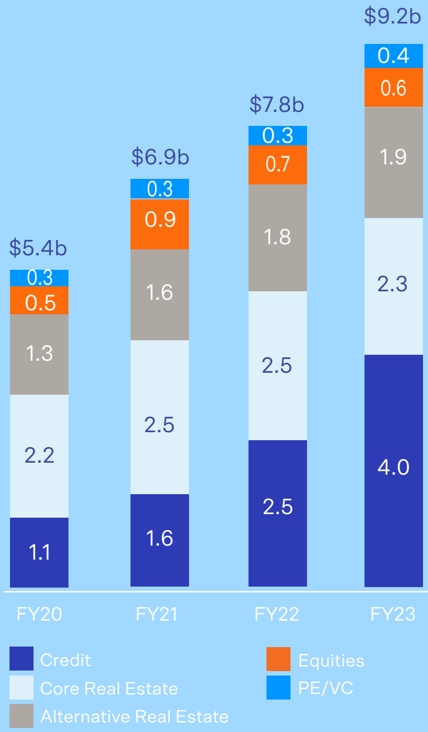
The Asset Management division reported record gross inflows of $1.9 million driven by stronger demand for credit products and the launch of the MA Marina Fund. Assets under Management (AUM) grew by 18% over the year to $9.2 billion at 31 December 2023. Asset Management contributed 80% of FY23 Group Underlying EBITDA before Corporate Services. Underlying EBITDA of $82.2 million was down 21% from $103.5 million in FY22 due to exceptionally strong prior period performance fees.

Gross inflows from domestic clients continued to build momentum, up 81% to $1.1 billion from $609 million in FY22. This is reflective of the Group's significant investment in its domestic distribution platform and strong client interest in credit and alternative asset classes.

Gross inflows from non-migration international High Net Worth (HNW) clients were up 27% to $647 million from $509 million in FY22. Flows from international migration HNW applicants were subdued, contributing only 1% of the total gross inflows.

Ongoing investment in the development of an institutional distribution channel saw gross inflows of $173 million, up 23% from $141 million in FY22.

Asset Management



Year in review (continued)

The key highlight for the investment strategies was the impressive performance of the Private Credit and Fixed Income investing division. The asset class and fixed income nature of the product suite resonated with investors due to the rising interest rate environment with 90% of Group net flows going into Credit related strategies. AUM from Credit related strategies grew to $4.0 billion at 31 December 2023, up 60% from $2.5 billion at 31 December 2022. During the year, the MA Global Private Credit Fund was launched following the acquisition of Blue Elephant Capital Management and the MA Credit Income Fund was launched as a single access point fund for all MA credit strategies.

The Group's Core Real Estate asset class comprises retail and diversified real estate AUM of $2.3 billion at 31 December 2023, was down from $2.5 billion on the prior year due to the sale of Warrnambool shopping centre and minor valuation adjustments as the sector worked through an increasing interest rate cycle. The divestment of the Warrnambool shopping centre for $71 million delivered 10.8% return to investors over a 10-year hold period.

The Alternative Real Estate asset class comprises Hospitality and Marina assets, with a combined AUM of $1.9 billion at 31 December 2023. During the year, the MA Marina Fund was launched as a new scalable alternative real estate strategy, initially acquiring the D'Albora marina portfolio. The new MA Accommodation Hotel Fund was also launched and seeded with the Vibe Docklands hotel acquisition post balance date. Continuing demand for hospitality assets saw the Redcape Group contracted to sell eight hotels for approximately $205 million, each at a premium to book value.

The Private Equity and Venture Capital asset class saw the launch of the growth credit focused MA Sustainable Future Fund in the second half of 2023 with strong investor demand, growing its AUM to $66 million by 31 December 2023.

The Equities investment division was impacted by the uncertainty and volatility that was widespread in the global equity markets throughout 2023.

AUM growth translated into strong fee revenue growth, with recurring revenue up 22% to $153.4 million, driven by a 65% increase in Credit Fund's income to $42.4m and a 13% increase in base management fees to $104.2 million. Credit Funds' income includes non-base fee recurring revenue contributions from the Group's two key Credit Fund strategies, the Priority Income Fund and Real Estate Credit.

Transaction and performance-based revenue decreased 66% to $20.7 million, as a result of an uncertain macroeconomic environment that impacted transaction based activity during the year and the exceptionally strong performance fees in FY22.

The realised gains on the Group's equity investments delivered a $2.0 million gain relative to a $10.9 million gain in 2022. The prior year saw a slight reduction in the Group's investment in Redcape Hotel Group, however the co-investment holding remains just under 12%.

Expenses of $93.9 million were flat on 2022 despite the opening of new offices in New York and Singapore, reflecting strong cost management and scalability of the distribution platform.

Year in review
(continued)

Lending & Technology

The Lending & Technology business was the focus of major investment in the year as the Group continued to build a tech-enabled highly scalable Lending ecosystem through Finsure, Middle, Specialist Finance and MA Money. Underlying revenue for the Lending & Technology division grew 9% on FY22 to $44.7 million largely due to the continued growth of Finsure's mortgage aggregation platform. Underlying EBITDA was down 10% to $14.1 million as the Group invested in the build out of its Residential Lending Marketplace, via residential mortgage lender MA Money and its new digital mortgage broker software Middle.

Financial Technology, comprising Finsure and Middle, delivered exceptionally strong performance in the year, growing broker numbers by 19% and increasing its Managed Loans by 21%, from $91 billion to $110 billion.

Financial Technology delivered FY23 Underlying revenue of $37.3 million underpinned by recurring subscription fees, trail commissions (including positive movements in the net present value of future net trail commissions) and activity-based upfront commissions and other fees. This resulted in Underlying EBITDA of $19.6 million, reflecting a margin of 52.5%.

The Lending platforms of MA Money and Specialist Finance grew the total loan portfolio by 150% to $983 million at 31 December 2023. The division's underlying income reduced by 33% to $7.4 million as the Group's balance sheet successfully exited a credit asset in 2022.

The significant investment in the MA Money business across people, platform and technology has been a drag on its contribution and returns in 2023. This is expected to continue into the first half of 2024 as the business scales and positions itself to take advantage of the substantial opportunity for long-term growth in the residential mortgage market. MA Money is expected to reach a break-even earnings run rate in the second half of 2024.

Year in review (continued)

Corporate Advisory & Equities

The Corporate Advisory & Equities (CA&E) division was down on earnings performance in 2023, declining 21% on the prior year largely due to challenging equity capital market (ECM) activities and Equities revenue impacted by softer market volumes and team rebuilding.

Corporate Advisory fees were down 24% as challenging market conditions made deal timing and execution highly uncertain. Revenue per executive of $0.8 million, was below the Group's target productivity range of $1.1 to $1.3 million. Activity was broadly spread across the division's core capabilities of real estate, technology and mid-cap industrials.

Expenses were down 13% on 2022 as average Advisory headcount fell from 58 to 53 staff. The expense reduction was less than the decline in revenue as the business focused on protecting staff during a challenging year in anticipation of future growth. The Group will continue to develop and grow the division but will remain selective in its approach to hiring, always paying regard to the maintenance of its revenue per head target range, discipline in the cost base and the consistency of earnings productivity in the business over the long-term. In the second half of 2023 the division expanded its capability into the natural resources sector with the hiring of two key experienced executives.

Year in review (continued)

Financial position

Statutory total assets amounted to $3,573.9 million (2022: $2,246.2 million) with net assets of $461.2 million (2022: $409.6 million) at the year ended 31 December 2023.

The statutory consolidated statement of financial position includes the consolidation of residential mortgage-backed securitisation trusts, Specialty Lending trusts and Credit Funds in the Priority Income Fund strategies that the Group manages. These special purpose funding vehicles contain liabilities which are secured only by the assets of these entities with no further recourse to the Group.

Management utilises an Operating balance sheet which predominantly excludes the special purpose funding vehicles when reviewing the Group financial position. The Operating balance sheet presents a simplified view of the total economic exposure of the Group and the capital available to management to allocate. A reconciliation of the Operating balance sheet to the statutory consolidated statement of financial position can be found in the Group's FY23 results presentation.

	31 Dec 2023 Statutory $'000	31 Dec 2022 Statutory $'000	31 Dec 2023 Operating $'000	31 Dec 2022 Operating $'000
Assets				
Cash	180,319	144,589	43,108	98,803
Loans receivable	2,079,716	855,482	6,175	8,959
Investments	237,710	287,898	203,622	210,549
Net trail book assets	705,285	607,232	44,128	35,866
Goodwill and other intangibles	195,940	185,018	195,939	185,018
Right-of-use assets	65,983	61,773	65,983	61,773
Other assets	108,911	104,242	105,113	73,660
Total assets	**3,573,864**	**2,246,234**	**664,068**	**674,628**
Liabilities				
Borrowings	2,153,496	940,089	95,030	95,030
Lease liabilities	71,510	64,952	71,510	64,952
Other liabilities	887,698	831,606	99,992	105,059
Total liabilities	**3,112,704**	**1,836,647**	**266,532**	**265,041**
Net assets	**461,160**	**409,587**	**397,536**	**409,587**
Non-controlling interests	(63,624)	-	-	-
Net assets attributable to owners of the Company	**397,536**	**409,587**	**397,536**	**409,587**
Net tangible assets	**219,453**	**240,108**	**219,453**	**240,108**

Notable movements in the Group's Operating balance sheet were centred on the deployment of cash. Group cash reduced in the year as capital was allocated to the Group's investment in consolidated Credit Funds and the acquisition of Blue Elephant.

Net tangible assets decreased during the year as a result of the utilisation of cash to fund the acquisition of Blue Elephant and the recognition of the related intangible assets upon acquisition.

The year saw a high level of rotation of both short-term growth investments and long-term strategic investments. This dynamism underpins the ability of the Group to support future growth and is reflected in the recycling of over $100.0 million of prior investments and the reinvestment of a similar amount to support new and existing fund growth and strategic initiatives.

Year in review (continued)

Financial position

The Group's investments, including strategic and co-investment positions, are shown in the table below

	31 Dec 2023 Operating $'000	31 Dec 2022 Operating $'000
Lending (MA Money & Specialty Invested Capital)	17,038	8,167
Co-investments	51,385	66,730
Private Credit funds	87,635	84,118
Redcape Hotel Group (RDC)	49,295	57,086
Other equity investments	4,444	3,407
Total investments	**209,797**	**219,508**

Key movements in the Group's investments relate to:

- Lending Invested Capital increase reflects growth of MA Money
- Redcape change driven by a net increase in ownership, offset by statutory movements and distributions received
- Redcape investment valued at $76 million based on 31 December 2023 unit price of $1.4951.

Year in review (continued)

Financial position

Capital management

The Group manages its capital with the aim of ensuring that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity capital balances. Fundamental to this is maintaining a strong balance sheet, which supports the business through economic shock but also facilitates attractive investment opportunities.

During the year the Group declared an interim dividend of 6 cents per ordinary share (2022: 6 cents). Subsequent to year end, the Directors have resolved to pay a final dividend of 14 cents per share for the FY23 year (2022: 14 cents), consistent to full year dividends paid in FY22.

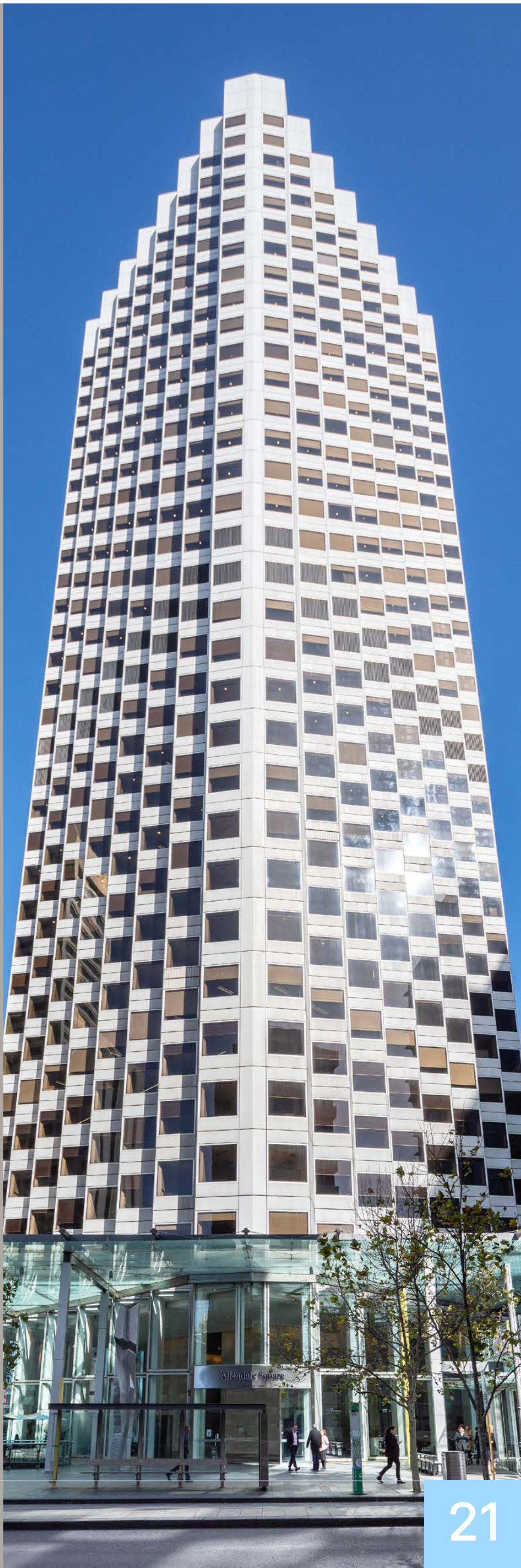
In December 2023, the Group successfully increased the size of its revolving working capital facility from $40.0 million to $80.0 million. The facility upsize will provide the Group with additional liquidity and flexibility. As of 31 December 2023, the facility was undrawn. Furthermore, the Group is currently in the process of refinancing its existing MACI note ($30.0 million) and MA IV note ($40.0 million), which are set to mature in May 2024 and September 2024 respectively.

The Group recognises that debt is an important component of a balanced capital structure. Whilst the Group utilises both recourse and non-recourse debt to fund its growth objectives, we will continue to adopt a prudent approach to the use of debt capital.

This approach to debt in conjunction with the strong level of average cash holding throughout the year is indicative of a consistent approach in managing the Group for the long-term and we will remain patient and prudent when deploying capital. Fundamental to this is maintaining a strong balance sheet, which not only stands us in good stead through economic uncertainty but can also facilitate attractive investment or business opportunities.

Risk management

The Group faces a range of risks to achieving its financial objectives, the most material of which are summarised below. This summary is not a comprehensive outline of every risk associated with the Group's financial prospects, and other risks may emerge. The Group's overall risk management framework is summarised in its Corporate Governance Statement, available on its website. As noted there, the framework is supported by a strong risk culture with an emphasis on accountability and diversity of thought.



Year in review (continued)

Financial position

Cyber risk

The Group depends on a range of information systems which carry a risk of unauthorised use or external compromise. This could result in the loss or disclosure of confidential information, disruption to operations, poor client service, regulatory sanctions, reputational damage and financial loss. The volume and sophistication of cyber threats facing businesses in Australia continues to grow.

The Group maintains an experienced corporate technology team which manages its core technology infrastructure and supports business operations, including by assessing proposed new systems and software. The team continually improves the maturity of the Group's cybersecurity controls, which includes penetration testing by third-party experts and continual threat monitoring. The team's work is supported by documented policies and procedures, and training for staff on related risks. A comprehensive IT Disaster Recovery Plan is in place to promote effective incident response, and the Group has direct access to a leading Sydney-based cyber incident response advisor to help it mitigate and recover from any incident it fails to prevent.

Regulatory change

The Group is subject to regulatory obligations related to its activities, including those that affect sectors in which it invests. Along with the inherent risk of breaching requirements, there is a general risk that new or changed regulations could require significant spending on compliance, contribute to a higher risk of non-compliance or impact on the profitability of certain lines of business.

The Group maintains an experienced, well-resourced team of legal and compliance professionals who work directly with the managers of the Group's businesses to help ensure these compliance requirements are met and who report on legal and regulatory risk to the Boards of our licenced entities and to the Group's governance structures. This team also keeps a watching brief for regulatory change in the jurisdictions where it operates, supported by third party advisors.

Investment risk

The Group's Asset Management division oversees institutional, wholesale and retail investments across a range of asset classes. This exposes the Group to associated operational and market risks, which can result in investment returns that compare poorly to expectations, benchmarks and peers. In turn, a poor investment track record may affect the Group's ability to attract and retain clients, which can reduce overall assets under management and materially affect long-term revenues and earnings.

The Group manages this risk through the careful selection of investment strategies, and clearly defined, effective processes for due diligence, investment review and decision making, and portfolio management. Client reporting puts investment returns in context and explains the outlook.

Volatility in levels of business activity

Some of the Group's lines of business are inherently subject to more revenue volatility. In particular, the level of activity in our Corporate Advisory & Equities division reflects clients' appetites to raise finance, take part in mergers and acquisitions, and engage in equities sales and trading, which is influenced by a range of factors including economic conditions and sentiment. Overall, the Group has diversified sources of income and has limited dependency on inherently volatile revenues.

Treasury risk and debt management

The Group must manage the funding needs of its overall corporate activities, its distinct businesses and also the liquidity needs of the investment funds it manages. Failure to adequately project these funding requirements and to manage working capital and debt facilities could impact business growth, performance and reputation. Conversely, effective management of this risk can produce considerable savings and enable business growth.

To control the treasury risk it faces and ensure effective debt management, the Group has built systems and processes to give appropriate visibility and oversight of funding needs and financial management across the Group.

Operational risk

The Group defines operational risk as that resulting from inadequate or failed internal processes, people and systems or from external events. Broad operational risk is present in all of the Group's activities and is managed in the first instance through the controls built into the Group's systems and processes and by the active oversight and management of business executives, supported by the Group's risk function. The Group recognises that operational risk, in its many forms, is an inherent feature of its business profile and is committed to managing it in line with its Risk Appetite Statement.

Sustainability report

02

Next Generation Women in Finance

Sustainability report

We recognise integrating Environmental, Social and Governance (ESG) factors into our operations, investment decision-making and asset ownership is key to our purpose, which is to create sustainable, long-term value for our clients.

While there is no single correct approach to ESG integration, we believe doing the right thing for our clients, our people and our communities leads to better results for all stakeholders. ESG considerations can provide a greater understanding of the investment risks and opportunities that contribute to evaluating long-term value for our clients.

We also recognise that ESG issues evolve and mature and are committed to understanding the interests and expectations of all our stakeholders. We try to take a practical approach to our sustainability initiatives, which recognise our scale and our growth aspirations.

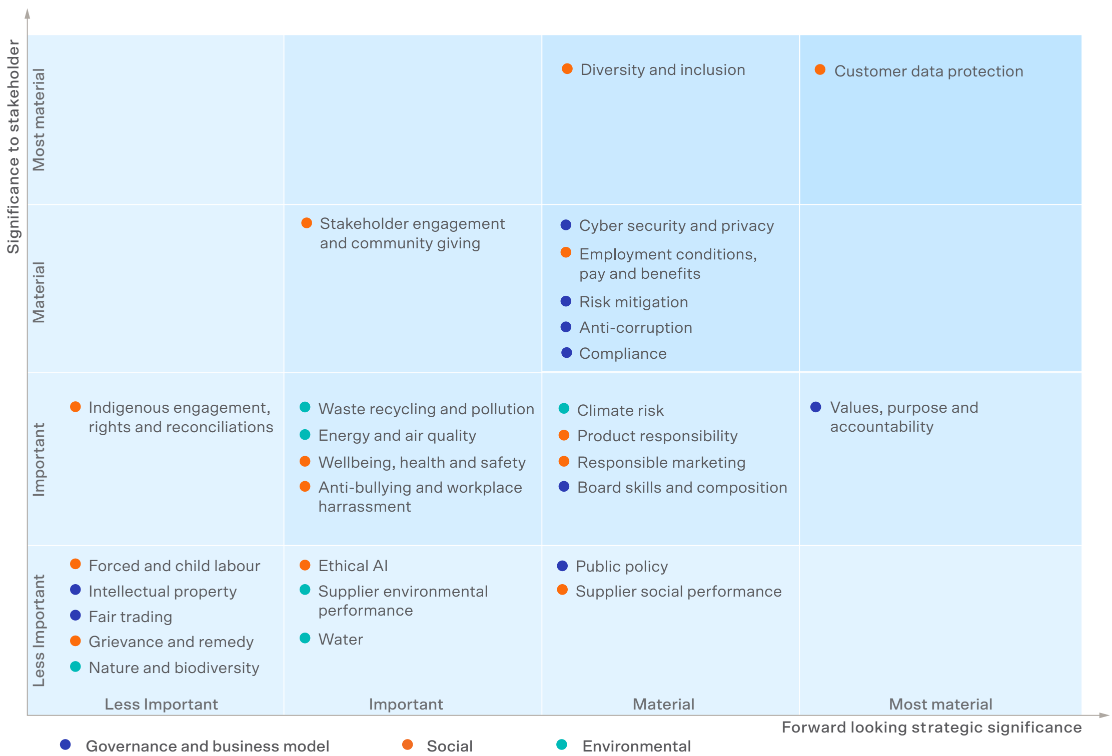
In 2023, we progressed our sustainability framework and reporting, and refreshed our assessment of the most material aspects of sustainability to our business and our stakeholders.

This report provides insight into our sustainability procedures and practices, progress made in 2023 and outlines focus areas for future development. The Group reports with reference to the Global Reporting Initiative (GRI) Standards to create the framework and define its approach to sustainability.

Materiality assessment

We last undertook an ESG Materiality Assessment in 2021, to identify the ESG issues which most influence decision-making about our Group and so prioritise these issues for management and reporting. We recently refreshed the Materiality Assessment which involved a survey of internal stakeholders and a forward-looking consideration of the issues most significant to our Group strategy. As our businesses scale and the Group evolves, the material issues are likely to change. We expect to reassess materiality every two to three years.

Materiality Matrix



Sustainability report

Stakeholder engagement

As a diversified Group, our stakeholders are wide ranging and have a distinctive set of interests and priorities. They include shareholders, financers, employees, fund investors, clients, governments and regulators, and industry groups. We engage with key stakeholders through a range of channels.

Critical to ensuring our stakeholder engagement is relevant and impactful is understanding the objectives and areas of focus for each stakeholder group. As a diversified Group involved in investing, lending and advising, we understand that trust, transparency and responsible behaviour are critical to building and maintaining relationships. As our business evolves, we will ensure our forms and channels of stakeholder engagement continue to facilitate relevant insights and transparency on our approach to sustainability.

Last year we shared an assessment of the key focus areas for our stakeholders. We will continue to assess and refine these areas of focus.

Sustainability framework

Our sustainability framework contains six pillars and illustrates our approach to sustainability. These were set in 2021 and we consider them to remain appropriate and relevant today and in the future.

TALENT DEVELOPMENT AND WELLBEING	STRONG GOVERNANCE AND ETHICAL BEHAVIOUR	SUSTAINABLE BUSINESS MODEL
• Attracting, retaining, motivating, engaging and developing our workforce • Supporting the health, safety and well-being of our people	• Creating sustainable value through effective governance, strong ethical practices and accountability • Overseeing internal and external compliance • Embedding systemic and active risk management in our financial services	• Incorporating sustainability factors into our businesses, operations, products and financial services offerings

DIVERSITY AND INCLUSION	ENVIRONMENTAL IMPACT	SOCIALLY RESPONSIBLE BEHAVIOUR
• Promoting and maintaining a diverse and inclusive workplace	• Understanding the impact of climate change • Minimising our environmental footprint focusing on energy and emissions, waste, and water management	• Safeguarding the privacy and security of our customers • Protecting human rights in our value chain • Contributing to our community

We are pleased to provide an update on our approach to each of these six pillars.

Sustainability report

TALENT DEVELOPMENT AND WELLBEING

Our people

Our people are our business. A combination of insight, attitude and integrity is our unique formula for success.

By focusing on what matters, we stay inspired, challenged and driven to co-create sustainable, long-term value with each other and our clients. During 2023, we reflected on our values and selected the following four drivers that motivate our decisions and actions.

OUR FOUR KEY DRIVERS

CHARACTER MATTERS

We're powered by good people with the right attitude and values.

BETTER WAY?

We're contemporary thinkers who challenge norms, but respect experience.

EDGE HAS A FORMULA

Our edge comes from hard, dedicated, diligent work and experience.

CO-CREATORS OF VALUE

Success isn't a perfect process – we're there for the ups and downs, and when our clients win – we win

We have an unwavering belief in the potential of our more than 600 people. We are committed to providing a work environment where employees feel recognised, motivated, and have a strong sense of belonging. In our experience, open and respectful behaviour between colleagues is critical to everyone achieving their potential.

We aim to bring an optimistic mindset which always strives to deliver excellence.

We seek to recognise the hard work and commitment of our people and provide fair and practical initiatives and benefits to support our employees. The range of benefits include:

- 24/7 access to health advice via Sonder Wellbeing and an Employee Assistance Program
- Paid parental leave
- Access to community sports and cultural events
- 2 X Wellbeing days each year
- Comprehensive health checks for executives
- Annual flu vaccines
- Coffee and after-hours meal service

Developing our employees

In 2023 we built on the MA Academy programme and refined the curriculum, focusing on our emerging leaders.

We remain committed to fostering strong links with the student community. Our work experience, internship and graduate placements provide rewarding opportunities for high school and university students from a range of backgrounds and faculties. Supplementary to the MA Academy, select employees[1] completed an average of 10 hours of individual training in 2023 on topics including financial services, cyber security and data protection, and key policies. Division specific learning is also provided. Select senior executives underwent 20 hours of training.

Regular performance reviews and career development discussions ensure employees have opportunities to progress, upgrade skills and pursue their interests within the Group.

1. Refers to eligible employees from core business divisions Asset Management, Lending & Technology, and Corporate Advisory & Equities.

Sustainability report

STRONG GOVERNANCE AND ETHICAL BEHAVIOUR

The Group is focused on delivering long-term value to our clients and partners, our people and our shareholders. As set out in our Corporate Governance Statement, the Board is responsible for overseeing the management of the Group, promoting the long-term interests of the Group and its shareholders, and setting the required standards of culture and conduct.

The Board is comprised of six Non-Executive Directors and three Executive Directors. Four of the six Non-Executive Directors are independent; two are not so considered due to their association and employment by Moelis & Company Group LP which is a major shareholder of MA Financial.

The Nomination and Remuneration Committee assists the Board to achieve the optimal mix of skill and experience to ensure effective decision making and stewardship. The other permanent standing committee is the Audit and Risk Committee (ARC) which is focused on the integrity of financial statements, the Group's financial controls and its risk management framework. Each Committee is chaired by an Independent Non-Executive Director and comprises of only Non-Executive Directors, the majority of which are Independent Non-Executive Directors.

Governance of ESG and risk management

MA Financial Group Limited Board
Oversees the management of ESG risks and opportunities

Impact	Policy	Risk Management	Disclosure
Oversees the management of the company, including environmental and social impact	Approves policies, including ESG and risk management policies	Annually reviews ARC recommendation on soundness of risk management framework, including ESG risks	Approves the Sustainability Report incorporated in annual reporting

The Board and the Board's two permanent standing Committees engage on ESG topics relevant to their charters.
Audit and Risk Committee
Nomination and Remuneration Committee

Executive
Responsible for assessing ESG risks and opportunities, maintaining and building further a sustainable business model, managing each of the identified material topics, and reporting to the Board as appropriate

The Board approves ESG-related policies and oversees the performance of the executive in terms of identifying and managing ESG risks and opportunities. There is a specific ESG Steering Committee in our Asset Management business, reflecting its scale and distinct and elevated ESG profile.

Similarly, risk management is a fundamental aspect of good governance and a regulatory responsibility. The Board is responsible for ensuring the Group maintains a risk management framework which identifies all areas of potential risk. It reviews the balance between realising business opportunities and remaining within the risk tolerances set out in its Risk Appetite Statement, which includes sustainability risks. The Board is supported by the ARC which provides an annual review assessing the adequacy of the risk management framework.

Sustainability report

MA Financial's Business Leaders have executive responsibility for risk management supported by our core principle that risk management is the responsibility of everyone.

The Chief Operating Officer and Risk Director are responsible for coordinating the risk management framework, for promoting an effective risk culture, and for developing awareness of risk management across the Group. The Senior Executive Risk Committee meets to discuss key risk themes and promotes a positive risk culture.

Code of Conduct

The Code of Conduct helps support effective governance, including ESG and risk management responsibilities. It applies to all Directors, officers and employees of the Group and sets out expectations for how we act in the ordinary course of our business activities.

Our people confirm periodically their compliance with the Code of Conduct and are expected to abide by the highest standard of ethical conduct in their relationships with each other, investors, competitors, suppliers, and the public. We expect senior leaders to model and positively reinforce our values. A comprehensive framework of additional policies that supplement and support the Code of Conduct can be found on our website.

2023 was the first full year of the MA Sustainable Future Fund. It provides wholesale investors with exposure to a diversified portfolio of secured loans to established, growth-stage companies which support a more sustainable future through products and services aligned to the UN Sustainable Development Goals. The Fund funded a number of businesses in 2023 including:

- a provider of electric vehicle ownership plans to rideshare drivers
- a metre solar PV systems operator, and
- an in-home/telehealth after-hours medical care consultations provider

Sustainability report

SUSTAINABLE BUSINESS MODEL

As we continue to invest, lend and provide corporate advice, maintaining a sustainable business model will help enable our success.

We believe our diversification provides us with a more stable platform from which we can generate value for our stakeholders. It also equips us better to think and act responsibly and for the long term. This diversification also means we need to assess our businesses individually, and as a portfolio, to gain greater visibility of how risks affecting one business could impact on the Group's wider reputation and resources.

Operating a sustainable business model involves resilience, it requires incorporating ESG factors into our decision-making to ensure we minimise the related risks and take advantage of the opportunities. This challenge is especially relevant in our Asset Management division where we specialise in private credit, real estate, hospitality, unique operating assets, private equity and venture capital. We have operational and financial control of many of our real assets and we directly originate and manage many of the loans we hold in our Credit Funds. We often take a 'hands-on' approach to managing these assets. This gives us a strong position to exercise responsible stewardship by minimising environmental impacts, promoting strong governance arrangements and ethical conduct towards customers, suppliers and the communities in which these assets are based. We believe this is fundamental to unlocking the true value of our investments.

In 2023, we introduced new Responsible Investment policies for each of the asset classes into which we invest, bringing more definition to the ESG factors to be considered in pre-screening, and to ensure a consistent approach when presenting investment opportunities for review and decision.

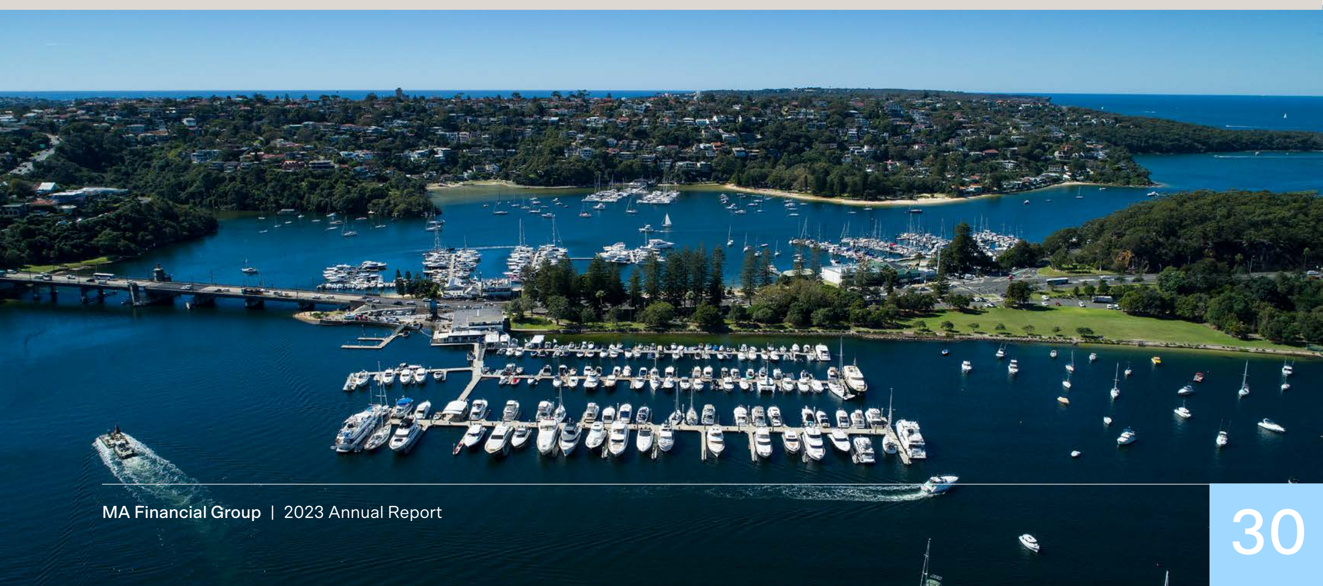
The integration of ESG into Asset Management activities is overseen by an ESG Steering Committee whose members meet quarterly. The main initiatives planned for 2024, or already underway, include responding to new mandatory climate reporting requirements, improving reporting from the supply chain on modern slavery risks, and implementing a sustainability roadmap for the Real Estate asset class.

Our Asset Management division is a signatory to the UN Principles for Responsible Investment and recently completed its first assessment exercise, providing another framework against which to assess our progress with ESG integration.

Our 2023 investment in marinas was an example of the importance of integrating ESG considerations into our investment decisions. The diligence considered climate impacts on the business model, assessed environmental risks from operations and the organisation's practices to mitigate and manage environmental risks.

Supplier Code of Conduct

MA Financial is dedicated to treating our suppliers fairly and transparently. We value the crucial role they play in promoting sustainable business practices. Our Code ensures compliance with laws and regulations, requiring suppliers and their contractors to address key risks such as health and safety, cybersecurity, privacy, labour laws and human rights.



Sustainability report

DIVERSITY AND INCLUSION

Diversity at MA Financial involves creating a work environment which allows all our people to meet their potential and is underpinned by respecting and valuing a wide range of differences including gender, ethnicity, disability, age, religion, sexual orientation, and educational and work experience. Our Diversity Policy (available on our website) outlines our diversity principles, commitment to diversity objectives and provides a framework for advancing our diversity goals.

On an annual basis, management monitors and reports to the Board on our advancement against these objectives with the Board assessing our progress against targets. Table 2 illustrates our year-on-year movements on gender diversity at different levels of the organisation.

Our diversity principles

- Recruit, retain and develop an appropriately diverse and skilled workforce and Board to facilitate achieving or exceeding business objectives
- Leadership team proactively demonstrating a commitment to diversity through modelling inclusive behaviour
- Providing a work environment that values and fully utilises the perspectives and experiences of all employees and directors.

Table 1 – Diversity objectives

Objective/Quantitative targets	Baseline (2021)	2023
Achieve and retain a 30% female representation at Board level	25% female/75% male	33% female/67% male
Achieve and retain a 50% female representation in the business	48% female/52% male	47% female/53% male
Achieve and retain a 30% female representation in senior executive positions[1]	23% female/77% male	34% female/66% male
Achieve a Culturally and Linguistically Diverse (CALD) status of 40%	CALD = 35%	CALD = 52%[2]

Table 2 – Gender diversity across organisation

Level	Gender	2020	2021	2022	2023	YOY change
Workforce	Female	33%	48%	48%	47%	↘ 1%
	Male	67%	52%	52%	53%	↗ 1%
Senior executives	Female	24%	25%	28%	34%	↗ 6%
	Male	76%	75%	72%	66%	↘ 6%
Board	Female	29%	25%	33%	33%	↔ 0%
	Male	71%	75%	67%	67%	↔ 0%

1. Senior executives include all employees with a title of Vice-President, Executive Director, Managing Director or functional equivalent.
2. Information provided by employees when onboarding or through self service in our HR Information System

Sustainability report

MA Financial encourages improved gender diversity and inclusive leadership practices across the sector. In 2023, MA Financial hosted a networking event 'Next Gen Women in Finance' inviting over 120 young female professionals to engage in discussions about inclusive culture and driving change. This followed a highly successful inaugural event in 2022.

We are committed to fair and equitable remuneration. Our annual remuneration review and discretionary bonus setting process includes an analysis and elimination of any identified gender pay gaps for comparable roles. The process assesses the occurrence of unusual gaps which are not accounted for by factors such as experience, skills, performance, and others and removes them as applicable.

Health and safety

The Group aims to create and maintain a safe and healthy workplace, and ensure all activities undertaken protect the health and safety of our employees, suppliers, visitors and clients as applicable. Our Work Health and Safety (WHS) Policy sets the fundamental principles that govern our approach to WHS management. In 2022, we established a Work Health and Safety Committee with a mandate to promote safety and health and to consult on issues relevant to health, safety, and the welfare of workers. MA Financial tracks Lost Time Due to Injury and had two reportable incidents in 2023.

ENVIRONMENTAL IMPACT

Minimising the impact our firm has on the environment is important to us, especially the impact from our direct operations.

Climate impact

In 2023, the Group completed, for the first time, a measurement of the environmental emissions for which we were directly responsible in 2022. We also committed to two targets: to deliver net zero emissions by 2050 for our direct operations and reduce Scope 1 and 2 emissions intensity per employee by 50 percent by 2030.

To help achieve these targets, we completed in 2023 a Climate Change Action Plan (CCAP). This exercise identified office energy use as a significant source of emissions and recommended transitioning to lower or zero-carbon energy supplies. We achieved this before the end of the year for both of our main Sydney and Melbourne offices. This change alone puts us on track to achieving our 2030 target, but its timing means the positive results accrue mostly from 2024. As a result of this dynamic, plus an increase in business air travel, the overall emissions figure for our direct operations in Australia was 2,724 t CO_2-e. Our Scope 1 and 2 intensity per Australia-based employee was 0.7 t CO_2-e.[1]

The increase in emissions is largely as a result of increased air travel, noting that the baseline year was artificially low due to ongoing COVID impacts and that in 2023 MA Financial has pursued numerous growth initiatives overseas. Notwithstanding the increase in emissions, we remain confident in reduced emissions intensity in 2024 owing to the initiatives described above.

The Group will continue to refine and act on its CCAP, in conjunction with its responsibilities under Australia's emerging regime for mandatory climate reporting.

Mandatory climate reporting

MA Financial has monitored the development in Australia, through 2023, of draft new mandatory reporting standards on climate-related disclosures. We plan to advance in 2024 a set of workstreams which will enable compliance both for our direct operations and in respect of investment funds in scope of the standards. To a large extent, this focuses on measurement of Scope 3 emissions.

1. Fuller details of the methodology and assumptions will be available in an updated version of our Emissions Disclosure.

Sustainability report

SOCIALLY RESPONSIBLE BEHAVIOUR

MA Financial recognises the impact we have on the communities we operate in and other external parties. Measuring our ESG impact helps us continue to increase our positive impacts and maintain consistently responsible business practices.

Our vision is to create an environment of enterprise, optimism, and partnership. To place the interests of our clients above all else, and work together as co-creators of long-term value. We know that to achieve this vision we need to be trustworthy in our conduct and decision making. We need to be consistent, responsible and responsive to stakeholder feedback. Whilst we believe this is core to our culture and daily behaviours, we call out some specific key areas of focus below.

Privacy

The Group respects data privacy and recognises how critical our actions in handling data are in building and maintaining trust with current and prospective stakeholders. We are committed to measures which protect the security of personal data and confidential information that is collected, stored, processed, or disseminated. The Group's 'Technology and Data Handling Policy' established specific requirements for the use of all computing and network resources within the business in a responsible, ethical, and compliant manner. This, along with the Group's Privacy Policy, also covers the key principles of data privacy, compliance requirements, privacy and personal rights and technology use guidelines within the Group. They are reviewed for relevance and accuracy annually.

We invested significantly in uplifting cyber practices and increasing employee cyber awareness during 2023. This remains an area where we have further planned initiatives in 2024 and will remain an area of focus for management and the Board.

Human rights

MA Financial conducts its businesses to high levels of ethical and professional standards in accordance with relevant laws in the countries that we operate. It has no tolerance for any form of modern slavery within its business and supply chain.

The Group's approach to modern slavery is set out in its Modern Slavery Policy and the Modern Slavery Statement (dated June 2023), available on the Group's website.

Tier 1 risk assessments of the Group's supply chain were conducted in 2023 and have not identified any instance of modern slavery or areas of significant concern.

All other objectives set out for 2023 in the Modern Slavery Statement have been met.

MA Financial is the principal partner of the Sydney Contemporary Art Fair, Australasia's premier art fair. This year marked the inception of the MA Art Prize, an acquisitive award valued at $10,000. The prize is granted to an emerging artist whose work is showcased at Sydney Contemporary, and we extend our congratulations to Corban Clause Williams, the deserving winner.

As the principal partner of Sydney Contemporary, we're proud of the role we play in providing this platform for emerging and established artists.

Sustainability report

OCEAN LOVERS FESTIVAL

MA Financial is a proud partner of the Ocean Lovers Festival – an annual celebration of ideas, art, music, and impactful actions, showcasing the latest innovations and technology dedicated to maintaining a healthy ocean. Our investments in marina assets underscore our commitment to ocean health and sustainability, aligning seamlessly with the festival's mission to engage communities and showcase innovative solutions.

Community investment

At MA Financial, fairness and generosity are fundamental to our ethos. In 2018, we established the MA Foundation with a clear mission: to champion community initiatives that resonate with the values and interests shared across our Group. Our Foundation's vision, impactful partnerships, robust staff engagement, and a steadfast commitment to the broader ESG agenda, guides our community investment approach.

To date, the Foundation has donated over $8.1 million to more than 35 charities. The Foundation has three Community Partners: GO Foundation, Backtrack and Mirabel Foundation. Through the collaborative efforts of our MA Foundation Committee and matched giving programs, we channel our resources towards causes that hold significant importance to our staff members.

Responsible Conduct

We operate a wide range of businesses where we recognise duties to act responsibly, including those noted here.

Consumer credit: MA Financial is committed to responsible lending practices. For example, MA Money will only make home loans which are suitable for borrowers, having reference to their requirements and objectives and their ability to repay. Our Specialty Lending business is involved in making legal disbursement loans, where it enforces distribution conditions and restrictions to help ensure loans are made only to suitable customers.

Global Credit Solutions (ex-consumer credit): The GCS team considers a set of ESG factors when initially screening potential loan counterparties and also when carrying out a fuller assessment of the lending opportunity. This helps avoid funding projects with harmful environmental or social impacts. In addition, the team has zero appetite for predatory lending which seeks to create or take undue advantage of financial hardship.

Hospitality: Our Hospitality platform, MA Hotel Management, manages several hospitality funds including Redcape Hotel Group, and recognises its obligation to ensure customers experience safe and sociable venues, and responsibly enjoy the beverage and entertainment offerings. MA Hotel Management's approach to the service of alcohol, problem gaming and harm minimisation is articulated in its Responsible Service Policy, available on the Redcape website.

Redcape also supports local communities and their initiatives through its 'Publinc Communities Programme' which has an objective of enriching local communities through lasting impact.

Looking forward

We are proud of the progress we have made in 2023, and our continued focus on the six key pillars of our Sustainability Framework. The development of our practices and procedures within these pillars, and our disclosure around them, will continue to expand over time. We look forward to sharing our sustainability progress with our key stakeholders over future periods.

Directors' report

03

Sydney Contemporary Art Fair

Directors' report

For the year ended 31 December 2023

The Directors of MA Financial Group Limited (Company) submit their report together with the consolidated Financial Report of the Company and its subsidiaries (Group) for the year ended 31 December 2023.

The names and details of the Directors of the Company during the financial year ended 31 December 2023 and as at the date of this report are listed below. Directors were in office for the entire year, unless otherwise stated.

Jeffrey Browne	Independent Chair and Non-Executive Director
Andrew Pridham	Group Vice Chair
Alexandra Goodfellow	Independent Non-Executive Director
Simon Kelly	Independent Non-Executive Director
Nikki Warburton	Independent Non-Executive Director
Kenneth Moelis	Non-Executive Director
Kate Pilcher Ciafone	Non-Executive Director
Julian Biggins	Joint Chief Executive Officer
Christopher Wyke	Joint Chief Executive Officer

Jeffrey Browne

Independent Chair
and Non-Executive Director
Appointed 27 February 2017

Experience and expertise
Jeffrey was a senior executive at Nine Network Australia from 2006 to 2013, including Managing Director from 2010 to 2013. He was previously Chair of Carsales.com. Jeffrey holds a Degree in Arts from La Trobe University, and a Degree in Law from Monash University, Melbourne.

Other directorships and appointments
Chair of Premoso Pty Ltd (owner of the business of Walkinshaw Automotive Group)
President of Collingwood Football Club

Special responsibilities
Chair of the Board (appointed February 2017)
Member of the Audit and Risk Committee (appointed February 2017)
Member of the Nomination and Remuneration Committee (appointed February 2017)

Interests in the Company
Shares: 150,000

Andrew Pridham

Group Vice Chair
Appointed 25 May 2010

Experience and expertise
Andrew has served as a Director since the formation of MA Financial Group Limited. He was Chief Executive Officer from 2009 to February 2020 and has 30 years' of experience in investment banking. Andrew was one of the founders of the Company in 2009.

Other directorships and appointments
Chair of Sydney Swans Limited
Adjunct Professor at University of South Australia

Special responsibilities
Focused on the development and implementation of MA Financials Group's strategy and promotion of the Company
Director of MA Foundation (appointed November 2017)

Interests in the Company
Shares: Andrew holds 39,285 shares as well as a beneficial equity interest in 17,930,390 shares as a result of his holdings in the Existing Staff Trusts. As a result of Andrew's ownership of the Trustee of one of the Existing Staff Trusts, Andrew has a deemed relevant interest in 19,865,799 shares.

Restricted and Loan Funded shares: 611,026

Directors' report (continued)

For the year ended 31 December 2023

Alexandra Goodfellow

Independent Non-Executive Director
Appointed 19 August 2020

Experience and expertise

Alexandra is Vice Chair of Korn Ferry Australasia and has 35 years' experience in executive search and human capital consulting. Advising clients at Board, CEO and C-suite level, assisting with organisational strategy, assessment and succession, executive search and leadership development.

Other directorships and appointments

Vice Chair of Korn Ferry Australasia
Non-Executive Director of Sydney Swans Limited

Special responsibilities

Chair of the Nomination and Remuneration Committee (appointed August 2020)
Member of the Audit and Risk Committee (appointed December 2022)

Interests in the Company

Shares: 32,371

Kenneth Moelis

Non-Executive Director
Appointed 7 July 2010

Experience and expertise

Ken is Chair and Chief Executive Officer of Moelis & Company and has 40 years' experience as a banker and executive. Prior to founding Moelis & Company, Ken was President of UBS Investment Bank and previously, Head of Corporate Finance at Donaldson, Lufkin & Jenrette. Ken began his investment banking career at Drexel Burnham Lambert. Ken holds a Bachelor of Science in Economics and an MBA from the Wharton School at the University of Pennsylvania.

Other directorships and appointments

Chair and CEO of Moelis & Company Group LP (Moelis & Company)
Non-Executive Chair of the Board of Directors, Moelis Asset Management
Member, Wharton Board of Advisors
Member, Ronald Reagan UCLA Medical Center Board of Advisors
Member, Business Roundtable
Member, The Business Council
Member, WSJ CEO Council

Special responsibilities

None

Interests in the Company

Ken has no deemed relevant interest in all shares held by Moelis & Company. Moelis & Company presently holds 23,500,000 ordinary shares in the Group.

Directors' report (continued)

For the year ended 31 December 2023

Kate Pilcher Ciafone

Non-Executive Director
Appointed 19 August 2020

Experience and expertise
Kate is the Chief Operating Officer and a founding member of Moelis & Company. Kate has over 20 years' experience as a banker and operating executive in investment banking. She commenced her career with UBS before joining Moelis & Company in 2007. Kate holds a B.S. in Commerce with distinction from the McIntire School of Commerce at the University of Virginia.

Other directorships and appointments
None

Special responsibilities
Member of the Nomination and Remuneration Committee (appointed August 2021)

Interests in the Company
None

Simon Kelly

Independent Non-Executive Director
Appointed 21 April 2021

Experience and expertise
Simon has over 30 years' experience in strategic, financial and general management in Australian listed and unlisted consumer businesses. He is Chief Executive Officer of technology start-up NoahFace and has previously held C-suite level roles at Ardent Leisure, Virgin Australia, Nine Entertainment Co., Aristocrat Leisure and Goodman Fielder. Simon holds a Bachelor of Economics and Accounting with Honours, is a Member of Chartered Accountants Australia & New Zealand and Fellow of the Institute of Chartered Accountants in England and Wales.

Other directorships and appointments
Non-Executive Director of Altium Limited (resigned 18 September 2023)

Special responsibilities
Chair of the Audit and Risk Committee (appointed April 2021)

Interests in the Company
Shares: 95,161

Nikki Warburton

Independent Non-Executive Director
Appointed 23 December 2022

Experience and expertise
Nikki has 30 years' experience as a senior marketing executive and a board director in automotive, sport, and media sectors. She is on the Board of Directors for Greater Western Sydney Giants Football Club, Car Expert and Cloudwerx, and is a Mentor for The Marketing Academy.

Other directorships and appointments
Non-Executive Director of Greater Western Sydney Giants Football Club.
Non-Executive Director of Car Expert
Non-Executive Director of Cloudwerx

Special responsibilities
None

Interests in the Company
Shares: 10,000

Julian Biggins

Executive Director and Joint Chief Executive Officer
Appointed 2 February 2017

Experience and expertise
Julian was appointed Joint Chief Executive Officer in February 2020 and was one of the founders of the company in 2009. He has 20 years' of investment banking experience in the real estate sector including senior roles within J.P. Morgan's Investment Bank and UBS' Equities Research division. He holds a Bachelor of Business (Real Estate) and a Bachelor of Business (Banking and Finance) from the University of South Australia.

Other directorships and appointments
Director of MA Foundation (appointed June 2023)

Special responsibilities
None

Interests in the Company
Shares: Julian holds a beneficial equity interest in 5,328,170 shares as a result of his holding in the Existing Staff Trusts.
Restricted and Loan Funded Shares: 1,618,703

Directors' report (continued)

For the year ended 31 December 2023

Christopher Wyke

Executive Director and Joint Chief Executive Officer
Appointed 2 March 2020

Experience and expertise
Chris was appointed Joint Chief Executive Officer in February 2020 and was one of the founders of the company in 2009. He has 20 years' investment banking experience specialising in restructuring, M&A, equity and debt capital markets transactions. Chris has worked at J.P. Morgan and UBS in London, Singapore and Sydney. He holds a Bachelor of Economics with Honours from University College London.

Other directorships and appointments
Director of MA Foundation (appointed November 2017, resigned June 2023)

Special responsibilities
None

Interests in the Company
Shares: Chris holds a beneficial equity interest in 5,028,170 shares as a result of his holding in the Existing Staff Trusts. As a result of Chris' ownership of the Trustee of one of the Existing Staff Trusts, Chris has deemed relevant interest in 14,850,000 shares.
Restricted and Loan Funded Shares: 1,641,855

Company secretaries' qualifications and experience

Janna Robertson

Joint Company Secretary
Appointed September 2019

Janna has over 25 years' experience in financial services, business operations and transformation. Prior to joining the Group she was a partner at Deloitte. Janna holds a Bachelor of Business from the University of Technology Sydney, is a Member of the Institute of Chartered Accountants in Australia and New Zealand and is a graduate of the Australian Institute of Company Directors.

Rebecca Ong

Joint Company Secretary
Appointed February 2020

Rebecca has over 15 years' experience as a lawyer in the financial services industry, and prior to joining the Group was Regional Counsel at UBS, advising its Asset Management business across Asia Pacific. Rebecca holds a Bachelor of Commerce (Finance)/Bachelor of Laws from the University of New South Wales.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year:

	Board meeting		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Jeffrey Browne	5	6	7	8	4	4
Andrew Pridham	6	6	#	#	#	#
Alexandra Goodfellow	5	6	7	8	4	4
Simon Kelly	6	6	8	8	#	#
Nikki Warburton	6	6	#	#	#	#
Kenneth Moelis	2	6	#	#	#	#
Kate Pilcher Ciafone	6	6	#	#	4	4
Julian Biggins	6	6	#	#	#	#
Christopher Wyke	6	6	#	#	#	#

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office during the year.
# = Not a member of committee

Directors' report (continued)

For the year ended 31 December 2023

Principal activities

The Group is a global alternative asset manager specialising in private credit, real estate and hospitality. The Group lends to property, corporate and specialty finance sectors and provides corporate advice. During the year, the Group expanded its Asset Management segment by acquiring Blue Elephant Capital Management LLC, Blue Elephant Partner LLC and Blue Elephant Financing LLC (collectively Blue Elephant), a SEC-regulated specialty credit asset manager based in New York.

In the opinion of the Directors, there were no other significant changes to the principal activities of the Group during the financial year under review that are not otherwise disclosed in this report.

Results

The Financial Report and results for the years ended 31 December 2023 and 31 December 2022 have been prepared in accordance with Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). Total comprehensive income attributable to ordinary equity holders of the Group for the year ended 31 December 2023 was $19.0 million (2022: $45.8 million) and the profit after tax to ordinary equity holders of the Group for the year ended 31 December 2023 was $28.5 million (2022: $44.9 million).

Dividends

Subsequent to the year ended 31 December 2023, the Directors have resolved to pay a final dividend of 14 cents per share, fully franked, for the year ended 31 December 2023. The dividend is payable on 20 March 2024.

On 20 September 2023, the Company paid an interim dividend of $10.6 million (6.0 cents per share), fully franked, for the financial year ended 31 December 2023.

On 22 March 2023, the Company paid a final dividend of $24.3 million (14.0 cents per share), fully franked, for the financial year ended 31 December 2022.

State of affairs

There were no other significant changes in the state of affairs of the Group that occurred during the financial year under review that are not otherwise disclosed in this report.

Operating and Financial Review

Please refer to the Year in review section of this Annual Report for the following in respect of the Group:

- a review of operations during the year and the results of those operations;
- likely developments in the operations in future financial years and the expected results of those operations;
- comments on the financial position;
- comments on business strategies and prospects for future financial years; and
- summary of material risks the Group faces in achieving its financial objectives, such as cyber risk, regulatory change, investment risk, volatility in levels of business activity, treasury risk and debt management and operational risk.

Non-IFRS Underlying Results

The Group also utilises non-IFRS "Underlying" financial information in its assessment and presentation of the Group's performance. In particular, the Group references Underlying revenue, Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Underlying Earnings Per Share (EPS), Underlying Net Profit After Tax (NPAT), and Underlying Return on Equity (ROE).

Underlying EBITDA and Underlying NPAT achieved for the year ended 31 December 2023 was $81.6 million (2022: $106.7 million) and $41.6 million (2022: $61.4 million) respectively.

The Directors place great importance and value on the IFRS measures. As such, the Directors believe that, when read in conjunction with the IFRS measures, the Underlying measures are useful to the reader as:

- The Underlying measures reveal the underlying run rate business economics of the Group;
- The Underlying measures are used by management to allocate resources and make financial, strategic and operating decisions. Further, all budgeting and forecasting is based on Underlying measures. This provides insight into management decision making; and
- Unless otherwise disclosed, the Underlying adjustments have been consistently applied in all reporting periods, regardless of their impact on the Underlying result.

Directors' report (continued)

For the year ended 31 December 2023

The Underlying financial information is not prepared in accordance with Australian Accounting Standards and IFRS and is not audited. Adjustments to the IFRS information align with the principles by which the Group views and manages itself internally and consist of both differences in classification and differences in measurement.

Differences in classification arise because the Group chooses to classify some IFRS measures in a different manner to that prescribed by IFRS.

Differences in measurement principally arise where the Group prefers to use non-IFRS measures to better:

- Align with when management has greater certainty of timing of cash flows;
- Regulate the variability in the value of key strategic assets; and
- Normalise for the impacts of one-off transaction costs.

Please refer to note 3 in the Financial Report for a detailed reconciliation between the IFRS and Underlying measures.

Likely developments

The Group continues to pursue its strategy of focusing on its core operations. In particular, the Group will continue to market its managed funds and launch new managed funds with the aim of growing assets under management.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental regulation

Please refer to the Sustainability Report for details of the Group's Environmental, Social, and Governance (ESG) framework. The Group has policies and procedures in place, to identify obligations and notify material breaches, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Directors have determined that there has not been any material breach of these obligations during the financial year.

Non-audit services

The Group Audit and Risk Committee has reviewed the details of the amounts paid or payable for non-audit services provided to the Group during the year ended 31 December 2023 by the Company's auditor, KPMG.

The Directors are satisfied that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Directors are of the opinion that the services as disclosed in note 38 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- all non-audit services were reviewed and approved in accordance with the Auditor Independence Policy, which outlines the approval process that must occur for non-audit services.
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Indemnification and insurance of Directors', officers and auditors

During the year, the Group paid a premium in respect of a contract insuring the Directors and officers of the Group against liabilities and legal expenses incurred as a result of carrying out their duties as a Director or officer. The Directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of this insurance, as such disclosure is prohibited under the terms of the contract.

The Group has agreed to indemnify all current and former Directors, company secretaries and certain officers of the Group and its controlled entities against all liabilities to persons (other than the Group or a related body corporate) which arise out of the performance of their normal duties as a Director, company secretary or officer to the extent permitted by law and unless the liability relates to conduct involving wilful misconduct, bad faith or conduct known to be in breach of law. This indemnity extends in the same fashion to individuals who serve at the specific direction or request of the Group in an equivalent position in certain investment portfolio vehicles.

Directors' report (continued)

For the year ended 31 December 2023

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied to the Court under s.237 of the Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding

The amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated, under the option available to the Group under *Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191*.

Auditor's independence declaration

The auditor's independence declaration is included at the end of this report and forms part of the Directors' Report for the financial year ended 31 December 2023.

Authorisation

Signed in accordance with a resolution of the Directors of MA Financial Group Limited:

Jeffrey Browne
Independent Chair and Non-Executive Director

Sydney
22 February 2024

Julian Biggins
Director and Joint Chief Executive Officer

Sydney
22 February 2024

Letter from the Chair of the Nomination and Remuneration Committee

Dear Shareholders,

As Chair of the Nomination and Remuneration Committee, I am pleased to present the Remuneration report for the year ended 31 December 2023.

Each year, the Board reviews the Group's executive remuneration practices to ensure they remain appropriately aligned to our short-term and long-term strategic objectives and are appropriate in the context of the wider market. We are focused on ensuring that MA Financial attracts, retains and motivates high calibre executives who can be effective in balancing growth and risk management.

Remuneration Philosophy and Framework

Our remuneration philosophy remains consistent with prior years, aiming to fairly reward and retain the people who drive our achievement of our long-term objectives. The remuneration structure has been designed to include significant deferred and share based components which vest progressively over five years. The framework and the choice of LTI instrument (Loan Funded Shares) are intentional in seeking incentivising sustainable long-term growth and business building.

As part of its periodic review of the remuneration structure and in response to stakeholder feedback, the Board has amended the LTI terms. The LTI Performance Period has changed from five years to four years and now the grant of the LTI aligns more closely with the start of the Performance Period. Previously, the Performance Period began approximately 15 months before the LTI equity grant, creating a misalignment between the performance measure and the associated share price appreciation. Four years continues to be at the longer end of peer comparable terms for LTI and meets the Board's objectives of Executive incentivisation to deliver sustained long-term growth. The Performance Condition which applies is unchanged. More detail is set out in section 2.3.

Remuneration Outcomes

FY23 was another year of investment and growth at MA Financial and has delivered strong earnings quality with growth in recurring revenues. Following the FY22 result, which included significant one-off performance fees, it was pleasing to see that in FY23 recurring revenue increased by 23% and Asset Management delivered record gross funds inflows (up 27% on FY22). In FY23 significant investment in future growth occurred through the MA Money investment, Singapore office opening, launch of new asset management products, acquisition of Blue Elephant and the investment in Middle. With challenged market conditions, not all parts of the business enjoyed equal growth. Corporate Advisory & Equities experienced a softer M&A market and subdued client demand for capital raisings.

Having set challenging targets for FY23, the EPS and ROE objectives applicable to STI have not been met which is reflected in the STI award. Whilst several of the factors impacting the result were macro and market condition related and therefore outside of the management team's control, it was pleasing to see the efforts taken to respond to market conditions and actively manage the cost base.

Where the corporate objectives have not been met, the Board determines an appropriate award for that KPI measure between 0–100%. In determining an award for FY23 Corporate objectives, the Board had regard to the degree of stretch in the target which was set, the quality and composition of revenue growth and of the earnings delivered, the impact of strategic and long-term investments on the reported result, the effectiveness of cost and operational initiatives management implemented, the wider economic context within which the result was delivered and performance against market consensus. On this assessment, the Board determined to award 40% of each of the Corporate Objectives. This represents an award to the Joint CEOs which is 69% of the FY22 STI award.

The Group is making significant investment (as set out above) and has set clear medium term targets which reflect the benefit of these investments being realised in the medium term. The Group is looking to deliver sustained growth and the Board continues to exercise judgement in balancing STI and LTI awards in aligning Executives to delivering long-term value creation.

Letter from the Chair of the Nomination and Remuneration Committee (continued)

Director Remuneration

As indicated in our FY22 Remuneration report, in late FY22 we reviewed the appropriateness of Director remuneration and determined that whilst Chair and Director base fees were appropriate, the Board committee Chair remuneration for each subcommittee would be increased by $25,000 per annum, reflecting the increased work load carried out at the committee level. This is detailed in section 7 of the Remuneration report.

People and Culture

MA Financial's vision is to be co-creators of long-term value for our clients and for the benefit of shareholders. A combination of insight, attitude and integrity, together with clarity of purpose and a focus on what matters is MA Financial's unique culture formula. The MA Financial team is highly regarded and driven to succeed. Our responsibility to all employees is to maintain a great culture and nurture the right balance of opportunity, talent development and competitive compensation, to help each person thrive.

Concluding Remarks

On behalf of our Board, we thank our shareholders for your investment in MA Financial. We also wish to acknowledge the continued innovation and contribution of all our employees.

The Board continues to place a high priority on having meaningful dialogue with our shareholders and other stakeholders regarding our remuneration practices to understand their perspectives and ensure we remain abreast of local and global market best practices.

Alexandra Goodfellow

Chair of the Nomination and Remuneration Committee

Remuneration report

For the year ended 31 December 2023

1. Remuneration report overview

The Directors of MA Financial are pleased to present the Remuneration report (Report) for the Group for the year ended 31 December 2023. The Report forms part of the Directors' Report and has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (the Act).

The Report details the remuneration arrangements for the Group's key management personnel (KMP) including:

- the Non-Executive Directors (NEDs)
- the Chief Executive Officers (Joint CEOs) and senior executives (collectively the Executive).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of the Group.

The table below outlines the KMP of the Group and their movements during the year ended 31 December 2023 (FY23).

Name	Position	Term as KMP
Non-Executive KMP		
Jeffrey Browne	Independent Non-Executive Chair	Full financial year
Alexandra Goodfellow	Independent Non-Executive Director	Full financial year
Simon Kelly	Independent Non-Executive Director	Full financial year
Nikki Warburton	Independent Non-Executive Director	Full financial year
Kenneth Moelis	Non-Executive Director	Full financial year
Kate Pilcher Ciafone	Non-Executive Director	Full financial year
Executive KMP		
Julian Biggins	Executive Director and Joint CEO	Full financial year
Christopher Wyke	Executive Director and Joint CEO	Full financial year
Andrew Pridham	Group Vice Chair	Full financial year
Janna Robertson	Chief Operating Officer	Full financial year
Graham Lello	Chief Financial Officer	Resigned 6 March 2023
Giles Boddy	Chief Financial Officer	Appointed 6 March 2023

Remuneration report (continued)

For the year ended 31 December 2023

2. How remuneration is governed

2.1 Joint CEO Structure

MA Financial established a Joint CEO structure in March 2020 following the appointments of Julian Biggins and Christopher Wyke as Joint CEOs.

The Board considers the Joint CEO structure to be appropriate for MA Financial in this current phase of its growth due to the following:

- Christopher Wyke and Julian Biggins are founding members of the Group. The Group operates a breadth of businesses across three divisions (Asset Management, Lending & Technology, Corporate Advisory & Equities), has operations across Australia, Singapore, USA, China and Hong Kong, over 600 employees, and has $9.2 billion of assets under management. We are an active manager of alternative assets. Our investment expertise spans Real Estate, Private Credit, Equities and Private Equity investments including Venture Capital
- Each CEO brings specific skills and capabilities to allow them to focus on managing and growing different parts of our diversified businesses, which we believe facilitate stronger and more sustainable growth
- Julian is responsible for the Group's finance, investor relations and communications functions, and leading the strategy and scaling of all our Real Estate investment activities and operating businesses associated with real estate. He also leads our Equities and Capital Markets capabilities
- Christopher has responsibility for our Advisory, Lending & Technology and Credit investing activities. He also takes responsibility for our risk, legal and compliance functions
- The Joint CEOs share equal responsibility for Asset Management and distribution capability and the Group's culture, people and strategy, including acquisitions
- Together, the Joint CEOs are also jointly responsible for determining and driving the growth ambition of the Group.

The Board is responsible for periodically assessing the appropriateness of the Joint CEO structure to ensure its effectiveness by assessing the joint performance of the CEOs in delivering strong shareholder outcomes.

2.2 Remuneration decision-making

The Board established the Nomination and Remuneration Committee (the Committee), which operates under the delegated authority of the Board. The Committee has primary carriage of the Group's remuneration strategy, framework and principles.

The Board, Committee and the Executive work together to apply the remuneration governance framework. The remuneration governance framework is designed to support our purpose, principles, strategy, and long-term approach to creating sustainable value for our shareholders, clients and the community.

The members of the Committee are listed below. Members were in office for the entire year, unless otherwise stated.

- Alexandra Goodfellow – Independent Non-Executive Committee Chair
- Jeffrey Browne – Independent Non-Executive Committee Member
- Kate Pilcher Ciafone – Non-Independent Non-Executive Committee Member.

Compensation practices were restructured in FY21. The approach was refined in FY22 and in response to stakeholder feedback, we have made further refinements to short-term incentives (STI) and long-term incentives (LTI) in FY23 to ensure remuneration policies and practices remain appropriate and competitive.

The Committee has oversight of remuneration practices and, where required, will access specialist external advice about remuneration structure and levels and is utilised periodically to support the remuneration decision-making process.

The Committee Charter can be found on the Corporate Governance page of the Group's website at www.mafinancial.com.

2.3 Remuneration principles and links to business strategy and performance

The Board recognises the important role people play in achieving the Group's long-term objectives and as a key source of competitive advantage. To grow and be successful, the Group must be able to attract, develop, motivate and retain the highest calibre individuals.

The Group's purpose is to deliver sustainable, long-term value to our clients. The key objectives underpinning our purpose are embedded in the Group's remuneration principles, as summarised in the following diagram.

Remuneration report (continued)

For the year ended 31 December 2023

The Board exercises significant oversight and judgement to ensure the appropriate alignment of employees, shareholders and client outcomes. In setting remuneration, the Board seeks to strike a balance between having a transparent, aligned and structured remuneration framework, whilst retaining some discretion and flexibility to alter remuneration arrangements to deliver fair outcomes.

As the Executives of the Group continue to build and scale the business, we seek to strike a balance between investing in the future and appropriate reward for the progress achieved to date. The Board recognises the need for a human judgement overlay in determining remuneration outcomes as rigid formulaic approaches can deliver unintended outcomes.

OUR CORE BELIEFS

- Our purpose is to create sustainable, long-term value for clients
- We believe in unlimited potential. It is an unwavering belief in the potential of our people and our clients
- Our four drivers motivate our decisions and actions:
  - Character Matters
  - Better Way
  - Edge has a formula
  - Co-creators of value
- We believe that to consistently deliver, we must be active and expert managers of risk

REMUNERATION PRINCIPLES

Enable the Group to attract, retain and motivate a high performing Executive cohort	Align Executives to deliver both short and long-term results and sustainable value creation	Alignment to shareholder objectives through an 'owner's mentality'	Reinforce active risk management and the upholding of the Group's values	Encourage and drive growth by linking pay and performance and rewarding outperformance

EXECUTIVE KMP REMUNERATION FRAMEWORK

	Fixed Annual Remuneration (FAR)	At-risk	
		Short-term Incentive	Long-term Incentive
Purpose	Set at a comparatively low level relative to industry and a smaller proportion of the total remuneration mix.	Rewards for achieving annual objectives that drives execution of our strategy and creates sustainable shareholder wealth, in a manner consistent with our values, drivers and risk culture.	Rewards for creating sustainable long-term shareholder value and reinforcing an ownership mindset.
Structure	Base salary, compulsory superannuation and non-monetary benefits.	• 65% paid as cash • 35% deferred into shares, as follows: – One third for 1 year – One third for 2 years – One third for 3 years.	Annual grant of loan funded shares funded by an interest-free limited recourse loan, with vesting subject to a 4-year performance period.
Approach	Reviewed periodically considering various factors including our remuneration policy, role responsibility and complexity, market conditions and relevant external remuneration benchmarks.	**Quantum:** • Target opportunity range of 275%– 325% of FAR for Joint CEOs • Maximum opportunity of 325% of FAR for Joint CEOs • No maximum opportunity for other KMP who may earn above target range, based on Board discretion. **Performance Assessment:** • 50% Corporate objectives (Underlying EPS and ROE) • 50% Personal objectives (role-specific).	**Quantum:** • Target opportunity range of 125%– 175% of FAR for Joint CEOs • No maximum opportunity for any KMP (including Joint CEOs) who may earn above target range for outperformance, based on Board discretion. **Performance Assessment:** • Compound Annual Growth Rate (CAGR) EPS growth on a sliding scale

Remuneration report (continued)

For the year ended 31 December 2023

To ensure that the remuneration framework remains fit-for-purpose as the Group continues to grow, the Board has continued to refine and enhance the remuneration framework during FY23.

After a review which included consultation with stakeholders, the Board has made certain amendments to the remuneration structure introduced in for FY21. The enhancements made relate to LTI are as follows:

- The commencement of the Performance Period has been aligned more closely with the grant of the LTI instrument (previously, the Performance Period began approximately 15 months before the LTI equity grant, creating a mis-alignment between the performance measure and the associated share price)
- As a consequence of the change, the LTI Performance Period is now four years (previously five years), which continues to be at the longer end of peer comparables and meets the objectives of Executives being incentivised to deliver sustained long-term growth
- The performance condition which applies is unchanged.

The nature of the changes to LTI mean that there is no interruption to the Executives receiving an annual award of LTI.

The elements of the Executive remuneration framework are summarised in the diagram below and detailed in the subsequent sections.

Type	Structure	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fixed Annual Remuneration (FAR)	Base salary, compulsory superannuation and non-monetary benefits	Paid monthly					
Short-term Incentive (at risk) (STI)	At risk, with 65% paid as cash, with 35% deferred into shares vesting over 3 years		(March)	Share component deferred with one third in Year 3, one third in Year 4 and one third in Year 5			
Long-term Incentive (at risk) (LTI)	At risk, with annual grant of loan funded shares funded by an interest-free, limited recourse loan (subject to a 4-year vesting period)	Opportunity range is set as a % of base salary	Subject to a 4-year performance period measured against Underlying EPS CAGR between 7.5% and 12% per annum				

Legends: Cash payment Equity/Instrument grant Share vesting

The above diagram illustrates the phasing of remuneration opportunity. The remuneration structure has been designed to include significant deferred and share based components. This, combined with the LTI instrument (which awards for dividends and share price growth only) aligns the Executive to deliver shareholder outcomes and encourages measured and responsible business building and growth.

Remuneration report (continued)

For the year ended 31 December 2023

This is illustrated further in the following tables that highlight total remuneration deferral over a five year period. The cumulative award shows the opportunity phasing from 22% in year 1 to 100% in year 5, with a material LTI weighting.

Timing of FAR, STI and LTI over 5 years

	Y1	Y2	Y3	Y4	Y5
Fixed Annual Remuneration	100%	-	-	-	-
Short-term Incentive	-	65%	12%	12%	11%
Long-term Incentive	-	-	-	-	100%

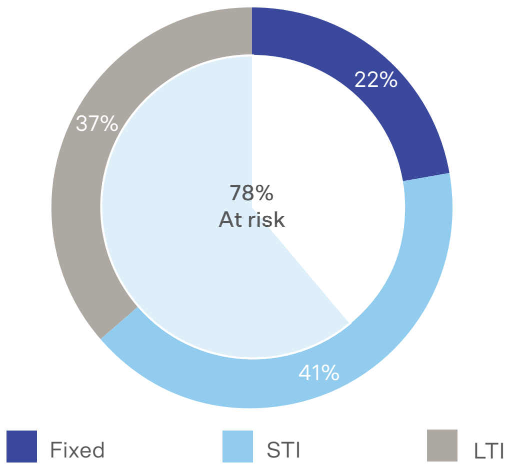
Timing of FY23 remuneration opportunity[1]

	FY22	FY23	FY24	FY25	FY26
Total	22%	26%	5%	5%	42%
Cumulative Total	22%	59%	53%	58%	100%

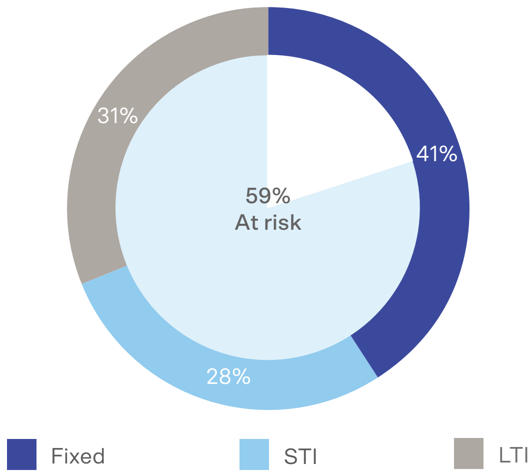
1. Based on FY23 Joint CEO remuneration award

Remuneration mix

JOINT CEOs



KMP



The graph above shows the remuneration mix for the Joint CEOs and KMP based on the remuneration outcomes for FY23 as set out in Table 3, 5 and 8. The remuneration mix shows graphically the Board's focus on maintaining higher at risk components of remuneration, with 59–78% of KMP remuneration opportunity at risk. The approach to each of the components is described below in sections 3.1 to 3.3.

Remuneration report (continued)

For the year ended 31 December 2023

3. Executive remuneration policy and practices

3.1 Fixed Annual Remuneration (FAR)

FAR consists of base salary, compulsory superannuation and non-monetary benefits. FAR levels for the Executive are reviewed periodically by the Committee on behalf of the Board taking into consideration several factors including:

- the scope and complexity of the role, including role accountabilities
- the criticality of the role to successful execution of the business strategy
- skills and experience of the individual
- period of service
- scarcity of talent
- market pay levels for comparable roles.

MA Financial has and will continue to position FAR at relatively low levels compared with total compensation and intends to review FAR based on the Group achieving growth milestones, rather than on an annual basis. We believe that higher at-risk remuneration supports our philosophy of rewarding for long-term performance.

There were no increases to FAR applied to KMP in FY23.

3.2 Short-term Incentive (STI) plan

What is the objective of the STI plan?	The purpose of the STI plan is to recognise the Executive for achieving a combination of Board-approved Corporate and Personal objectives that support the execution of the Group's strategy and create sustainable shareholder value, in a manner consistent with organisational values and risk culture.
How is it paid?	STI awards for the Executive are paid part in cash (65%) with a portion deferred in shares (35%) according to the extent of achievement of the applicable performance measures.
What is the Performance Period?	STI awards are assessed over a 12-month Performance Period aligned with the Group's financial year (1 January 2023 to 31 December 2023).
How much can the Executive earn?	In FY23, the Joint CEOs had a target STI opportunity of $1,800,000 and a maximum opportunity of $1,950,000. The Vice Chair has no target attached to his KPIs, as certain KPIs (e.g. revenue generation) are not subject to an upper limit. STI award outcomes depend on the extent of achievement of the applicable performance measure.
How is performance assessed and what are the performance measures?	Performance measures include Corporate and Personal objectives (50% each) that align with the Group's strategy and core values. The Board, with the assistance of the Committee, sets and assesses the measures applicable to the Joint CEOs. The outcome of the assessment determines the STI amount payable to the Joint CEOs. The Joint CEOs set and assess the individual measures applicable to the KMP. The Committee reviews the outcome of the assessment. The Corporate objectives applicable to the Joint CEOs for FY23, their weightings and link to strategy are listed below.

Corporate objective	Weighting (% of STI)	Rationale why chosen and link to strategy
Underlying EPS	25%	To incentivise profitability growth as a key driver of sustainable shareholder returns
ROE	25%	Delivering long-term competitive investment returns for our investors is core to our offering
	50%	

Remuneration report (continued)

For the year ended 31 December 2023

	The remaining 50% of the STI opportunity relates to performance against Personal objectives that are specific to the role and responsibilities of the Executive in the areas they control and influence. Personal objectives are ultimately linked to the overall strategy and success measures of the Group. Refer to section 4.2 for further detail of the Corporate and Personal objectives of the Joint CEOs for FY23, including commentary on performance assessment and outcomes.
Is there a deferral mechanism and why?	Yes. 35% of any STI award is deferred into ordinary shares in the Company. The shares vest in equal thirds on the first, second and third anniversaries of the grant date, respectively, subject to the recipient's continued employment. The number of shares to be allocated is equal to 35% of the STI award divided by the face value of Company shares, calculated as the 5 day volume-weighted average price (VWAP) up to and including 7 March 2024. The deferral mechanism ensures that the impact of decisions and performance in any one year are sustained over the medium–long-term, acts as a retention mechanism, and provides the Board an opportunity to reinforce accountability through remuneration reductions if necessary.
What happens to STI awards when an Executive ceases employment?	Unless the Board determines otherwise or the Executive is a Good Leaver (see below), if the Executive ceases to be an employee of the Group during the deferral period, their deferred STI will be forfeited. Subject to the Board's discretion to determine otherwise and any applicable laws, an Executive who is a Good Leaver will be entitled to retain a pro rata portion of their deferred STI based on the proportion of the deferral period that has elapsed as at the date on which employment ceases. Any retained deferred STI will continue to be held subject to the rules governing the grant of the deferred STI component and will remain subject to restriction until the end of the relevant deferral period. The balance of the deferred STI will be forfeited. Good Leaver means a participant who ceases employment due to retirement (with agreement of the Board), resignation (with agreement of the Board), ill-health, total and permanent disablement, redundancy, or death, or the sale by the Company of the business in which the participant is employed such that it is no longer a member of the Group, as determined by the Board, or such other circumstances as the Board may at any time determine.
How are dividends treated during the deferral period?	Dividends will be paid to holders of the shares during the deferral period.
Is there a malus/ clawback provision?	Yes. Where, in the opinion of the Board, a participant has acted fraudulently, dishonestly, made a material misstatement, has engaged in serious misconduct, gross negligence, is responsible for material financial losses, has contributed to material reputational damage, is in material breach of duties, has commenced employment with a direct competitor of the Company, the Board may, deem all or some of any deferred STI to have been forfeited, adjust conditions applicable to the STI, or adjust the participant's incentive entitlements in respect of any future year.
Why does the Board consider Board discretion to be appropriate?	At all times, the Board may exercise discretion on STI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect true performance and overall contributions of the Executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders.

Remuneration report (continued)

For the year ended 31 December 2023

3.3 Long-term Incentive (LTI) plan

As discussed in section 2.3 above, we have restructured the LTI to align the Performance Period with the issuance date and as a consequence the Performance Period reduces from 5 to 4 years. The period between the issuance date and time of vesting remains the same as prior grants, as are the performance conditions.

The below describes the LTI award which will be issued in March 2024.

Why does the Board consider a LTI plan is appropriate?	The key objectives of the LTI plan is to: • Align Executive remuneration with the creation of sustainable long-term shareholder value • Reward Executives for share price appreciation and earnings performance over a four-year performance period • Attract and retain key Executives • Encourage an 'owner's mentality' • Provide competitive remuneration aligned with general market practice of ASX-listed entities.
Who is eligible?	The Executive and other senior executives.
How is the award delivered?	The LTI award is in the form of Loan Funded Shares. A Loan Funded Share is a share whose acquisition has been fully or partly funded by a limited recourse loan from the Company. The loan is provided for the sole purpose of participants acquiring shares in the Company. Loan Funded Shares granted to eligible participants under the LTI plan carry the same rights and entitlements as other shares on issue, including voting and dividends. The loan is 'interest free' in that there is no annual interest charge to the participant on the loan. However, the notional value of this interest is taken into account in the overall structure of the programme. The Loan Funded Shares are subject to risk of forfeiture during the vesting/Performance Periods and while the loan remains outstanding.
How often are awards made?	LTI awards are granted on an annual basis to eligible participants. The grant date is in March each year. The Board has absolute discretion to determine the frequency and timing of grants under the LTI plan.
How much can the Executive earn?	The CEO LTI award opportunity has been determined at 167% of fixed remuneration (the maximum award is 175%).
What is the quantum of the award and what allocation methodology is used?	The number of Loan Funded Shares granted to an Executive is determined by dividing the Executive's LTI opportunity by the fair value of the Company's shares. The fair value is calculated as the 5-day VWAP of Company shares up to and including the grant date, multiplied by the binomial pricing model valuation factor. The model inputs for Loan Funded Shares granted during the year included: • Share price at grant • Binomial factor of 30% • LTI award
What is the performance period?	4-year performance period of 1 January 2024 to 31 December 2027.
What are the performance conditions?	Of the total number of Loan Funded Shares granted to an Executive, 100% will be subject to a Performance Condition: the performance condition for the LTI award is based on a CAGR of Underlying EPS. The award is on a sliding scale of 50%–100% award with CAGR Underlying EPS growth of 7.5% to 12%.

Remuneration report (continued)

For the year ended 31 December 2023

Why were the performance conditions selected?

The performance conditions were selected by the Board in consideration of the Group's strategic objectives. Specifically:

- Use of Underlying EPS aligns the Executive to drive profitable growth objectives. Underlying EPS growth aligns the Executive to the strategic objectives to build MA Financial as a diversified financial services group in a manner which is measured and can be sustained. This determines the size of the LTI award
- Use of the Loan Funded Share instrument aligns the Executive to growth in the share price, because the share price appreciation from issue to vest determines the value of the LTI award
- Use of a sliding scale protects against a binary LTI award outcome; and
- The LTI is 100% subject to a performance hurdle, with vesting after 4 years.

The Board will review the performance conditions annually to determine the appropriate hurdles based on the Group's strategy and prevailing market practice and conditions.

What is Underlying CAGR and how is it measured?

The definition of average growth in Underlying CAGR is set out as follows:

$$\text{Compound Annual Growth Rate (CAGR) \%} = \left(\frac{27EPS}{23EPS}\right)^{\left(\frac{1}{N}\right)} - 1$$

Where:
23EPS = Underlying EPS as at 31/12/23
27EPS = Underlying EPS as at 31/12/27
N = number of years (being 4 years in the plan)

The level of vesting of this component will be determined according to the following schedule:

Underlying CAGR (per annum)	Percentage of Loan Funded Shares that vest
Less than 7.5%	Nil
7.5% to 12%	Pro rata between 50% and 100% vest
Greater than or equal to 12%	100% vest

What are the restrictions applying to Loan Funded Shares?

Loan Funded Shares may not be transferred, encumbered, disposed of or otherwise dealt with while they remain subject to the above performance conditions, unless permitted by the LTI plan rules or determined by the Board.

Once Loan Funded Shares vest, subject to the Company's Trading Policy and applicable law, the Executive will generally be able to sell them subject to repaying the loan applicable to those shares (or making arrangements acceptable to the Board regarding repaying of the loan).

How are dividends treated during the performance period?

Any dividends paid on the shares while the shares are restricted are applied (on a notional after-tax basis) towards repaying the loan. The balance of the dividend is paid directly to the Executives to fund their tax liability on the dividends received.

Remuneration report (continued)

For the year ended 31 December 2023

What happens to Loan Funded Shares when an Executive ceases employment?	Unless the Board determines otherwise or the Executive is a Good Leaver (see below), if the Executive ceases to be an employee of the Group during the performance period, their unvested Loan Funded Shares will be forfeited. Subject to the Board's discretion to determine otherwise and any applicable laws, an Executive who is a Good Leaver will be entitled to retain a pro rata number of their unvested Loan Funded Shares based on the proportion of the performance period that has elapsed as at the date on which employment ceases. Any retained unvested LTI will continue to be held subject to LTI plan rules and relevant performance conditions, and generally the Executive will have six months to settle the loan following vesting. The balance of unvested Loan Funded Shares will be forfeited in satisfaction of the portion of the loan to which the forfeited Loan Funded Shares relate. Good Leaver means a participant who ceases employment due to retirement (with agreement of the Board), resignation (with agreement of the Board), ill-health, total and permanent disablement, redundancy, or death, or the sale by the Company of the business in which the participant is employed such that it is no longer a member of the Group, as determined by the Board, or such other circumstances as the Board may at any time determine.
What happens in the event of a change of control?	The Board has discretion to make a determination to award, partially award or adjust LTI in the event of a change of control.
Is there a malus/ clawback provision?	Yes. Where, in the opinion of the Board, a participant has acted fraudulently, dishonestly, made a material misstatement, has engaged in serious misconduct, gross negligence, is responsible for material financial losses, has contributed to material reputational damage, has breached any term of the Loan Agreement, is in material breach of duties, has commenced employment with a direct competitor of the Group, the Board may, deem all or some of any unvested Loan Funded Shares as forfeited, adjust conditions applicable to the Loan Funded Shares, or adjust the participant's incentive entitlements in respect of any future year.
Why does the Board consider Board discretion to be appropriate?	At all times, the Board may exercise discretion on vesting of LTI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders.

Remuneration report (continued)

For the year ended 31 December 2023

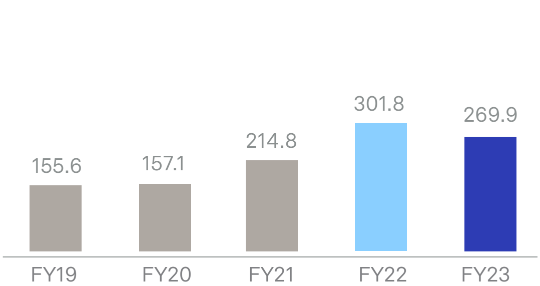
4. Executive remuneration outcomes

4.1 Company performance

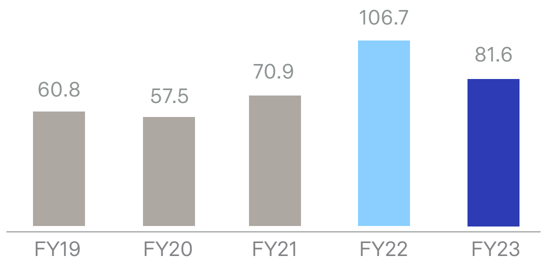
FY23 financial performance

The graphs below provide a summary of the Group's financial performance over the past five financial years (including FY23) in accordance with the requirements of the Act. As remuneration outcomes are measured with reference to Underlying and not statutory results, only the Underlying results are presented in this section 4 of the Remuneration report. A reconciliation of Underlying results to statutory results is set out in note 3 of the Financial Report.

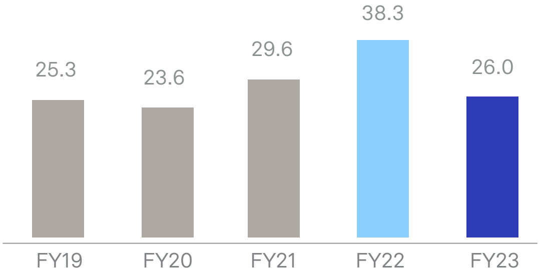
Underlying revenue ($m)



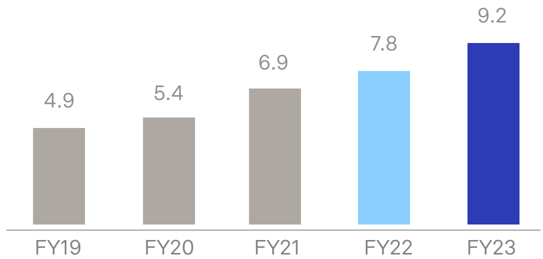
Underlying EBITDA ($m)



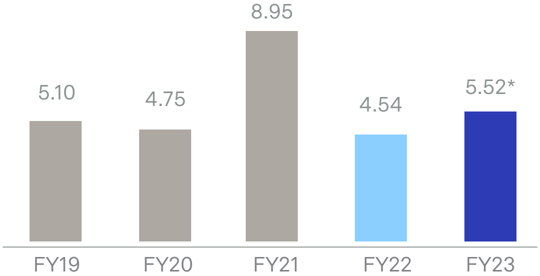
Underlying EPS (cents)



Assets under Management ($b)

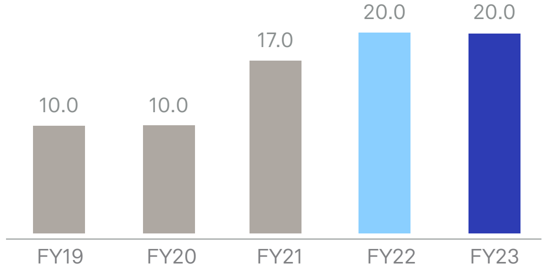


Share price ($)*



* Share price at 31 December 2023

Dividend (cents)



Remuneration report (continued)

For the year ended 31 December 2023

The Board provides the following commentary regarding the Group's Underlying financial performance for FY23.

Further commentary on performance is set out in the Year in Review section.

We note that in setting the STI targets for FY23:

- EPS and ROE targets were challenging, particularly in the context of deteriorating market conditions in some businesses; and
- A record FY22 level of performance fees was noted as unlikely to recur in FY23.

FY23 was another year of growth for the Group and in particular delivered strong earnings quality with growth in recurring revenues. We call out the following key highlights in the FY23 result:

- Recurring revenue increased by 23%, with Asset Management delivering record gross funds inflows (up 27% on FY22)
- Sound momentum in volume growth in our residential mortgage sector businesses, MA Money and Finsure
- Significant investment in future growth through the MA Money investment, Singapore office opening, launch of new asset management products, acquisition of a US private credit platform and the investment in Middle
- Resulting in Underlying EBITDA of $81.6m and Underlying EPS of 26 cps
- The impact of strategic investments on EPS was 5 cents per share
- The share price has increased 98 cents (or 22%) in FY23.

Not all parts of the business have enjoyed equal growth, with Corporate Advisory & Equities experiencing challenging market conditions and subdued client demand for capital raisings. Having set challenging Corporate objectives for FY23, without all parts of the business contributing to plan, the Corporate objectives applicable to STI have not been met and this has been reflected in the total STI award.

However, our strategy of diversification has enabled the business to continue to grow and invest where opportunities present. While the Group is making significant investment (as set out above) and has set clear medium-term targets which reflect the benefit of these investments being realised in the medium-term. The Group seeks to deliver sustained growth and continues to exercise judgement in balancing STI and LTI awards to align Executives to delivering sustainable growth which leads to long-term value creation.

Our LTI instrument provides strong alignment with our shareholders objectives (to deliver share price growth). This, combined with the significant shareholdings of our Executives provides confidence in this team's focus on future growth and delivering on the investments we have made.

4.2 STI performance and outcomes

In accordance with the methodology set out in section 3 of the Remuneration report, an assessment was undertaken of the performance of each eligible Executive against their FY23 objectives.

The FY23 STI objectives for the Joint CEOs, with commentary on achievements, are provided in Table 1. The STI award percentages and payments to Executives are presented in Table 2.

The Corporate objectives set for Underlying EPS and Underlying ROE objectives were not met. Where the Corporate objectives have not been met, the Board determines an appropriate award for that KPI measure between 0–100%. In determining an award for FY23 Corporate objectives, the Board had regard to:

- The degree of stretch in the target which was set
- The quality and composition of revenue growth and of the earnings delivered
- The impact of strategic and long-term investments on the reported result and measure
- The effectiveness of cost and operational initiatives management
- The wider economic context within which the result was delivered
- Performance against market consensus

On this assessment, the Board determined to award 40% of each of the Corporate objectives in determining STI award for FY23.

In relation to Personal objectives, KPI measures were assessed in the usual manner and the summary of outcomes is set out in Table 1 below.

Remuneration report (continued)

For the year ended 31 December 2023

Table 1 – Joint CEOs FY23 performance objectives and outcomes

Category	Measure	Commentary on performance
Corporate objectives		
Shareholder Return	Underlying EPS attributable to shareholders.	Underlying EPS of 26 cps which is below the EPS target which we set at >35 cps. Refer to section 4.2.
Investment Performance	Underlying Return on Equity (ROE) Metrics focused on maintenance of a strong and conservative balance sheet position.	Underlying ROE (adjusted for strategic investment impacts) of 11% was below the target of 15%.
Performance against Corporate objectives		**40%**
Personal objectives		
Strategic and Business Growth initiatives		
• Metrics focused on driving the Group's strategic growth initiatives • Julian Biggins has particular metrics relating to Real Estate, operating real estate and hospitality strategies • Chris Wyke has particular metrics relating to Lending and Technology and Private Credit strategies	Overall business delivered record AUM growth, made a strategic acquisition in the US and expanded distribution capability with the opening of a Singapore office. A successful brand refresh and website refresh was also delivered. Introduction of new operating real estate funds in relation to Marinas and launch of a Hotel Accommodation strategy during 2023. Reset of Hospitality strategy completed. Strong private credit investor demand and loan book growth and performance, including the strategic acquisition of Blue Elephant capital, a New York based private credit team. Significant momentum in growing the MA Money mortgage business, with strong volume growth and completion of its first $500m RMBS issuance. Above budget volume growth for Finsure, which was acquired in FY22.	
ESG related initiatives		
• Metrics relating to leading the ESG initiatives of the firm, including some delineation of responsibilities between Mr Biggins and Mr Wyke • These include risk culture related measures	ESG strategies and initiatives developed and presented to the Board. Progress achieved in the integration of ESG considerations into investment decision making. Emissions measurement and Climate Action Plan were progressed and Asset Management operations made further progress in integrating emissions measurement practices into Real Estate operations. Governance and risk framework is included in metrics relating to "G". Significant investment in cyber security initiatives to achieve improved security posture and incident response capabilities. This has included significant improvements in the effectiveness of cyber and security awareness training and culture. Progressed risk framework maturity, delivering multi year risk framework roadmap.	
Leadership, Employee and Culture initiatives		
• Metrics focusing on strong leadership of the business, assessed against employee belonging and alignment to the Group's culture and values	The refresh of values and drivers in FY23 was an important evolution in our cultural expectations and standards. These have been well received and integrated into daily practice, including hiring, onboarding and performance management. Leadership in culture and integration of new employees, including leading MA Academy lecture series and sponsorship of Emerging Leaders Academy programme. Focus on leading and sponsoring the integration of acquired businesses into MA Financial.	
Other		
• Measures relating to investor relations • Measures relating to innovation	Progress in line with Board set expectations and parameters.	
Performance against Personal objectives		**Substantially met**

Remuneration report (continued)

For the year ended 31 December 2023

5. Executive contracts

Table 2 – STI opportunity for Executive KMP in FY23

	Target STI opportunity[1]	STI award	% of target STI awarded
Julian Biggins	$1,800,000	$1,100,000	63%
Christopher Wyke	$1,800,000	$1,100,000	63%
Andrew Pridham[2]	N/A	N/A	N/A
Janna Robertson	$500,000	$350,000	70%
Giles Boddy	$500,000	$350,000	70%

1. The maximum opportunity for each Joint CEOs is $1,950,000. The Joint CEOs were awarded 56% of the maximum award. There is no maximum opportunity for other KMP.
2. Andrew Pridham requested to forego the FY23 STI and in accordance with his request, no STI in respect of FY23 has been accrued for or will be paid to him.

Table 3 – LTI awards for Executive KMP

	Target LTI opportunity (% of FAR)	LTI opportunity granted ($)	LTI awarded (% of FAR)
Julian Biggins	125–175%	$1,000,000	167%
Christopher Wyke	125–175%	$1,000,000	167%
Andrew Pridham[1]	N/A	N/A	N/A
Janna Robertson	Up to 100%	$250,000	50%
Giles Boddy	Up to 100%	$500,000	100%

1. At the request of Andrew Pridham, no LTI award will be granted to him in March 2024.

The LTI outcomes are calculated in accordance with the methodology outlined in section 3.3 of this report. Any equity granted to the Executive Directors will be presented to shareholders for approval in accordance with the requirements of the Act.

Remuneration arrangements for Executives are formalised in employment agreements or service contracts (contracts). The following table outlines the key terms of the contracts with Executives.

Table 4 – Comparison of Remuneration to prior year

Executive	STI Outcome			LTI Outcome			Awarded Total Remuneration		
	FY22	FY23	%	FY22	FY23	%	FY22	FY23	%
Julian Biggins	1,600,000	1,100,000	(31%)	850,000	1,000,000	18%	3,050,000	2,700,000	(11%)
Christopher Wyke	1,600,000	1,100,000	(31%)	850,000	1,000,000	18%	3,050,000	2,700,000	(11%)
Andrew Pridham[1]	900,000	N/A	-	500,000	N/A	-	2,000,000	600,000	(70%)
Janna Robertson	425,000	350,000	(18%)	200,000	250,000	25%	1,125,000	1,100,000	(2%)
Giles Boddy	N/A	350,000	-	N/A	500,000	-	-	1,350,000	-
Graham Lello	375,000	N/A	-	75,000	N/A	-	950,000	-	-

1. Andrew Pridham requested to forego the FY23 STI and LTI and in accordance with his request, no STI or LTI has been accrued, paid or granted to him.

Remuneration report (continued)

For the year ended 31 December 2023

Table 5 – Executive key contract provisions

Name	Term of contract	Notice period from the company[1]	Notice period from the executive	Treatment of STI and LTI on cessation
Julian Biggins	Ongoing	9 months	9 months	Refer to section 3 of the Remuneration report for the treatment of STI and LTI on cessation of employment.
Christopher Wyke	Ongoing	9 months	9 months	
Andrew Pridham	Ongoing	3 months	3 months	Refer to section 3 of the Remuneration report for the treatment of STI and LTI on cessation of employment.
Janna Robertson	Ongoing	3 months	3 months	
Giles Boddy	Ongoing	3 months	3 months	
Graham Lello[2]	Ongoing	6 months	6 months	

1. The Group may make payment in lieu of notice and must pay statutory entitlements together with superannuation benefits. No notice period or payment in lieu of notice applies if termination was due to serious misconduct.
2. Ceased being a KMP on 6 March 2023.

Termination payments

During the year, the Group paid Graham Lello termination payments to the sum of AUD 198,764 (FY22: Nil).

6. Executive remuneration tables

6.1 Executive cash value of remuneration realised in FY23

The cash value of remuneration realised by the Executive in FY23 is set out below. This information is considered to be relevant as it provides shareholders with a view of the 'take home pay' received by the Executive in FY23 and may differ from the disclosure of statutory remuneration in Table 7.

Table 6 – Executive value of remuneration in FY23

Executive	Fixed remuneration	FY23 Annual STI bonus		Fixed remuneration	Variable remuneration	
	Salary including superannuation $	Cash component $	Deferred equity[1] $	Salary including superannuation %	Cash bonus %	Deferred equity %
Julian Biggins	600,000	715,000	385,000	35%	42%	23%
Christopher Wyke	600,000	715,000	385,000	35%	42%	23%
Andrew Pridham	600,000	N/A	N/A	-	-	-
Janna Robertson	500,000	227,500	122,500	59%	27%	14%
Giles Boddy	413,010	227,500	122,500	54%	30%	16%
Graham Lello	131,323	-	-	100%	-	-

1. Amounts disclosed represent the accounting value of the award that will vest in three annual and equal instalments commencing 2025 and ending in 2027. The maximum value of the award would be the number of restricted shares at the Company's share price at the time of vesting.

Remuneration report (continued)

For the year ended 31 December 2023

6.2 Statutory executive remuneration in FY23

The below sets out the statutory executive remuneration disclosures which have been prepared in accordance with the Act and Australian Accounting Standards.

Table 7 – Statutory Executive remuneration table

		Short-term employee benefits						Long-term benefits				Equity-based benefits				
Executive		Cash salary $	Bonus (cash component)[1] $	Allowance $	Annual leave $	Non-monetary $	Total short-term benefits $	Super-annuation $	Long service leave $	Bonus (deferred cash component) $	Total long-term benefits $	Restricted shares $	Options & rights $	Total equity-based benefits $	Total remun-eration $	Performance related remun-eration %
Julian Biggins	2023	573,654	715,000	750	(89,296)	15,347	1,215,455	26,346	(4,148)	-	22,198	497,215	(131,982)	365,234	1,602,887	67%
	2022	575,570	942,500	-	23,912	12,749	1,554,731	24,430	11,928	-	36,358	606,669	506,509	1,113,178	2,704,267	78%
Christopher Wyke	2023	573,654	715,000	750	(114,916)	15,486	1,189,974	26,346	(4,079)	-	22,267	536,930	(131,982)	404,949	1,617,190	69%
	2022	575,570	1,040,000	-	37,360	13,106	1,666,036	24,430	11,922	-	36,352	664,062	451,001	1,115,063	2,817,451	77%
Andrew Pridham	2023	573,654	-	750	(95,586)	14,912	493,730	26,346	(3,931)	-	22,415	24,473	(19,869)	4,603	520,748	1%
	2022	556,820	585,000	-	64,375	14,967	1,221,162	24,430	45,851	315,000	385,281	54,829	222,222	277,051	1,883,494	66%
Janna Robertson	2023	473,654	227,500	1,170	8,499	-	710,823	26,346	1,431	-	27,777	157,103	56,172	213,275	951,875	50%
	2022	463,070	269,750	-	(1,000)	-	731,820	24,430	5,642	-	30,072	183,066	145,604	328,670	1,090,562	57%
Giles Boddy	2023	389,376	227,500	1,170	18,133	-	636,179	23,634	474	-	24,108	42,843	-	42,843	703,130	39%
	2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Graham Lello[2]	2023	237,354	-	-	1,826	82	239,262	12,646	(69,267)	-	(56,621)	145,624	193,956	339,580	522,221	83%
	2022	463,070	243,750	-	4,678	-	711,498	24,430	18,988	-	43,418	152,473	112,701	265,174	1,020,090	51%
Total	2023	2,821,346	1,885,000	4,590	(271,340)	45,827	4,485,423	141,664	(79,520)	-	62,144	1,404,188	(33,705)	1,370,484	5,918,051	
	2022	2,634,100	3,081,000	-	129,325	40,822	5,885,247	122,150	94,331	315,000	531,481	1,661,099	1,438,036	3,099,137	9,515,864	

1. The cash component of bonuses received in respect of FY23 is expected to be paid in March 2024.
2. The Board has exercised its discretion to classify Graham Lello as a Good Leaver. He has retained the entirety of his unvested restricted shares and unvested options at a pro-rata basis. The initial valuation and vesting profile remains unchanged.
   Equity-based benefits include the accelerated amortisation of the shares and options retained as at termination date.

Remuneration report (continued)

For the year ended 31 December 2023

7. Non-Executive Director remuneration

7.1 NED remuneration policy and fee structure

The Group's NED remuneration policy is designed to attract and retain suitably skilled Directors who can discharge their roles and responsibilities required in terms of good governance, oversight, independence and objectivity.

The Board seeks to attract Directors with different skills, experience, expertise and diversity.

Under the Group's Constitution and the ASX listing rules, the total annual fee pool for NEDs is determined by shareholders. The current maximum aggregate NED fee pool of $1,000,000 per annum was approved by shareholders at the 2020 AGM. Within this aggregate amount, NED fees are reviewed annually by the Committee and set by the Board.

The Committee reviews NED fees against comparable companies within the broader general industry and taking into account recommendations from independent remuneration advisors.

As indicated in the FY22 Remuneration report, the Board Committee Chair fees were reviewed in late FY22 and were effective from 1 January 2023 and have been reviewed for FY23.

The table below summarises the annual Board and committee fees payable to NEDs (inclusive of superannuation).

Table 8 – NED fee structure

	Role	FY23	FY22		Role	FY23	FY22
Board fees	Chair	280,000	280,000	Committee fees	Chair	45,000	20,000
	NED	120,000	120,000		Member	-	-

The payment of Chair committee fees recognises the additional time commitment required by NEDs who serve in those positions. The Chair of the Board does not receive additional fees for being a member of any Board committee.

NEDs do not receive share options, other performance-based incentives or retirement benefits.

7.2 Total fees paid to NEDs

Table 9 – Statutory NED remuneration

	Short-term employee benefits	
	Cash salary and fees including superannuation	
Non-Executive Director	FY23 $	FY22 $
Jeffrey Browne	280,000	280,000
Kenneth Moelis	-	-
Alexandra Goodfellow	165,000	140,000
Kate Pilcher Ciafone	-	-
Simon Kelly	165,000	140,000
Nikki Warburton	120,000	2,959
Total	**730,000**	**562,959**

Remuneration report (continued)

For the year ended 31 December 2023

8. Equity instrument reporting

8.1 Shareholding Policy

In FY22 MA Financial introduced a Minimum Shareholding policy. The policy introduced a minimum level of shareholding as follows:

- Non-Executive Directors: 100% of base Directors fees
- Executive KMP / Senior Executives: 150% of FAR (excluding superannuation)

Those subject to the policy have three years from commencement of employment with the Group to achieve the minimum holding. All Non-Executive Directors, Executive KMP and Senior Executives are in compliance with the policy.

8.2 Loan Funded Shares provided to the Executive

The following table details Loan Funded Shares that have been issued to the Executive under the LTI plan (refer to section 3).

The LTI granted for FY22 was issued in March 2023.

Table 10 – Loan Funded Shares – LTI plan

	Balance at 1 Jan 23	Granted as remuneration	Vested	Lapsed	Balance at 31 Dec 23
Julian Biggins	765,900	639,001	-	-	1,404,901
Christopher Wyke	765,900	639,001	-	-	1,404,901
Andrew Pridham	216,077	375,883	-	-	591,960
Janna Robertson	594,840	150,353	-	-	745,193
Giles Boddy	-	-	-	-	-
Graham Lello	494,840	56,382	-	(120,640)	430,582

Remuneration report (continued)

For the year ended 31 December 2023

8.3 Movements in Executive equity holdings and deferred shares

The details of equity holdings and deferred shares in the Company held by executives (including close family members and/or any entity they, or their close family members, control, jointly control or significantly influence) are set out in Table 11 below.

There have been no changes to the terms and conditions of these awards since the awards were granted. There are no amounts unpaid on any of the shares exercised and all restricted shares and rights are exercised automatically when vested.

Table 11 – Equity holdings of Executive KMP

Executive	Equity instrument[1]	Number at start of year	Granted during the period[2]	Vested	Acquired	Disposed	Number at reporting date
Julian Biggins	Ordinary shares	5,328,170	-	154,551	-	(154,551)	5,328,170
	Share rights	28,866	-	(28,866)	-	-	-
	Restricted shares	221,606	117,881	(125,685)	-	-	213,802
Christopher Wyke	Ordinary shares	5,328,170	-	161,674	-	(461,674)	5,028,170
	Share rights	29,236	-	(29,236)	-	-	-
	Restricted shares	239,316	130,076	(132,438)	-	-	236,954
Andrew Pridham	Ordinary shares	18,950,609	-	19,066	-	(1,000,000)	17,969,675
	Restricted shares	38,132	-	(19,066)	-	-	19,066
Janna Robertson	Ordinary shares	92,968	-	32,678	-	-	125,646
	Restricted shares	66,219	33,739	(32,678)	-	-	67,280
Giles Boddy	Ordinary shares	-	-	-	-	-	-
	Share rights	-	-	-	-	-	-
	Restricted shares	-	-	-	-	-	-
Graham Lello[3]	Ordinary shares	275,138	-	25,018	-	-	300,156
	Restricted shares	46,788	30,487	(25,018)	-	-	52,257

1. Ordinary share holding includes directly held shares and beneficial interests in ordinary shares as a result of holdings in the Existing Staff Trusts (as defined in the Glossary in the Additional Information section of the Annual Report).
2. Restricted shares granted as part of the FY22 short-term incentive award in March 2023.
3. Movements and balance up to and as at termination date.

Remuneration report (continued)

For the year ended 31 December 2023

8.4 Movements in Non-Executive Director equity holdings

The number of equity instruments in the Company held (directly and nominally) by Non-Executive Directors or their related parties (their close family members and/or any entity they, or their close family members, control, jointly control or significantly influence) are set out below.

Table 12 – Equity holdings of Non-Executive Directors

Executive	Equity instrument	Number at start of year	Granted during the year	Vested	Purchased	Disposed	Number at signing date
Jeffrey Browne	Ordinary shares	781,250	-	-	-	(631,250)	150,000
Kenneth Moelis	Ordinary shares	-	-	-	-	-	-
Alexandra Goodfellow	Ordinary shares	32,371	-	-	-	-	32,371
Kate Pilcher Ciafone	Ordinary shares	-	-	-	-	-	-
Simon Kelly	Ordinary shares	65,161	-	-	30,000	-	95,161
Nikki Warburton	Ordinary shares	-	-	-	10,000	-	10,000

9. Loans to KMP

There were no loans to KMP during the year. Loan balances under the limited recourse Loan Funded Share Plan represent a transaction with a KMP that is an in-substance option and not a loan to the KMP.

10. Other transactions and balances with KMP and their related parties

Transactions conducted by KMP (and their related parties) during the year with the Company and its subsidiaries, joint ventures and associates of the Group are described below.

In 2019 Mr Pridham and Mr Biggins entered into property management service arrangements with the Group on the same terms offered to third-party investors in a property managed by the Group. Total management fees payable by Mr Pridham and Mr Biggins for FY23 amounted to $51,872 and $11,598 respectively.

Auditor's independence declaration

For the year ended 31 December 2023

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

To the Directors of MA Financial Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of MA Financial Group Limited for the financial year ended 31 December 2023 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

KPMG

Shaun Kendrigan

Partner

Sydney

22 February 2024

Financial report

04

Small Caps Conference

Contents

Contents (continued)

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Note	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Fee and commission income	4	765,376	709,727
Fee and commission expense	5	(527,031)	(443,509)
Net fee and commission income		**238,345**	**266,218**
Share of net profits from associates	20	2,086	1,389
Interest income	6	145,051	58,633
Investment income	7	6,538	6,873
Other income		750	1,885
Total income		**392,770**	**334,998**
Employee expenses	8	166,174	167,047
Marketing and business development		13,776	11,454
Information, technology and data		10,731	10,144
Depreciation and amortisation	18,19,21	17,714	17,241
Finance costs	9	113,048	40,694
Credit loss allowance	15	851	1,887
Other expenses	10	26,997	25,562
Total expenses		**349,291**	**274,029**
Profit before tax		**43,479**	**60,969**
Income tax expense	11	(12,400)	(16,114)
Profit after income tax		**31,079**	**44,855**
Other comprehensive (loss)/income, net of tax			
Items that will not be subsequently reclassified to profit or loss:			
Fair value loss on investments in equity instruments designated at FVTOCI		(283)	(920)
Share of other comprehensive (loss)/income from associates		(6,300)	1,608
		(6,583)	**688**
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange movements on translation		(2,937)	211
		(2,937)	**211**
Total other comprehensive (loss)/income, net of tax		**(9,520)**	**899**
Total comprehensive income		**21,559**	**45,754**
Profit attributable to:			
Owners of the Company		28,517	44,855
Non-controlling interests		2,562	-
		31,079	**44,855**
Total comprehensive income attributable to:			
Owners of the Company		18,997	45,754
Non-controlling interests		2,562	-
		21,559	**45,754**
Earnings per share			
From continuing operations			
Basic (cents per share)	28	17.8	28.0
Diluted (cents per share)	28	17.3	26.9

The above Statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position

For the year ended 31 December 2023

	Note	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Assets			
Cash and cash equivalents	12	180,319	144,589
Receivables	13	86,416	88,483
Loans receivable	14	2,079,716	855,482
Income tax receivable	11	7,192	-
Other financial assets	17	186,939	196,312
Contract assets	16	705,285	607,232
Property, plant and equipment	18	4,263	5,973
Investments in associates and joint ventures	20	50,771	91,586
Other assets		9,601	9,086
Restricted cash		700	700
Right-of-use assets	19	65,983	61,773
Deferred tax assets	11	739	-
Intangible assets	21	54,292	56,849
Goodwill	21	141,648	128,169
Total assets		**3,573,864**	**2,246,234**
Liabilities			
Trade and other payables	22	65,089	77,805
Income tax payable	11	-	3,849
Other financial liabilities	17	102,415	116,419
Borrowings	23	2,153,496	940,089
Contract liabilities	16	661,158	571,365
Provisions	24	40,440	46,629
Lease liabilities	19	71,510	64,952
Deferred tax liabilities	11	18,596	15,539
Total liabilities		**3,112,704**	**1,836,647**
Net assets		**461,160**	**409,587**
Equity			
Contributed equity	27	278,737	275,087
Reserves	30	44,698	54,011
Retained earnings		74,101	80,489
Equity attributable to owners of the Company		**397,536**	**409,587**
Non-controlling interests	30	63,624	-
Total equity		**461,160**	**409,587**

The above Statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2023

		Attributable to the owners of the Company					
Consolidated	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 January 2022		**254,990**	**48,491**	**66,552**	**370,033**	**-**	**370,033**
Profit after income tax		-	-	44,855	44,855	-	44,855
Other comprehensive income, net of tax		-	688	-	688	-	688
Foreign currency translation	30	-	211	-	211	-	211
Total comprehensive income		**-**	**899**	**44,855**	**45,754**	**-**	**45,754**
Payment of dividends	29	-	-	(30,918)	(30,918)	-	(30,918)
Issue of ordinary shares	27	44,188	-	-	44,188	-	44,188
Shares vested under deferred shares plan		2,926	(2,926)	-	-	-	-
Share buy-back		(4,104)	-	-	(4,104)	-	(4,104)
Treasury shares		(22,782)	-	-	(22,782)	-	(22,782)
Equity transaction costs		(131)	-	-	(131)	-	(131)
Share-based payments		-	7,547	-	7,547	-	7,547
		20,097	**4,621**	**(30,918)**	**(6,200)**	**-**	**(6,200)**
Balance as at 31 December 2022		**275,087**	**54,011**	**80,489**	**409,587**	**-**	**409,587**
Balance as at 1 January 2023		**275,087**	**54,011**	**80,489**	**409,587**	**-**	**409,587**
Profit after income tax		-	-	28,517	28,517	2,562	31,079
Other comprehensive income, net of tax		-	(6,583)	-	(6,583)	-	(6,583)
Foreign currency translation	30	-	(2,937)	-	(2,937)	-	(2,937)
Total comprehensive income		**-**	**(9,520)**	**28,517**	**18,997**	**2,562**	**21,559**
Payment of dividends	29	-	-	(34,905)	(34,905)	-	(34,905)
Issue of ordinary shares	27	17,064	-	-	17,064	-	17,064
Shares vested under deferred shares plan		912	(912)	-	-	-	-
Share buy-back		(1,027)	-	-	(1,027)	-	(1,027)
Treasury shares		(13,273)	-	-	(13,273)	-	(13,273)
Equity transaction costs		(26)	-	-	(26)	-	(26)
Share-based payments		-	1,119	-	1,119	-	1,119
Movement in non-controlling interests		-	-	-	-	61,062	61,062
		3,650	**207**	**(34,905)**	**(31,048)**	**61,062**	**30,014**
Balance as at 31 December 2023		**278,737**	**44,698**	**74,101**	**397,536**	**63,624**	**461,160**

The above Statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2023

	Note	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Cash flows from operating activities			
Receipts from customers		669,558	571,103
Payments to suppliers and employees		(668,540)	(519,161)
Amounts advanced to third parties		(1,156,406)	(336,130)
Proceeds from warehouse notes and fund preferred units		1,164,217	498,768
Interest received		136,452	54,247
Interest paid		(103,736)	(35,189)
Income taxes paid		(19,361)	(21,249)
Net cash inflows from operating activities	12	**22,184**	**212,389**
Cash flows from investing activities			
Net proceeds/(payments) for the sale and acquisition of investments		15,420	(376)
Distributions received from investments		11,538	9,546
Receipts from employee loans		495	35
Net proceeds from the sale and acquisition of shares in associates		2,444	25,784
Payments to acquire subsidiaries, net of cash acquired	34	(6,496)	(146,910)
Payments to acquire property, plant and equipment and intangible assets		(4,115)	(12,866)
Net cash inflows/(outflows) from investing activities		**19,286**	**(124,787)**
Cash flows from financing activities			
Net proceeds from the issue of shares		-	22,928
Payments for treasury shares		(4,408)	(9,920)
Share buy-back		(1,027)	(4,104)
Net (payment)/proceeds from exercise of share options		(1,183)	91
Cash transferred from restricted cash accounts		-	1,800
Payments of lease liabilities		(7,090)	(5,948)
Interest on lease liabilities		(4,354)	(3,513)
Net proceeds/(payments) from borrowings		49,190	(162,098)
Dividends paid to shareholders	29	(34,905)	(30,918)
Payments to non-controlling interests		(2,562)	-
Net cash outflows from financing activities		**(6,339)**	**(191,682)**
Net increase/(decrease) in cash and cash equivalents		**40,360**	**(104,080)**
Cash and cash equivalents at the beginning of the year		144,589	247,062
Effects of exchange rate movements on cash and cash equivalents		599	1,607
Cash and cash equivalents at the end of the year	12	**180,319**	**144,589**

The above Statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2023

1 Basis of preparation and material accounting policies

MA Financial Group Limited (Company) is a listed public company limited by shares, incorporated and domiciled in Australia.

The Financial Report for MA Financial Group and its controlled entities (Group) for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 22 February 2024.

a Basis of preparation

This is a general purpose financial report which has been prepared in accordance, and complies, with *Corporations Act 2001* (Cth) (the Act), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Financial Report comprises the consolidated financial statements of the Group and accompanying notes. MA Financial Group Limited is a for-profit company for the purposes of preparing this Financial Report.

The Group has prepared the Financial Report on the basis that it will continue to operate as a going concern. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Where necessary, comparative information has been restated to conform to any changes in presentation made in this Financial Report.

Unless otherwise stated, amounts in this Financial Report are presented in Australian dollars and have been prepared on a historical cost basis, except for financial assets that are measured at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. The assets and liabilities disclosed in the Statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity. In the disclosure notes, the current/non-current split is between items expected to be settled within 12 months (current) and those expected to be settled greater than 12 months (non-current).

In accordance with the Act, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

The principal accounting policies adopted in the preparation of this Financial Report and that of the previous financial year are set out below and disclosed individually within each of the relevant notes in the Financial Report. These policies have been consistently applied to all the financial years presented and are applicable to both the Group and the Company, unless otherwise stated.

Significant accounting judgements, estimates and assumptions

The preparation of the Financial Report requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The key estimates and assumptions that have a significant risk of causing a material adjustment to the recognised amounts are disclosed individually within each of the relevant notes to the Financial Report.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

b Comparatives

Where necessary, comparative information has been restated to conform to any changes in presentation made in this Financial Report. For clearer presentation, the Group has realigned/reclassified the revenue and expense categories and reclassified foreign exchange movements on translation as an item that may be subsequently reclassified to profit or loss in the Statement of profit or loss and other comprehensive income, reallocated lending trail commission income to at a point in time in note 4 and reclassified cashflow movements in distributions from investments and amounts advanced to third parties from investing activities to operating activities in the Statement of cash flows. There has been no effect on the comparative year results, net assets or equity due to the reclassification.

c Rounding of amounts

Unless otherwise stated, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars under the option available to the Group under *ASIC Corporations Instrument 2016/191*.

Notes to the financial statements (continued)

For the year ended 31 December 2023

1 Basis of preparation and material accounting policies (continued)

d Foreign currency

Both the presentation currency and the functional currency of the Company and its controlled Australian entities are Australian dollars. A number of foreign controlled entities have a functional currency other than Australian dollars.

Transactions in foreign currency are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Australian dollars at the foreign exchange rate at the Statement of financial position date.

Non-monetary assets and liabilities that are measured at historical cost in foreign currency are translated using the exchange rate as at the date of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to the functional currency using exchange rates at the date when fair value was determined.

e Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Notes to the financial statements (continued)

For the year ended 31 December 2023

2 Application of new and revised Australian Accounting Standards

New accounting standards, amendments and interpretations that are effective in the current financial year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group's operations and mandatorily effective on or after 1 January 2023, including:

- AASB 2021–2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021–5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The new and revised Standards and Interpretations adopted during the year do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

Accounting standards and interpretations issued but not yet effective

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2022–6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*	1 January 2024	31 December 2024
AASB 2022–5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 January 2024	31 December 2024
AASB 2023–1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements*	1 January 2024	31 December 2024
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025	31 December 2025

Notes to the financial statements (continued)

For the year ended 31 December 2023

3 Segment information

AASB 8 *Operating Segments* requires the 'management approach' to disclose information about the Group's reportable segments. The financial information is reported on the same basis as used by senior management and the Board of Directors for evaluating operating segment performance and for deciding how to allocate resources to operating segments. The segment note is prepared on the same basis as the Group's non-IFRS (Underlying) financial measures. Please refer to the Directors' Report for an explanation of why the Directors believe the Underlying measures are useful.

The Board of Directors is considered to be the Chief Operating Decision Maker (CODM).

The Group is organised into the following business segments:

- Asset Management
- Lending & Technology
- Corporate Advisory & Equities (CA&E)

The Corporate Services segment represents the unallocated costs associated with the central executives and corporate support functions. Items of income and expenses within the Corporate Services segment also include the net result of managing the Group's liquidity and funding requirements.

3.1 Services from which reportable segments derive their revenues

The Asset Management segment incorporates the provision of asset management services, principal co-investment and strategic investments. During the year, the Group expanded its Asset Management segment by acquiring Blue Elephant Capital Management LLC, Blue Elephant Partner LLC and Blue Elephant Financing LLC (collectively Blue Elephant), a SEC-regulated specialty credit asset manager based in New York.

The Lending & Technology segment includes lending platforms for the provision of loan funding, residential mortgages and financial technology including mortgage aggregation services.

The Corporate Advisory & Equities segment provides corporate advice, underwriting and institutional stockbroking services.

The main items of profit or loss and other comprehensive income used by management to assess each business are Underlying revenue, Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Underlying Net Profit After Tax.

Information regarding these segments is presented in section 3.2. The accounting policies of the reportable segments are the same as the Group's reporting policies, with the exception of adjustments made to the Underlying results.

Notes to the financial statements (continued)

For the year ended 31 December 2023

3 Segment information (continued)

3.2 Segment results

Depreciation, amortisation and net interest expense are not disclosed by segment as they are not provided to the CODM and are only reported on a Group basis. Assets and liabilities are not disclosed as they are not provided to the CODM. The following is an analysis of segment performance:

	Asset Management $'000	Lending & Technology $'000	CA&E $'000	Corporate Services $'000	Total Underlying segment $'000	Adjustments[4] $'000	Statement of comprehensive income $'000
31 December 2023							
Revenue[1]	176,071	44,653	48,279	873	269,876	122,894	392,770
Staff costs	(75,754)	(23,198)	(34,284)	(20,535)	(153,771)	(12,403)	(166,174)
Non-staff costs	(18,094)	(7,401)	(7,142)	(1,903)	(34,540)	(17,815)	(52,355)
EBITDA[2]	**82,223**	**14,054**	**6,853**	**(21,565)**	**81,565**	**92,676**	**174,241**
Depreciation and amortisation	-	-	-	-	(12,954)	(4,760)	(17,714)
Interest expense[3]	-	-	-	-	(9,184)	(103,864)	(113,048)
Profit before tax	-	-	-	-	**59,427**	**(15,948)**	**43,479**
Income tax expense	-	-	-	-	(17,828)	5,428	(12,400)
Net profit after income tax	-	-	-	-	**41,599**	**(10,520)**	**31,079**
Other comprehensive income	-	-	-	-	-	(9,520)	(9,520)
Total comprehensive income	-	-	-	-	**41,599**	**(20,040)**	**21,559**
31 December 2022							
Revenue[1]	197,790	41,096	61,550	1,363	301,799	33,199	334,998
Staff costs	(74,299)	(19,428)	(39,987)	(22,323)	(156,037)	(11,010)	(167,047)
Non-staff costs	(20,014)	(6,057)	(7,581)	(5,390)	(39,042)	(10,005)	(49,047)
EBITDA[2]	**103,477**	**15,611**	**13,982**	**(26,350)**	**106,720**	**12,184**	**118,904**
Depreciation and amortisation	-	-	-	-	(11,121)	(6,120)	(17,241)
Interest expense[3]	-	-	-	-	(7,834)	(32,860)	(40,694)
Profit before tax	-	-	-	-	**87,765**	**(26,796)**	**60,969**
Income tax expense	-	-	-	-	(26,329)	10,215	(16,114)
Net profit after income tax	-	-	-	-	**61,436**	**(16,581)**	**44,855**
Other comprehensive income	-	-	-	-	-	899	899
Total comprehensive income	-	-	-	-	**61,436**	**(15,682)**	**45,754**

1. Revenue refers to total income on the Statement of profit or loss and other comprehensive income.
2. Statutory EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Underlying result.
3. Interest expense is referred to as finance costs in the Statement of profit or loss and other comprehensive income.
4. Refer to the reconciliation of the Underlying segment to statutory measures.

Notes to the financial statements (continued)

For the year ended 31 December 2023

3 Segment information (continued)

3.2 Segment results (continued)

A reconciliation of the Underlying segment measures to the statutory measures is as follows:

	Note	Revenue[1] $'000	EBITDA $'000	NPAT $'000	Comprehensive income $'000
Statutory result for the year ended 31 December 2023		**392,770**	**174,241**	**31,079**	**21,559**
Differences in measurement					
Business acquisition adjustments	(a)	-	5,544	10,964	10,964
Net loss on investments	(b)	-	-	-	2,427
Adjustments relating to associates	(c)	4,024	4,024	4,024	12,838
Software development adjustments	(d)	-	4,065	3,522	3,522
Differences in classification					
Adjustments relating to Lending Trusts[2]	(e)	(107,759)	(103,669)	(2,562)	(2,562)
Credit investments	(f)	(851)	-	-	-
Interest income	(g)	(2,640)	(2,640)	-	-
Expense allocations	(h)	(15,668)	-	-	-
Tax on adjustments		-	-	(5,428)	(7,149)
Total adjustments		**(122,894)**	**(92,676)**	**10,520**	**20,040**
Underlying results for the year ended 31 December 2023		**269,876**	**81,565**	**41,599**	**41,599**
Statutory result for the year ended 31 December 2022		**334,998**	**118,904**	**44,855**	**45,754**
Differences in measurement					
Business acquisition adjustments	(a)	-	3,716	9,836	9,836
Net (gain)/loss on investments	(b)	(149)	(149)	(149)	2,623
Adjustments relating to associates	(c)	14,773	14,773	14,773	12,569
Software development adjustments	(d)	-	3,162	3,162	3,162
Differences in classification					
Adjustments relating to Lending Trusts[2]	(e)	(33,494)	(32,183)	-	-
Credit investments	(f)	(2,255)	(353)	(353)	(353)
Interest income	(g)	(1,150)	(1,150)	-	-
Expense reallocations	(h)	(10,924)	-	-	-
Tax on adjustments		-	-	(10,688)	(12,155)
Total adjustments		**(33,199)**	**(12,184)**	**16,581**	**15,682**
Underlying results for the year ended 31 December 2022		**301,799**	**106,720**	**61,436**	**61,436**

1. Revenue refers to total income on the Statement of profit or loss and other comprehensive income.
2. Lending Trusts refers to residential mortgage-backed securitisation trusts, Specialty Lending trusts and Credit Funds in the Priority Income Fund strategies that the Group manages and consolidates, excluding amounts attributable to non-controlling interests.

Notes to the financial statements (continued)

For the year ended 31 December 2023

3 Segment information (continued)

3.2 Segment results (continued)

Differences in measurement

(a) The Underlying treatment removes one-off transaction costs related to the acquisition of subsidiaries. In addition, the Underlying treatment removes earn-out cash and share-based payments to vendors, who are now employees of the Group, that are required to be recognised under IFRS as either salary and wages or share-based payment expenses. During the year $5.5m of expenses (31 December 2022: $3.7 million) related to business acquisitions has been removed from Underlying EBITDA. Underlying NPAT also excludes the non-cash IFRS expenditure relating to the amortisation of intangible assets, recognised in a business combination, of $5.4 million (31 December 2022: $6.1 million).

(b) The Underlying treatment only recognises realised gains/losses on disposal of financial investments in Underlying revenue. The Underlying treatment does not include unrealised gains and losses on financial investments, in line with the change in approach announced during 2022. During the year, unrealised gains on financial investments of $0.5 million have been excluded from the Underlying result (31 December 2022: $2.9 million loss). The adjustment also removes the foreign currency translation loss for the Group's offshore entities of $2.9 million (31 December 2022: $0.2 million gain).

(c) The Underlying treatment records dividends and distributions receivable from associates in Underlying revenue as opposed to the IFRS treatment of recording the Group's share of accounting profit or loss of an associate. Underlying revenue also recognises the realised gains/losses on any disposal of an investment in associate.

(d) The Underlying treatment capitalises and amortises certain operational platform and software development costs that are required to be expensed per accounting standards.

Differences in classification

(e) The Underlying treatment records the net distributions received from the Lending Trusts in Underlying revenue. As such interest and other expenses are reclassified to interest income to reflect this net position.

(f) The Underlying expected credit loss (ECL) expenses are reclassified from Statutory expense to Underlying revenue to be consistent with how management view the movement in the value of investments.

(g) Interest income on cash and bank balances of $2.6 million (31 December 2022: $1.2 million) is reclassified to Underlying interest expense.

(h) The Underlying adjustment reclassifies revenue against those expenses that have been recovered to reflect the net nil impact to the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2023

3 Segment information (continued)

3.3 Revenue for major products and services

The table below represents a disaggregation of fee and commission income by operating segment:

	Operating segment	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Fee and commission income			
Management fees	Asset Management	98,187	85,155
Distribution fees	Asset Management	6,415	5,988
Transaction fees	Asset Management	42,445	34,466
Performance fees	Asset Management	10,806	56,132
Expense recoveries	Asset Management	12,051	8,745
Upfront commission income	Lending & Technology	262,029	198,072
Trail commission income	Lending & Technology	264,433	236,028
Service fees	Lending & Technology	19,715	14,970
Corporate advisory services	CA&E	43,236	64,462
Equity services	CA&E	6,059	5,709
Total fee and commission income		**765,376**	**709,727**

3.4 Geographical information

The Group primarily operates in Australia.

3.5 Information about major customers

No single customer contributed 10% or more to Group revenue in 2023 (2022: None).

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
4 Fee and commission income		
Timing of revenue recognition		
At a point in time		
Success fees	37,284	58,480
Upfront commission income	262,029	198,072
Trail commission income	261,213	234,145
Other commission income	3,220	1,883
Expense recoveries	12,173	8,975
Commission and brokerage income	6,059	5,709
Facilitation and transaction fees	42,445	34,466
Total revenue earned at a point in time	**624,423**	**541,730**
Over time		
Retainer fees	5,830	5,752
Service fees	19,715	14,970
Performance fees	10,806	56,132
Distribution fees	6,415	5,988
Management fees	98,187	85,155
Total revenue earned over time	**140,953**	**167,997**
Total fee and commission income	**765,376**	**709,727**
Fee and commission income by segment		
At a point in time		
Asset Management	54,496	43,212
Lending & Technology	526,462	434,100
Corporate Advisory & Equities	43,465	64,418
Total revenue earned at a point in time	**624,423**	**541,730**
Over time		
Asset Management	115,408	147,275
Lending & Technology	19,715	14,970
Corporate Advisory & Equities	5,830	5,752
Total revenue earned over time	**140,953**	**167,997**
Total fee and commission income	**765,376**	**709,727**

Accounting policy

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations. Revenue earned by the Group from its contracts with customers primarily consists of the following categories of fee and commission income:

Management fees, performance fees and other fees from providing asset management services

The Group earns management fees, performance fees and other fees (such as distribution, facilitation, transaction and arranger fees) for providing asset management services for listed and unlisted funds,

Notes to the financial statements (continued)

For the year ended 31 December 2023

4 Fee and commission income (continued)

Accounting policy (continued)

managed accounts and co-investment arrangements. The provision of asset management services is typically a single performance obligation.

The Group also earns management fees for providing hotel and retail property management services that are recognised on a straight-line basis throughout the year as the Group considers the performance of such services as a series of distinct services with a similar pattern of transfer.

Management and distribution fees are recognised over the life of the contract as asset management services are provided. Performance fees are based on returns in excess of a specified benchmark market return, over the contract period. The Group recognises performance fees only to the extent that it is highly probable that performance hurdles are met, and a significant reversal of cumulative fees to date will not occur.

Facilitation, transaction and arranger fees are earned for successful transactions and arrangements relating to assets and funds managed by the Group. Revenue is recognised when the transaction or arrangement is completed in line with the terms within the underlying agreements.

Upfront commission, trail commission and service fees

The Group provides loan origination services and receives upfront commissions on the settlement of loans. Additionally, the lender normally pays a trail commission over the life of the loan. Upfront commissions are recognised upon the loans being settled and receipt of commission, net of clawbacks. Commissions may be clawed back by lenders in accordance with underlying contracts. These potential clawbacks are estimated based on historical data and recognised at the same time as upfront commissions.

The Group receives trail commissions from lenders on settled loans, originated by authorised brokers, over the life of the loan based on the loan balance outstanding. On initial recognition, the Group recognises a contract asset at fair value, being the expected future trail commission receivable, discounted to its net present value in line with the expected value method under AASB 15 *Revenue from Contracts with Customers* (AASB 15). On subsequent measurement, the contract asset is measured at amortised cost.

The Group earns subscription income for providing access to its proprietary loan origination platform, Infynity, and income for providing compliance and administrative services to the brokers. The Group recognises the income from these services over time as performance obligations are satisfied.

Success fees on mergers and acquisitions, advisory and underwriting fees

The Group earns revenue through its role as advisor on corporate transactions as well as its role as manager and underwriter of equity and debt issuances. The revenue from these arrangements is recognised at a point in time, and when it has been established that the customer has received the benefit of the service and the performance obligations is satisfied. This is typically at the time of closing the transaction.

Management of capital raising and underwriting of equity or debt issuances are typically satisfied on the allocation date of the underwritten securities.

Where contracts contain rights to invoice upon reaching certain milestones, the Group assesses whether distinct services have been transferred at these milestones and accordingly recognises revenue, otherwise the fee recognition is deferred until such time the performance obligation has been completed.

Commission and brokerage income

The Group is remunerated for the provision of security trading services in line with customer contracts. The brokerage and commission income related to this service is recognised on trade date and is presented net of any rebates.

Key estimates and assumptions

Performance fees

Determining the amount and timing of performance fees to be recognised involves judgement, the use of estimates and consideration of a number of criteria relating to the fund or managed investment in which the asset(s) are held. Performance fees are recognised when it is highly probable that a significant reversal of the fee will not occur. Factors that are taken into consideration include:

- the proportion of assets already realised
- returns on assets realised to-date
- downside valuation on remaining unrealised assets and reliability of those estimates
- nature of unrealised investments and their returns

Notes to the financial statements (continued)

For the year ended 31 December 2023

4 Fee and commission income (continued)

Key estimates and assumptions (continued)

Trail commission income

On initial recognition, the Group recognises a contract asset at fair value, which represents management's estimate of the trail commission to be received from lenders on settled loans. The use of the expected value approach of estimating trail commission income requires significant judgement as assumptions are made using a variety of inputs, including the expected loan run-off rate and the discount rate, that are determined by management (refer to note 16).

Success fees, advisory and underwriting fees

Determining the timing of fees to be recognised from the provision of advisory services involves judgement and consideration of factors, such as:

- determination of identifiable performance obligations
- any key milestones that were met and not met
- historical recognition fee revenue
- whether benefits have been passed to the customer and performance obligations have been satisfied

5 Fee and commission expense

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Lending fee and commission expense	(506,739)	(417,305)
Other fee and commission expense	(20,292)	(26,204)
Total fee and commission expense	**(527,031)**	**(443,509)**

Accounting policy

The Group remits trail commission payments to authorised brokers based on the loan balance outstanding and in accordance with the individual agreements with the authorised brokers and recognises this as a contract liability. The contract liability is initially measured at fair value, being the net present value of the expected future trail commission payable and subsequently measured at amortised cost.

Other fee and commission expense relates to rebates and commissions payable which are recognised and calculated in line with underlying agreements.

Key estimates and assumptions

Trail commission expense

On initial recognition, the Group recognises a contract liability at fair value, which represents management's estimate of the trail commission to be paid to authorised brokers on settled loans. The use of the expected value approach of estimating trail commission payable requires significant judgement as assumptions are made using a variety of inputs, including the expected loan run-off rate and the discount rate, that are determined by management (refer to note 16).

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
6 Interest income		
Interest income on cash and bank balances	6,891	1,808
Interest income on loans receivable – effective interest method	138,042	56,508
Interest income on loans receivable – held at FVTPL	102	270
Interest income on leases	16	47
Total interest income	**145,051**	**58,633**

Accounting policy

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. The effective interest rate is the rate that discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, 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.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
7 Investment income		
Dividends and distributions from investments	2,683	1,155
Realised gains from disposal of investments	3,030	6,748
Net gain/(loss) from financial instruments held at fair value	825	(1,030)
Total investment income	**6,538**	**6,873**

Accounting policy

Investment income includes gains and losses arising from subsequent changes in the fair value of equity and debt investment securities that are classified as fair value through profit or loss (FVTPL) and dividends or distributions on these securities which represent the return on such investments. Dividends or distributions are recognised when the right to receive a dividend or distribution is established, it is probable the economic benefits associated will flow to the Group and it can be measured reliably.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
8 Employee expenses		
Salary, superannuation and bonuses	139,410	132,913
Termination benefits	3,043	1,506
Amortisation of share-based payments (refer to note 31)	10,474	15,722
Other employment expenses[1]	13,247	16,906
Total employee expenses	**166,174**	**167,047**

1. Includes recruitment fees, payroll tax, life insurance, workers compensation, fringe benefits tax and leave entitlements.

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
9 Finance costs		
Interest on unsecured notes[1]	11,990	7,766
Interest on mortgage trust warehouse notes[1]	27,563	6,456
Fund preferred unit distribution[1]	67,995	22,803
Interest on lease liabilities	4,354	3,513
Other finance costs	1,146	156
Total finance costs	**113,048**	**40,694**

1. Refer to note 23 for more detail on the unsecured note program, fund preferred units and mortgage trust notes.

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
10 Other expenses		
Professional services	7,556	10,214
Insurance	3,301	2,704
Fund administration and operational costs	3,234	2,912
Charitable donations[1]	371	453
Occupancy and office expenses	2,956	1,925
Other expenses	9,579	7,354
Total other expenses	**26,997**	**25,562**

1. The charitable donations paid by the Group in 2023 and 2022 were principally made to the MA Foundation, a registered charity, and were made in response to staff elections.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
11 Income tax		
11.1 Income tax expense		
Current tax expense	(8,302)	(17,575)
Deferred tax (expense)/benefit	(4,098)	1,461
Income tax expense	**(12,400)**	**(16,114)**
11.2 Reconciliation of income tax expense to prima facie tax payable		
Profit before income tax	**43,479**	**60,969**
Prima facie income tax expense at the Australian corporate tax rate of 30%	(13,044)	(18,291)
Tax effect of amounts not assessable/deductible in calculating taxable income:		
– Effect of income that is subject to/(exempt from) tax	484	1,127
– Non-deductible expenses	(663)	(670)
– Prior year over adjustment	95	2,211
– Foreign tax – controlled entities	567	(493)
– Franking credits	56	-
– Foreign income tax offset	105	2
Income tax expense	**(12,400)**	**(16,114)**
11.3 Income tax recognised in other comprehensive income		
Deferred tax expense		
Fair value remeasurement of investments	(793)	1,583
Share of revaluations in associates	2,556	(1,532)
Income tax recognised in other comprehensive income	**1,763**	**51**
11.4 Current tax assets and liabilities		
Income tax receivable/(payable)	7,192	(3,849)
	7,192	**(3,849)**
11.5 Deferred tax balances		
Offshore entities		
Deferred tax asset	739	-
Tax consolidated group		
Deferred tax asset	15,837	14,994
Deferred tax liability	(34,433)	(30,533)
Net deferred tax liability	**(18,596)**	**(15,539)**

Notes to the financial statements (continued)

For the year ended 31 December 2023

11 Income tax (continued)

11.5 Deferred tax balances (continued)

	Opening balance $'000	Opening balance adjustments $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Acquisitions/ disposals $'000	Closing balance $'000
31 December 2023						
Temporary differences						
Property, plant and equipment	(1,215)	-	414	-	-	(801)
Contract assets and liabilities	-	850	792	-	-	1,642
Financial assets	2,606	-	(409)	(793)	-	1,404
Investments in associates and joint ventures	(1,716)	-	296	2,556	-	1,136
Deferred revenue	(18,429)	710	(3,595)	-	-	(21,314)
Provisions	3,844	-	(394)	-	-	3,450
Loss allowance	1,288	(189)	(668)	-	-	431
Expense accruals	5,609	-	(2,552)	-	-	3,057
Intangible assets	(13,791)	-	1,473	-	-	(12,318)
Share-based payments	5,533	-	(638)	-	-	4,895
Other	732	(111)	(60)	-	-	561
Total	**(15,539)**	**1,260**	**(5,341)**	**1,763**	**-**	**(17,857)**
31 December 2022						
Temporary differences						
Property, plant and equipment	(556)	286	(945)	-	-	(1,215)
Financial assets	(183)	1,202	4	1,583	-	2,606
Investments in associates and joint ventures	(2,673)	(948)	3,437	(1,532)	-	(1,716)
Deferred revenue	(3,252)	37	(7,559)	-	(7,655)	(18,429)
Provisions	2,420	413	547	-	464	3,844
Loss allowance	712	(29)	305	-	300	1,288
Expense accruals	1,987	207	828	-	2,587	5,609
Intangible assets	(3,485)	1,285	1,716	-	(13,307)	(13,791)
Share-based payments	2,883	-	2,650	-	-	5,533
Other	867	(359)	151	-	73	732
Total	**(1,280)**	**2,094**	**1,134**	**51**	**(17,538)**	**(15,539)**

Notes to the financial statements (continued)

For the year ended 31 December 2023

11 Income tax (continued)

Accounting policy

Tax consolidation

The Company, together with eligible Australian resident wholly owned subsidiaries, comprise a tax consolidated group (Tax Group) with the Company as the head entity. As a result, the Company is subject to income tax as the head entity of the Tax Group.

Tax effect accounting by members of the tax group

The consolidated current and deferred tax amounts for the Tax Group are allocated to the members of the Tax Group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law, the head entity has the legal obligation (or right) to those amounts.

Entities within the Tax Group have applied funding principles under which the Company and each of the members of the Tax Group agree to pay or receive tax equivalent amounts to or from the head entity based on the current tax liability or current tax asset of the member.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

For the year ended 31 December 2023

11 Income tax (continued)

Accounting policy (continued)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

Tax governance

The Board approved Tax Governance Policy for the Group outlines a tax control framework to provide guidance on how all tax risks are identified, managed and reported. The Tax Governance Policy is supported by tax related procedures and processes, which ensure the Group effectively manages its tax risk.

Key estimates and assumptions

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

12 Cash and cash equivalents

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Cash and bank balances	43,108	98,803
Restricted balances	137,211	45,786
Total cash and cash equivalents	**180,319**	**144,589**

Notes to the financial statements (continued)

For the year ended 31 December 2023

12 Cash and cash equivalents (continued)

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000

12.1 Reconciliation of profit for the year to net cash flows from operating activities

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Profit after income tax	31,079	44,855
Adjustments to profit after income tax:		
Income tax expense recognised in profit or loss	12,400	16,114
Share-based payments	10,474	15,721
Non-cash interest and investment income	(2,168)	(1,155)
Share of profit of associates	(2,086)	(1,389)
Net foreign exchange gains	(599)	(1,396)
Net (gains)/losses from financial instruments held at fair value	(825)	384
Realised gains from disposal of investments	(3,030)	(5,938)
Gains on disposal of fixed assets	160	38
Interest expense on leases	4,354	3,513
Intangible amortisation	6,272	7,353
Amortisation of right-of-use assets	9,437	8,073
Depreciation of non-current assets	1,950	1,815
Total adjustments to profit after income tax	**36,339**	**43,133**
Changes in assets and liabilities:		
Change in trade and other receivables	331	(28,169)
Change in loans receivable	(1,155,050)	(334,242)
Change in other assets	(473)	6,530
Change in contract assets and contract liabilities	(8,260)	(11,456)
Change in borrowings	1,164,216	498,768
Change in trade and other payables	(20,448)	14,544
Change in provisions	(6,189)	(325)
Total changes in assets and liabilities	**(25,873)**	**145,650**
Cash generated from operations	41,545	233,638
Income taxes paid	(19,361)	(21,249)
Net cash inflows from operating activities	**22,184**	**212,389**

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The carrying amount of cash and cash equivalents is materially equal to fair value due to the assets being highly liquid.

Restricted balances include cash and cash equivalents that are not readily available to meet the Group's short-term cash commitments.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
13 Receivables		
Accounts receivable	11,100	11,461
Performance fees receivable	27,498	28,048
Management fees receivable	10,030	9,454
Transaction fees receivable	8,011	-
Commissions receivable	13,104	31,950
Interest receivable	9,050	2,176
Other receivables	8,254	6,539
Loss allowance on receivables (note 15)	(631)	(1,145)
Total receivables	**86,416**	**88,483**

Accounting policy

Receivables are initially recognised when they are originated less any allowance for expected credit losses. To measure the expected credit losses, receivables are grouped based on days overdue.

Key estimates and assumptions

The Group has elected to use the simplified approach and has determined the loss allowance based off the lifetime expected credit loss (ECL). The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate. Refer to note 15 for further information.

Receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Any recoveries made are recognised in profit or loss.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
14 Loans receivable		
Current		
Commercial loans[1]	441,659	320,486
Loss allowance (note 15)	(590)	(684)
Total loans receivable – current	**441,069**	**319,802**
Non-current		
Commercial loans[1]	808,117	296,451
Residential mortgages	833,567	241,046
Loans to employees	2,383	2,211
Loss allowance (note 15)	(5,420)	(4,028)
Total loans receivable – non-current	**1,638,647**	**535,680**
Total loans receivable	**2,079,716**	**855,482**

1. Commercial loans are provided to corporate entities and special purpose vehicles. The loans have terms of between four months and ten years and are either fully or partially secured against the assets of the borrowers.

14.1 Loans receivable by industry

Consolidated	Loans receivable $'000	Loss allowance $'000	Total $'000
31 December 2023			
Financial services	1,034,631	(3,838)	1,030,793
Professional services	194,680	(1,045)	193,635
Residential mortgages	833,567	(999)	832,568
Other	22,848	(128)	22,720
Total	**2,085,726**	**(6,010)**	**2,079,716**
31 December 2022			
Financial services	454,652	(2,379)	452,273
Professional services	149,275	(1,162)	148,113
Residential mortgages	241,046	(1,134)	239,912
Other	15,221	(37)	15,184
Total	**860,194**	**(4,712)**	**855,482**

Accounting policy

Loans receivable are initially recognised on settlement date, when cash is advanced to the borrower and are recognised net of any credit loss allowance. A credit loss allowance for expected credit losses on loans receivable is recognised upon inception of a loan.

Key estimates and assumptions

The Group applies the ECL impairment model. The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to note 15 for further information.

Notes to the financial statements (continued)

For the year ended 31 December 2023

15 Loss allowance

For financial assets measured at amortised cost, the Group bears the risk that the future circumstances of customers might change, including their ability to fulfil their contractual cash flow obligations in part or in full. The Group periodically assesses exposures to determine whether the credit risk of a financial asset has increased significantly since initial recognition.

At the reporting date, the Group undertook a review of its receivables, loans receivable and ECL. The review considered the macroeconomic outlook, counterparty credit quality, the type of collateral held and exposure at default as at the reporting date. During the year, the Group undertook a recalibration of the modelled collective ECL on its residential mortgages due to the higher proportion of prime loans in the Group's residential mortgages portfolio. As a result, the modelled collective ECL was updated to reflect the higher credit quality of the loans receivable portfolio. The Group's loss allowance provisions are a determination of probabilities of default and a determination of losses that may be incurred should a default occur.

The table below presents the gross exposure and related ECL allowance for financial assets subject to the impairment requirements of AASB 9 *Financial instruments* (AASB 9).

Consolidated	Gross exposure for asset $'000	Loss allowance $'000	Total $'000
31 December 2023			
Receivables	87,047	(631)	86,416
Loans receivable	2,085,726	(6,010)	2,079,716
Total	**2,172,773**	**(6,641)**	**2,166,132**
31 December 2022			
Receivables	89,628	(1,145)	88,483
Loans receivable	860,194	(4,712)	855,482
Total	**949,822**	**(5,857)**	**943,965**

15.1 Movement in credit loss allowance by asset category

	Receivables $'000	Loans to associates $'000	Loans receivable $'000	Total $'000
Balance as at 1 January 2022	**(954)**	**(458)**	**(1,974)**	**(3,386)**
Credit loss allowance recognised in the Statement of profit or loss	(133)	91	(1,845)	(1,887)
Additions through business combinations	-	-	(1,000)	(1,000)
Reclassifications and other movements	(58)	367	107	416
Balance as at 31 December 2022	**(1,145)**	**-**	**(4,712)**	**(5,857)**
Credit loss allowance recognised in the Statement of profit or loss	418	-	(1,269)	(851)
Reclassifications and other movements	96	-	(29)	67
Balance as at 31 December 2023	**(631)**	**-**	**(6,010)**	**(6,641)**

Notes to the financial statements (continued)

For the year ended 31 December 2023

15 Loss allowance (continued)

15.2 Movement in credit loss allowance by ECL stage

	Lifetime ECL			
	Stage I $'000	Stage II $'000	Stage III $'000	Total ECL $'000
Balance as at 1 January 2022	**(3,386)**	**-**	**-**	**(3,386)**
Net credit impairment charges	(1,160)	(30)	(281)	(1,471)
Additions through business combinations	(700)	(300)	-	(1,000)
Balance as at 31 December 2022	**(5,246)**	**(330)**	**(281)**	**(5,857)**
Net credit impairment charges	(726)	(105)	(20)	(851)
Reclassifications and other movements	72	300	(305)	67
Balance as at 31 December 2023	**(5,900)**	**(135)**	**(606)**	**(6,641)**

Accounting policy

The Group applies the ECL model under AASB 9 for the following financial assets measured at amortised cost:

- Trade and other receivables;
- Loans receivable;
- Loan commitments; and
- Contract assets.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Measurement of ECL

The Group collectively assesses and segments its financial assets by the class of financial asset, type of exposure and groups the assets based on shared risk characteristics.

The Group applies the following approach for measuring loss allowances:

- Modelled collective ECL;
- Post-model overlay adjustments; and
- Specific provisions.

The ECL model is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive).

The ECL model incorporates a range of components. The key model inputs used by the Group in measuring the ECL includes:

- **Probability of Default (PD)**: represents the possibility of a default over the next 12 months;
- **Loss Given Default (LGD)**: expected loss if a default occurs, taking into consideration the mitigating effect of collateral assets and time value of money;
- **Exposure at Default (EAD)**: represents the estimated exposure in the event of a default; and
- **Post-model overlay adjustments**: The Group applies an economic overlay to the modelled ECL to ensure the loss provision is sufficiently responding to changes in credit risk that would not be captured in the above assumptions.

Forward-looking information (FLI) is used by the Group which includes economic indicators such as economic forecast and outlook, GDP growth, inflation, unemployment rates and interest rates.

The Group measures the loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has had a significant increase in credit risk (SICR) since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to a 12-month ECL.

The Group applies the three-stage model based on the change in credit risk since initial recognition to determine the loss allowance of its financial assets.

Notes to the financial statements (continued)

For the year ended 31 December 2023

15 Loss allowance (continued)

Accounting policy (continued)

	Stage	Required provision	Provision approach
Stage 1: 12-month ECL	Performing financial assets less than 30 days past due. Financial assets which are determined to have a low credit risk at reporting date.	Losses that arise from a default event in the next 12 months.	Modelled collective provision based on the PD, LGD and FLI with post-model overlay adjustments.
Stage 2: Lifetime ECL	The Group determines that there has been a SICR in the asset since initial recognition but it is not considered to be credit impaired.	Loss provision equal to the expected loss over the remaining lifetime of the financial asset.	Modelled collective provision based on the PD, LGD and FLI with post-model overlay adjustments.
Stage 3: Lifetime ECL – credit impaired	The Group determines a financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.	Lifetime ECL collective provision or individually assessed (specific) provision.	Modelled collective provision, specific provisions with post-model overlay adjustments.

The Group has provided for loan commitments that are both drawn and undrawn. In assessing whether there has been a SICR, the Group considers the changes in risk of a default occurring on the loan to which the commitment relates. The undrawn commitment is contingent on the counterparty achieving contractual milestones. Once they are achieved, the amount can be drawn upon and expected to be met within 12 months. The Group applies a loss allowance on entire commitments based on the 12-month ECL.

For contract assets, the trail commission receivable is mainly from financial institutions with high credit ratings. Even when forward-looking assumptions are considered the ECL would not be material.

The Group applies the simplified approach for trade receivables which uses a lifetime ECL. Trade receivables are grouped based on the shared credit risk characteristics and the days past due. The ECL is calculated based on actual credit loss relating to revenue from experience over the past three years adjusted for the Group's forward looking expectations based off economic indicators. The Group performed the calculation of ECL rates separately for receivables arising from the advisory business and other asset management fees as such fees have historically been received in full.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When repayments are at least 90 days past due; or
- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Write-off policy

The Group writes-off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2023

15 Loss allowance (continued)

Key estimates and assumptions

Significant increase in credit risk (SICR): The Group considers quantitative and qualitative factors, based on historical experience and informed credit assessments when assessing exposures to determine whether there has been a SICR. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

In addition to the above, the Group considers a SICR based on the number of days past due. A non-trade receivable loan is assessed to have a SICR when the number of days past due is over 90 days.

In particular, the following information is taken in account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

A financial asset is determined to have low risk if it has a low risk of default, the customer has a strong capacity to meet its contractual cash flow obligations in the short-term, and adverse changes in long-term economic and business conditions will not necessarily reduce the ability of the customer to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a SICR and revises them as appropriate to ensure that the criteria are capable of identifying SICR before the amount becomes past due.

Probability of Default (PD): An estimate of the likelihood of default over a given time. These are estimated considering the contractual maturities and is based on current conditions, adjusted to consider estimates of future conditions that will impact PD.

Loss Given Default (LGD): An estimate of the loss arising on default. It is based on the difference between contractual cash flows due and those that the Group expects to receive, considering cash flow capacity of the customer.

Forward-looking information (FLI): The Group considers economic indicators such as economic forecast and outlook, GDP growth, inflation, unemployment rates and interest rates.

Post-model overlay adjustments: Management applies an economic overlay to ensure the Group has sufficient coverage for potential credit risk factors that are not captured in the assumptions above.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
16 Contract assets and liabilities		
Contract assets		
Trail commission receivable – current	162,237	139,280
Trail commission receivable – non-current	543,048	467,952
Total contract assets	**705,285**	**607,232**
Contract liabilities		
Trail commission payable – current	152,051	131,061
Trail commission payable – non-current	509,107	440,304
Total contract liabilities	**661,158**	**571,365**

Accounting policy

Through its mortgage aggregation platform, Finsure, the Group receives trail commissions from lenders on loans that have settled and were originated by authorised brokers. The Group also makes trail commission payments to authorised brokers.

The Group's trail commission receivable is recognised at fair value on initial recognition, being the expected future trail commission receivables discounted to their net present value in line with the expected value method under AASB 15. In addition, an associated payable and expense to the relevant brokers is also recognised, initially measured at fair value being the future trail commission payable to relevant brokers discounted to their net present value.

Subsequent to initial recognition and measurement both the trail commission asset and trail commission payable are measured at amortised cost. The carrying amount of the trail commission asset and trail commission payable are reassessed at each reporting period, to reflect actual and revised estimated cash flows, by recalculating the carrying amount with reference to the present value of estimated future cash flows at the original effective interest rate. Any resulting adjustment is recognised in profit or loss.

Key estimates and assumptions

Management uses a variety of inputs including external actuarial analysis of historical information to determine trail commission receivables and its associated payable and expense. Key assumptions underlying the calculation include the expected loan run-off rate and the discount rate.

The key assumptions underlying the fair value calculations of trail commission receivable and the corresponding payable to authorised brokers at the reporting date are summarised in the following table:

	31 Dec 2023 Consolidated	31 Dec 2022 Consolidated
Discount rate	4.75%	4.75%
Run-off rates[1]	Between 12.0% and 33.0%	Between 12.0% and 33.0%

1. The run-off rates refer to the expected loan book attrition rates. Run-off rates are then stratified into time-bands, by managed loan portfolio, and applied to each loan according to the age of that particular loan.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
17 Other financial assets and liabilities		
Financial assets – current		
Financial assets held at FVTPL (equity securities)	619	640
Financial assets held at FVTOCI (equity securities)	1,600	11,600
Consolidated managed fund investments[1]	159,015	154,860
Total financial assets – current	**161,234**	**167,100**
Financial assets – non-current		
Financial assets held at FVTPL (non-equity securities)	7,588	15,479
Financial assets held at FVTOCI (equity securities)	18,117	13,733
Total financial assets – non-current	**25,705**	**29,212**
Total financial assets	**186,939**	**196,312**
Financial liabilities – current		
Consolidated managed fund investments[1]	102,415	116,419
Total financial liabilities – current	**102,415**	**116,419**
Total financial liabilities	**102,415**	**116,419**

1. Net consolidated managed fund investments at 31 December 2023 at $56.6 million (2022: $38.4 million) represents financial assets and liabilities of funds managed by the Group, that are deemed to be controlled by the Group at the reporting date as a result of a strategic co-investment held by the Group in the fund. Refer to further information in note 34.

Accounting policy

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised in profit or loss.

Classification and subsequent measurement

The Group's financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

In determining the business model, all relevant evidence that is available at the date of the assessment is used, including:

- how the performance of the business model and financial assets held is evaluated and reported to management;
- the risks that affect the performance and the way in which those risks are managed; and
- how the managers of the business are compensated; such as whether it is based on the fair value of the assets managed or on contractual cash flows collected.

A financial asset is measured at amortised cost if it meets all of the following conditions:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding; and
- The financial asset has not been designated at FVTPL.

Notes to the financial statements (continued)

For the year ended 31 December 2023

17 Other financial assets and liabilities (continued)

Accounting policy (continued)

The amortised cost of a financial asset is measured as:

- the amount at which the financial asset is measured at initial recognition;
- minus the principal repayments;
- plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; and
- adjusted for any loss allowance.

Refer to note 6 for further information on the effective interest method.

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if it meets all of the following conditions:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset has not been designated at FVTPL.

However, the Group may make the following irrevocable election at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met such as, if the equity instrument is not held for trading; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative.

Financial assets designated at FVTOCI are initially measured at fair value plus transaction costs. Gains and losses relating to these financial assets will be recognise in other comprehensive income. Dividends from such investments are recognised as investment income in profit or loss when the Group has the right to receive payments, unless the dividend clearly represents a recovery of part of the cost of the investment. The accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination at FVTOCI on initial recognition; and
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets measured at FVTPL are classified under a three-level fair value hierarchy that reflects the significance of the inputs used in making the measurements. Any fair value gains or losses including any interest or dividend income earned on the financial asset, are recognised as investment income in profit or loss. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

Refer to note 26 for further information regarding the fair value of financial assets and financial liabilities.

Notes to the financial statements (continued)

For the year ended 31 December 2023

17 Other financial assets and liabilities (continued)

Accounting policy (continued)

Financial liabilities and equity instruments

Debt or equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity is measured as proceeds received less direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities that are not designated at FVTPL, are subsequently measured at amortised cost using the effective interest method.

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group that are unpaid.

Key estimates and assumptions

The Group uses judgement in determining the business model at the level that reflects how groups of financial assets are managed together to achieve a particular business objective.

18 Property, plant and equipment

The below table sets out the carrying value of the Group's property, plant and equipment:

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Office equipment – at cost	5,160	5,269
Less accumulated depreciation	(3,535)	(2,419)
Total office equipment	**1,625**	**2,850**
Furniture and fixtures – at cost	1,516	1,840
Less accumulated depreciation	(286)	(468)
Total furniture and fixtures	**1,230**	**1,372**
Lease improvements – at cost	2,185	3,673
Less accumulated depreciation	(777)	(1,922)
Total leasehold improvements	**1,408**	**1,751**
Total property, plant and equipment	**4,263**	**5,973**

Notes to the financial statements (continued)

For the year ended 31 December 2023

18 Property, plant and equipment (continued)

18.1 Movement in carrying value of property, plant and equipment

The below table sets out the movement in carrying value of the Group's property, plant and equipment:

Consolidated	Office equipment $'000	Furniture and fixtures $'000	Leasehold improvements $'000	Total $'000
Assets for own use				
Balance as at 1 January 2022	1,085	808	142	2,035
Additions	3,117	575	1,973	5,665
Additions through business combinations	2	124	-	126
Disposals	(5)	(33)	-	(38)
Depreciation expense	(1,349)	(102)	(364)	(1,815)
Balance as at 31 December 2022	**2,850**	**1,372**	**1,751**	**5,973**
Additions	258	35	90	383
Disposals	(34)	(99)	(30)	(163)
Depreciation expense	(1,449)	(78)	(423)	(1,950)
Foreign currency movement	-	-	20	20
Balance as at 31 December 2023	**1,625**	**1,230**	**1,408**	**4,263**

Accounting policy

Property, plant and equipment are stated at historical cost (which includes, where applicable, costs directly attributable to the acquisition of the asset) less accumulated depreciation and, where applicable, accumulated impairment losses.

Depreciation is calculated on a straight-line basis to realise the net cost of each class of assets over its expected useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The useful lives are as follows:

- office equipment: 3 years
- furniture and fittings: 7 years
- leasehold improvements are amortised over the term of the lease

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in profit or loss.

Notes to the financial statements (continued)

For the year ended 31 December 2023

19 Right-of-use assets and lease liabilities

19.1 Right-of-use assets

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Right-of-use assets – at cost	81,854	71,038
Less accumulated amortisation	(15,871)	(9,265)
Total right-of-use assets	**65,983**	**61,773**
Balance at the beginning of the year	**61,773**	**9,874**
Additions	12,995	60,210
Additions through business combinations (note 34)	43	990
Lease modification	614	(1,281)
Amortisation expense	(9,437)	(8,073)
Foreign currency movement	(5)	53
Balance at the end of the year	**65,983**	**61,773**

During the year, a commercial lease commenced for additional office premises in Sydney. The lease term is 10 years with renewal terms included in the contract. Renewal is at the specific option of the Group.

19.2 Lease liabilities

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Current		
Lease liabilities	6,141	6,219
Total lease liabilities – current	**6,141**	**6,219**
Non-current		
Lease liabilities	65,369	58,733
Total lease liabilities – non-current	**65,369**	**58,733**
Total lease liabilities	**71,510**	**64,952**

19.2 (a) Movement in lease liabilities

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Opening balance at the beginning of the year	**64,952**	**10,285**
Interest on lease liabilities	4,354	3,513
Payment of lease liabilities	(11,444)	(8,953)
Additions through business combinations (note 34)	43	1,633
Lease modification	614	(1,578)
Additions[1]	12,995	59,994
Foreign currency movement	(4)	58
Closing balance at the end of the year	**71,510**	**64,952**

1. Additional office premises in Sydney.

Notes to the financial statements (continued)

For the year ended 31 December 2023

19 Right-of-use assets and lease liabilities (continued)

19.2 Lease liabilities (continued)

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
19.2 (b) Lease liabilities maturity analysis – contractual undiscounted cashflows		
Less than one year	10,344	10,266
One to five years	57,179	46,563
More than five years	23,236	27,384
Total undiscounted lease liabilities at the end of the year	**90,759**	**84,213**

Accounting policy

Right-of-use assets

The Group recognises a right-of-use asset and a corresponding lease liability at the commencement date in the Statement of financial position, except for short-term leases and leases of low value assets.

Right-of-use assets are measured at cost and comprise of the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration-related costs. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. Amortisation of right-of-use assets starts at the commencement date of the lease and is recognised in the Statement of profit or loss and other comprehensive income.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease payments are recognised as amortisation expense of the right-of-use asset over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Notes to the financial statements (continued)

For the year ended 31 December 2023

19 Right-of-use assets and lease liabilities (continued)

Key estimates and assumptions

Generally, the Group uses its incremental borrowing rate as the discount rate. Interest on lease liabilities is recognised in profit or loss.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

20 Investments in associates and joint ventures

20.1 Details of ownership interest

			Proportion of ownership interest and voting power held by the Group			
Material associates	Principal place of business	Principal activity	2023 %	2022 %	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
BE ES I LLC[1]	United States of America	Specialty finance	-	49.6%	-	22,415
BE OLD I LLC[1]	United States of America	Specialty finance	-	49.9%	-	8,274
Redcape Hotel Group	Australia	Owner and operator of hotels	11.7%	10.8%	49,296	57,086
Other associates[2]					1,475	3,811
					50,771	**91,586**

1. During the year, the Group obtained control of BE ES I LLC and BE OLD I LLC as a result of its acquisition of Blue Elephant (refer to note 34). The Group subsequently derecognised its investments in BE ES I LLC and BE OLD I LLC as associates.
2. Other associates represents the aggregate of the Group's remaining associates, that are not considered individually material to the Group, and therefore have not been separately disclosed.

Notes to the financial statements (continued)

For the year ended 31 December 2023

20 Investments in associates and joint ventures (continued)

20.2 Reconciliation of movements in carrying values of investments in associates

$'000	BE ES I LLC	BE OLD I LLC	MA Kincare Fund	Redcape Hotel Group	Other associates	Total
Opening balance as at 1 January 2022	**19,400**	**2,068**	**7,595**	**84,339**	**6,991**	**120,393**
Acquisition	1,609	5,659	620	-	2,859	10,747
Disposal and capital returns	-	-	(8,827)	(23,313)	(4,680)	(36,820)
Share of profit/(loss)	2,422	310	747	(731)	(1,359)	1,389
Share of other comprehensive income	-	-	-	2,204	-	2,204
Less dividends/ distributions received	(2,205)	(103)	(135)	(5,413)	(127)	(7,983)
Foreign currency translation reserve	1,189	340	-	-	127	1,656
Closing balance as at 31 December 2022	**22,415**	**8,274**	**-**	**57,086**	**3,811**	**91,586**
Acquisition	4,763	-	-	6,432	410	11,605
Disposal and capital returns	(27,314)	(8,239)	-	(1,188)	(2,771)	(39,512)
Share of profit/(loss)	1,601	673	-	(13)	(175)	2,086
Share of other comprehensive income/(loss)	-	-	-	(8,856)	-	(8,856)
Less dividends/ distributions received	(2,127)	(888)	-	(4,165)	74	(7,106)
Foreign currency translation reserve	662	180	-	-	126	968
Closing balance as at 31 December 2023	**-**	**-**	**-**	**49,296**	**1,475**	**50,771**

The Group also has interests in a number of individually immaterial associates. The unrecognised share of losses for investments in associates that have a nil carrying value for the year ended 31 December 2023 is $6.4 million (2022: $2.2 million).

Notes to the financial statements (continued)

For the year ended 31 December 2023

20 Investments in associates and joint ventures (continued)

20.3 Summarised financial information for the Group's material associates

$'000	BE ES I LLC	BE OLD I LLC	Redcape Hotel Group	Other associates
31 December 2023				
Assets and liabilities				
Current assets	-	-	168,200	109,034
Non-current assets	-	-	1,018,159	518,000
Current liabilities	-	-	(191,304)	(690,860)
Non-current liabilities	-	-	(573,740)	-
Net assets/(liabilities)	**-**	**-**	**421,315**	**(63,826)**
The above net assets include the following:				
Cash and cash equivalents	-	-	38,660	104,320
Revenue, expenses and results				
Revenue	-	-	203,847	274,669
Profit/(loss) for the year	-	-	23,830	(49,293)
Other comprehensive (loss)/income for the year	-	-	(86,459)	13,112
Total comprehensive loss for the year	**-**	**-**	**(62,629)**	**(36,181)**
31 December 2022				
Assets and liabilities				
Current assets	3,511	4,986	33,354	174,341
Non-current assets	39,392	38,809	1,276,318	841,126
Current liabilities	(2,487)	(670)	(96,199)	(1,081,426)
Non-current liabilities	(420)	(26,978)	(685,383)	(97)
Net assets/(liabilities)	**39,996**	**16,147**	**528,090**	**(66,056)**
The above net assets include the following:				
Cash and cash equivalents	2,678	1,534	19,246	176,482
Revenue, expenses and results				
Revenue	5,302	4,094	210,219	5,122
Profit/(loss) for the year	5,030	700	(4,748)	(3,181)
Other comprehensive income for the year	-	-	31,509	-
Total comprehensive income/(loss) for the year	**5,030**	**700**	**26,761**	**(3,181)**

Notes to the financial statements (continued)

For the year ended 31 December 2023

20 Investments in associates and joint ventures (continued)

20.3 Summarised financial information for the Group's material associates (continued)

The following information outlines the level of control the Group has over its material associates and the resultant accounting treatment.

Details of investment in Redcape Hotel Group

At 31 December 2023, the Group has a 11.7% direct equity investment in Redcape Hotel Group (Redcape) and funds managed by the Group own a further 29.2% of Redcape. During the year, the Group sold 1.0 million units for $1.7 million and purchased 3.9 million units for $6.4 million in Redcape. The Group earns trustee, asset manager, performance and hotel operator fees from Redcape, as well as investment returns on its direct investment. The Group is considered to have significant influence over Redcape as a result of participating in the financial and operating policy decisions of Redcape through its role as responsible entity, asset manager and hotel operator.

Redcape owns or operates 31 hotels in New South Wales and Queensland. During the year, the Group completed the divestment of four hotels for total consideration of $63.9m and has exchanged contracts for the divestment of four hotels and the acquisition of one hotel to be settled in the 2024 financial year. Redcape assessed their assets for impairment at 31 December 2023. The Directors are satisfied that the impairment testing performed by Redcape is reasonable, and that no additional impairment is required for the Group's investment in Redcape. Redcape has recognised a decrease in its net assets at 31 December 2023, of which the Group's share of the decrease has been equity accounted.

Accounting policy

Associates are entities over which the Group has significant influence of the entities' financial and operating policies but not control. Investment in associates are accounted for under the equity method whereby investments are carried at cost adjusted for post-acquisition changes in the Group's economic share of the net assets of the entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

Associates' financial reports are used to apply the equity method. The Statement of profit or loss and other comprehensive income reflects the economic share of the results of operations of associates.

Where there has been a change recognised directly in the associates equity, the Group recognises its share of any changes in the Statement of changes in equity.

Key estimates and assumptions

An assessment is performed at each Statement of financial position date to determine whether there is any indication of impairment and whether it is necessary to recognise any impairment loss against the carrying value of the net investment in associates.

The Group determines the dates of obtaining or losing significant influence of another entity based on all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies of that entity.

Notes to the financial statements (continued)

For the year ended 31 December 2023

21 Intangible assets

		Intangible assets			
	Goodwill $'000	Customer relationships, brand names and trademarks $'000	Management rights and agreements $'000	Software $'000	Total $'000
31 December 2023					
Cost					
Balance at 1 January 2023	128,169	44,000	22,939	10,499	205,607
Additions through business combinations (note 34)	13,877	-	-	-	13,877
Additions	-	-	-	3,715	3,715
Foreign currency movement	(398)	-	-	-	(398)
Balance at 31 December 2023	141,648	44,000	22,939	14,214	222,801
Amortisation and impairment losses					
Balance at 1 January 2023	-	(3,405)	(14,034)	(3,150)	(20,589)
Amortisation expense for the year	-	(1,770)	(3,479)	(1,023)	(6,272)
Balance at 31 December 2023	-	(5,175)	(17,513)	(4,173)	(26,861)
Carrying amount at 31 December 2023	141,648	38,825	5,426	10,041	195,940
31 December 2022					
Cost					
Balance at 1 January 2022	14,010	-	22,939	4,182	41,131
Additions through business combinations	114,159	44,000	-	2,300	160,459
Additions	-	-	-	4,017	4,017
Balance at 31 December 2022	128,169	44,000	22,939	10,499	205,607
Amortisation and impairment losses					
Balance at 1 January 2022	-	-	(11,318)	(1,918)	(13,236)
Amortisation expense for year	-	(3,405)	(2,716)	(1,232)	(7,353)
Balance at 31 December 2022	-	(3,405)	(14,034)	(3,150)	(20,589)
Carrying amount at 31 December 2022	128,169	40,595	8,905	7,349	185,018

During the year, the Group acquired Blue Elephant and recognised $13.9 million of goodwill. Refer to note 34 for further details of the acquisitions.

Included in the deferred tax liability of the Group as at 31 December 2023 is an amount of $12.3 million (31 Dec 2022: $13.8 million) relating to the intangible assets recognised from the acquisition of subsidiaries.

Notes to the financial statements (continued)

For the year ended 31 December 2023

21 Intangible assets (continued)

Accounting policy

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (CGU) to which goodwill has been allocated is tested for impairment annually, or more frequently where there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit, pro-rated based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to their initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

For intangible assets that have a finite useful life, an assessment is made at each reporting date for indications of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Intangible assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Costs incurred in acquiring and developing software, that is not cloud based, that will contribute to the Group's future financial benefits are capitalised as software and are amortised over the estimated useful life on a straight-line basis. Costs capitalised include external direct costs of materials, service, consultants spent on the projects and internal costs of employees directly engaged in delivering the projects. For software in the course of development, amortisation commences once development is complete and the software is in use. Costs incurred on the maintenance of software is expensed as incurred and recognised in profit or loss. Subsequent expenditure is recognised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in profit or loss.

Costs incurred on the maintenance of software is expensed as incurred and recognised in profit or loss.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Amortisation of intangible assets

Goodwill is allocated to CGUs and is not amortised. Brand names have an indefinite useful life and are not amortised. For intangible assets which are amortised, the useful lives for the current and comparative periods are as follows:

- Management rights: the forecast profile of the profit generated
- Customer relationships and property management agreements: the expected life of the contracts
- Software and trademarks: 3 to 10 years

Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the financial statements (continued)

For the year ended 31 December 2023

21 Intangible assets (continued)

Key estimates and assumptions

Impairment assessment of intangible assets

The Group assesses whether goodwill is impaired at least annually. For the purposes of impairment testing, goodwill is allocated to the Group's CGUs. The CGUs align with the Group's operating segments as disclosed in note 3 and are consistent with the comparative period. The recoverable amount of each CGU is determined based on the value in use calculations that utilise five-year cash flow projections plus a terminal value based on the financial forecasts approved by management. In determining these cash flow projections, management considers:

- current and expected performance of each CGU;
- Board and management-approved budgets and strategic plans; and
- changes in Australian and international economic and market environments.

The relevant assumptions in deriving the value in use of the CGUs are as follows:

- the budgeted net profit before tax for each CGU for each year within the cash flow projection period;
- the pre-tax discount rate; and
- growth rates, which are consistent with long-term trends in the industry segments in which the CGUs operate.

No impairment charge was recognised during the year as the recoverable amount of each CGU was determined to be in excess of the carrying amount.

The following CGUs represent the carrying amounts of goodwill:

	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	Terminal growth rates		Pre-tax discount rates		$'000	$'000
Asset Management	1.0%	1.0%	12.5%	12.5%	26,163	12,684
Lending & Technology	1.0%	1.0%	13.0%	13.0%	114,159	114,159
CA&E	1.0%	1.0%	11.0%	11.0%	1,326	1,326
Total					**141,648**	**128,169**

Sensitivity analysis

Management considered, for all CGUs, that reasonable changes in key assumptions, such as an increase in the discount rate by 2.5% and a decrease in the growth rate by 1%, leaving all other assumptions constant, would not result in the carrying amount exceeding the value in use for any of the CGUs. The sensitivity analysis was done on the basis that a reasonably possible change in each key assumption would not have a consequential impact on other assumptions.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
22 Trade and other payables		
Current		
Accounts payable and accrued expenses	16,050	26,187
Accrued commissions	16,689	37,541
Other liabilities	25,000	11,674
GST payable	1,901	2,163
Total trade and other payables – current	**59,640**	**77,565**
Non-current		
Other liabilities	5,449	240
Total trade and other payables – non-current	**5,449**	**240**
Total trade and other payables	**65,089**	**77,805**
23 Borrowings		
Current		
Unsecured notes	40,000	-
Unsecured notes – limited recourse	30,030	30,030
Mortgage trust notes	335,485	216,475
Total borrowings – current	**405,515**	**246,505**
Non-current		
Unsecured notes	25,000	65,000
Unsecured notes – limited recourse	109,190	60,000
Fund preferred units	1,127,452	568,584
Mortgage trust notes	471,920	-
Securitised borrowings[1]	14,419	-
Total borrowings – non-current	**1,747,981**	**693,584**
Total borrowings	**2,153,496**	**940,089**

1. The securitised borrowings are within a consolidated credit trust and is secured against the assets of that consolidated credit trust.

Information about the Group's exposure to interest rate and liquidity risk is included in note 25.

(a) Unsecured notes programme

Except for the obligation to pay periodic interest and repay the principal, the terms of the unsecured notes, including the limited recourse notes, do not include any material undertakings or obligations which, if not complied with, would result in an acceleration of the amount owing.

Notes to the financial statements (continued)

For the year ended 31 December 2023

23 Borrowings (continued)

(a) Unsecured notes programme (continued)

(i) Unsecured notes

	MA IV	MA VI
Classification	Current	Non-current
Issue	2020	2022
Maturity date	Sep 2024	Sep 2027
Amount ($m)	40.0	25.0
Interest rate per annum	5.85%	5.75%

(ii) Unsecured notes – limited recourse

	MACI	MACPI	MALI 1	MALI 2
Classification	Current	Non-current	Non-current	Non-current
Issue	2019	2021	2023	2023
Maturity Date	May 2024	Dec 2027	May 2028	July 2026
Amount ($m)	30.0	70.0	10.0	29.2
Interest rate per annum	RBA + 4.35%	RBA + 4.00%	RBA + 10.25%	8.10%

The MACI and MACPI limited recourse notes have been designed and issued principally for investors under the Significant Investor Visa (SIV) programme. The notes constitute unsecured, unsubordinated obligations of issuing special purpose Group entities (issuing entities). The issuing entities invest the proceeds of the note issuances in a diversified portfolio of financial assets. The notes have sole recourse to the assets of the relevant issuing entities and are not guaranteed by the Company.

MACI

The MACI note has a five-year stated maturity, however can be redeemed at the option of the note holders subject to a minimum 12-month holding period following issue. This redemption feature was designed to provide for the individual requirements of the SIV investors to align with the timing of when the SIV investors receive their permanent residency status. The interest rate is calculated at a margin of 4.35% over the RBA cash rate and resets in February and August of each year. There were no redemptions of the MACI note during the year ended 31 December 2023 (year ended 31 December 2022: nil).

MACPI

The MACPI note has a six-year maturity with the interest rate calculated at a margin of 4.00% over the RBA cash rate and resets in February and August of each year. $10.0 million of additional funds were raised during the period (year ended 31 December 2022: $35.0 million). The MACPI note facilitates investments for note investors with assets restricted for the benefit of those investors.

MALI 1

During the year, $10.0 million was raised via the issuance of the MALI 1 note. The note has a five-year maturity with the interest rate calculated at a margin of 10.25% over the RBA. The note is limited in recourse only to the assets of the issuer. If proceeds from those assets are insufficient to repay or redeem the notes, then there will be no further recourse to the broader assets of the Group.

MALI 2

During the year, $29.2 million was raised via the issuance of the MALI 2 note. The note has a three-year maturity with an interest rate of 8.1%. The note is limited in recourse only to the assets of the issuer. If proceeds from those assets are insufficient to repay or redeem the notes, then there will be no further recourse to the broader assets of the Group.

Notes to the financial statements (continued)

For the year ended 31 December 2023

23 Borrowings (continued)

(b) Fund preferred units

MA Priority Income Fund (PIF) and MA USD Priority Income Fund (USD PIF)

The Group manages the PIF and USD PIF. The Funds provide investors with exposure to a diversified portfolio of credit investments via an investment in Class A Units (Fund Preferred Units) in MA Master Credit Trust, MA USD Master Credit Trust and MA Diversified Credit Trust (MCTs). As a co-investment, the Group holds Class B Units in the respective MCTs. The MCTs are consolidated entities of the Group.

Fund Preferred Units receive a preferential distribution from the realised profits of the MCTs. The Class B Units held by the Group receive any excess distributable profits after paying the preferential distribution on the Fund Preferred Units and any MCT expenses. The Class B Units held by the Group also provides investors with a "first loss" capital buffer which affords the Fund Preferred Units preferential treatment on distribution and wind-up of the MCTs. The Group's maximum economic exposure is limited to the value of the Class B Unit.

Redemptions of the Fund Preferred Units are at the discretion of the MCTs trustee and require the consent of the Group. Therefore the units are treated as non-current liabilities as the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

	PIF	USD PIF
Classification	Non-current	Non-current
Fund Preferred Units:		
31 December 2023 ($m)	1,107.4	20.1
31 December 2022 ($m)	544.8	23.8
Fund Preferred Units preferential distribution	RBA cash rate + 4.00%	SOFR[1] + 3.50%
Class B Units "first loss" co-investment:	10%	10% reducing to 5%
31 December 2023 ($m)	110.7	2.0
31 December 2022 ($m)	54.5	2.4

1. Secured Overnight Financing Rate.

(c) Mortgage trust notes

The Group's mortgage lending activity is funded through a combination of warehouse facilities provided by major and mid-tier Australian and international banks, and public term securitisation transactions.

Warehouse facilities are limited recourse funding vehicles established by the Group and funded by key banking partners to originate new mortgages to customers. As at 31 December 2023, the unutilised capacity across all facilities is $1,078.0 million (2022: $208.5 million). The maturity date for these facilities range from less than 12 months to up to 36 months from reporting date.

A term securitisation transaction is where a pool of mortgage assets, initially originated in the Group's warehouse facilities, are grouped together and sold to a new limited recourse funding vehicle, which then issues securities against those mortgage assets (residential mortgage-based securities) to investors in public wholesale capital markets. The Group completed its first term securitisation transaction in November 2023.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
24 Provisions		
Current		
Salaries, wages and bonuses	28,941	33,817
Provision for annual leave	6,658	7,661
Provision for long service leave	3,196	3,527
Total provisions – current	**38,795**	**45,005**
Non-current		
Provision for long service leave	1,645	1,624
Total provisions – non-current	**1,645**	**1,624**
Total provisions	**40,440**	**46,629**

Accounting policy

Employee benefit liabilities represents accrued wages, salaries, bonus, annual and long service leave entitlements recognised in respect of employee services up to the end of the reporting date.

Liabilities recognised in respect of short-term employee benefits are measured at the amounts expected to be paid when the liabilities are settled by the Group in respect of services provided by employees up to the reporting date.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Key estimates and assumptions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management

25.1 Risk management framework

The Group's activities expose it to a variety of financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Group's overall risk management framework operates to identify and assess all the risks to which the Group is exposed, including financial risks, with the aim of identifying options for risk treatment, maintaining the Group's exposure within the parameters set out in its Risk Appetite Statement, and to provide management information.

The Group's overall risk management framework is summarised in its Corporate Governance Statement, available on its website, and in the Sustainability report. These documents outline the role of the Board, the Audit and Risk Committee (ARC), the Group's Risk Appetite Statement and the Risk Management Statement which describes the approach to risk management – including responsibilities, governance, methods for risk identification, treatment and reporting, and coordination across the Group. Detailed procedures and system guides are typically maintained at the business unit level and also in the Group's finance function.

The Board is responsible, in conjunction with senior management, for ensuring the Group maintains a risk management framework, for understanding the risks associated with the activities of the Group, and implementing structures and policies to adequately monitor and manage those risks. The Board is assisted by the ARC and by the Senior Executive Risk Committee.

The practical management of many financial risks takes place, in the first instance, within the Group's business units, led by senior managers. This includes the management of financial risks in relation to investment funds, which can involve client monies, fund costs, financing investments and managing debt facilities. The Group's finance function maintains oversight of this activity, especially where it has implications for the Group's financial resources and accounting.

25.2 Capital management

The capital structure of the Group consists of net cash (cash and bank balances offset by the unsecured notes, drawn portion of the working capital facility) and equity (comprising contributed equity, retained earnings and reserves).

The Group manages its capital with the aim of ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall capital management strategy remains unchanged from 2022.

The Group's subsidiaries have satisfied all externally imposed capital requirements throughout the financial year, as per the requirements set out below:

- MA Moelis Australia Securities Pty Ltd, is an ASX market participant and therefore has an externally imposed capital requirement.
- Certain other subsidiaries of the Company hold an Australian Financial Services Licence (AFSL) and therefore have externally imposed separate capital requirements.
- MA Money has a contractual obligation to hold a minimum amount of capital at all times.

During the year, the Group upsized its revolving working capital facility from $40.0 million to $80.0 million. The facility was undrawn at 31 December 2023. In accordance with the terms of the working capital facility, the Group is required to comply with certain covenants. During the year ended to 31 December 2023, the Group was compliant with these covenants.

The Group's borrowings comprise unsecured notes of $204.2 million (2022: $155.0 million), mortgage trust notes $807.4 million (2022: $216.5 million), fund preferred units $1,127.5 million (2022: $568.6 million) and securitised borrowings $14.4 million (2022: nil).

The maturity dates of the unsecured notes are shown in the table below. Except for the obligation to pay periodic interest and repay the principal at the end of the term, the terms of the unsecured notes do not include any material undertakings or obligations which, if not complied with, would result in an acceleration of the amount owing. The maturity dates of the unsecured notes are shown in the table below. Except for the obligation to pay periodic interest and repay the principal at the end of the term, the terms of the unsecured notes do not include any material undertakings or obligations which, if not complied with, would result in an acceleration of the amount owing. The MACPI note cannot be redeemed at the option of the note holders and must be held to maturity.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.2 Capital management (continued)

	Maturity date	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Unsecured notes			
Current			
MA IV	30 September 2024	40,000	-
Non-current			
MA IV	30 September 2024	-	40,000
MA VI	30 September 2027	25,000	25,000
Unsecured notes – limited recourse			
Current			
MACI	16 May 2024	30,030	30,030
Non-current			
MACPI	1 December 2027	70,000	60,000
MALI 1	10 May 2028	10,000	-
MALI 2	31 July 2026	29,190	-
Total unsecured notes		**204,220**	**155,030**

25.3 Market risk

Market risk is the risk that the fair value and/or future cash flows from a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises of:

- **Currency risk:** due to fluctuations in foreign currency exchange rates;
- **Interest rate risk:** due to fluctuations in market interest rates; and
- **Price risk:** due to fluctuations in fair value of equities and other instruments.

25.3.1 Currency risk

The Group's investment of capital in foreign operations, for example, subsidiaries or associates with functional currencies other than the Australian dollar, exposes the Group to the risk of changes in foreign exchange rates. Variations in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity.

The Group manages its exposure to income denominated in foreign currency when foreign currency income is recognised or received in cash. Foreign currency debtors and foreign currency bank balances are periodically reviewed relative to the Group's balance sheet and liquidity requirements. Revenue received in foreign currency may be retained in those currencies, in order to meet future foreign currency denominated expenses, and exposes the Group to unrealised foreign currency gains or losses.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.3 Market risk (continued)

25.3.1 Currency risk (continued)

The following table details the Group's net exposure to foreign currency as at the reporting date in Australian dollar equivalent amounts.

	Assets		Liabilities	
	31 Dec 2023 $'000	31 Dec 2022 $'000	31 Dec 2023 $'000	31 Dec 2022 $'000
Currency				
United States Dollar	108,494	37,241	46,452	36,117
Chinese Yuan	301	218	42	43
Great British Pound	492	3,906	43	43
Hong Kong Dollar	1,367	1,216	831	109
Exposure in Australian dollars	**110,654**	**42,581**	**47,368**	**36,312**

Foreign currency sensitivity analysis

The Group's exposure to foreign exchange risk is measured using sensitivity analysis. The table below presets the sensitivity of the Group's net exposure to the currencies, with the most impact to the Group, against the Australian dollar at the year end. A sensitivity of 10% continues to be applied as it remains reasonable given the current level of exchange rates and volatility. The impact to profit or loss and equity is at a post-tax rate of 30%. The risks faced and methods used in the sensitivity analysis are the same as those applied in the comparative period.

	Sensitivity	31 Dec 2023 Profit/(loss) $'000	31 Dec 2023 Change in equity $'000	31 Dec 2022 Profit/(loss) $'000	31 Dec 2022 Change in equity $'000
Currency					
United States Dollar	+/-10%	6,204/(6,204)	6,204/(6,204)	112/(112)	112/(112)
Chinese Yuan	+/-10%	26/(26)	26/(26)	18/(18)	18/(18)
Great British Pound	+/-10%	45/(45)	45/(45)	386/(386)	386/(386)
Hong Kong Dollar	+/-10%	54/(54)	54/(54)	111/(111)	111/(111)
Total		**6,329/(6,329)**	**6,329/(6,329)**	**627/(627)**	**627/(627)**

25.3.2 Interest rate risk

Interest rate risk is the risk to the Group's earnings and equity arising from movements in market interest rates. Interest rate exposure is driven by interest rate mismatches between assets and liabilities. Positions are monitored to ensure risk levels are maintained within established limits.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.3 Market risk (continued)

25.3.2 Interest rate risk (continued)

The Group's main interest rate risk arises from cash, loans receivable and interest-bearing facilities. The table below summarises the profile of the Group's interest-bearing financial instruments at reporting date.

	Carrying amount	
	31 Dec 2023 $'000	31 Dec 2022 $'000
Fixed rate instruments		
Loans receivable	157,830	155,049
Unsecured notes	(94,200)	(65,000)
Total	**63,630**	**90,049**
Variable rate instruments		
Loans receivable	1,921,886	700,433
Unsecured notes	(110,020)	(90,030)
Mortgage trust notes	(807,405)	(216,475)
Fund preferred units	(1,127,452)	(568,584)
Securitised borrowings	(14,419)	-
Total	**(137,410)**	**(174,656)**

Interest rate sensitivity analysis

The Group's sensitivity to movements in interest rates in relation to the value of interest-bearing financial instruments is shown in the table below. The impact on profit and equity is at a post-tax rate of 30%. The risks faced and methods used in the sensitivity analysis are the same as those applied in the comparative period.

	Change in interest rates	31 Dec 2023 Profit/(loss) $'000	31 Dec 2023 Change in equity $'000	31 Dec 2022 Profit/(loss) $'000	31 Dec 2022 Change in equity $'000
Loans receivable	+/-1%	20,797/(20,797)	20,797/(20,797)	8,533/(8,533)	8,533/(8,533)
Borrowings	+/-1%	21,535/(21,535)	21,535/(21,535)	8,500/(8,500)	8,500/(8,500)

25.3.3 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The Group is exposed to equity price risk on its holdings in equity investments.

The potential impact of movements in the market value of listed and unlisted equities is shown in the below sensitivity analysis. The impact on profit and equity is at a post-tax rate of 30%. The risks faced and methods used in the sensitivity analysis are the same as those applied in the comparative period.

Equities	Change in market prices	31 Dec 2023 Profit/(loss) $'000	31 Dec 2023 Change in equity $'000	31 Dec 2022 Profit/(loss) $'000	31 Dec 2022 Change in equity $'000
Listed equities	+/-5%	55/(55)	55/(55)	806/(806)	806/(806)
Unlisted equities	+/-5%	1,342/(1,342)	1,342/(1,342)	1,267/(1,267)	1,267/(1,267)

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.4 Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument will fail to meet its contractual obligations when they fall due.

The Group mitigates its treasury-related counterparty credit risk by ensuring its cash and liquid assets are held with financial institutions of requisite credit quality.

The Group's primary credit risk exposures relate to its credit investment and lending activities. Where credit investments are originated or financed through an investment fund vehicle, the Group will only have direct exposure to credit risk to the extent it has participated in funding, underwriting the loan, or co-investing in the fund. The Group co-invests in some of its credit investment fund vehicles in various ways, including as a fund unitholder and, in some cases, as a subordinated unitholder. The Group may face indirect consequences from borrower default or other impacts of credit risk including lower fund investment returns, client dissatisfaction and the time and expense required to intensively manage the position. Note 15 details the Group's approach to recognising and measuring ECL on credit investments.

The Group engages in a range of credit investment activities, managed by its Global Credit Solutions and Real Estate Credit teams, which can include making secured loans to corporate borrowers, real estate development funding, specialty credit and asset-backed lending opportunities. The Group also undertakes direct lending through its lending platforms, including MA Money (for residential home loans) and its specialty finance business (for certain types of specialty credit where the Group is an originator of assets outside the credit investment activities it undertakes for its managed funds). In general terms, the Group controls its credit risk exposure by assessing the creditworthiness of counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with counterparties with an acceptable level of credit risk through use of a rigorous credit risk evaluation process, which may be augmented by a shadow rating process which can then be monitored over the life of the loan facility.

Maximum exposure to credit risk

The carrying amount of the Group's financial assets and contract assets reported on the Statement of financial position represents the maximum exposure to credit risk.

Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not require collateral in respect of trade and other receivables. At each reporting period, the Group reviews the recoverable amount of each receivable on an individual basis to ensure that adequate loss allowance is made for irrecoverable amounts.

Contract assets

The Group's contract assets relate mainly to high credit quality financial institutions. The Group bears the risk of non-payment of future trail commissions by lenders should they not maintain solvency. However, should a lender not meet its obligations as a debtor then the Group is under no obligation to pay out any future trail commissions to brokers.

Commercial loans

Where a loan is funded primarily by the Group's financial resources, it is subject to approval by the Group's Credit Investment Committee. In other cases, above de minimis levels, it requires the approval of the relevant fund or divisional Credit Investment Committee. The exact nature of the credit analysis undertaken differs depending on the nature of the lending activity and the size of the loan. In general, credit risk analysis is focused on ensuring that risks have been fully identified and that the downside risk is properly understood and acceptable and can include an assessment of:

- the fundamental characteristics of the borrower, including its asset, business or commercial dynamics;
- the borrower's industry and relevant industry dynamics;
- the owner or sponsor of the borrower;
- the borrower's financial characteristics, along with commercial and qualitative performance dynamics;
- the borrower's own credit and financial risk management practices;
- ratings or internal shadow rating calculations using public information and financial information of the borrower;
- historical loan performance, nature of risk and yield;
- borrower's credit policy to ascertain their underwriting practices;
- alignment to the Group's risk appetite; and
- securitisation of assets and undertakings.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.4 Credit risk (continued)

To mitigate exposure to loan defaults, security and collateral are often negotiated and documented in executed loan agreements. Ongoing monitoring of borrowers' financial performance (including arrears balances, ageing of arrears and losses incurred) are performed and any exceptions reported to senior management who use the information to review individual loan exposures, make decisions on reducing commitments, and where required refinancing options to refinance out of certain exposures no longer aligned to risk appetite.

The Group completes an assessment of whether there is a significant increase in credit risk when an amount becomes more than 90 days past due on a case by case basis due to the fact that:

- the majority of the counterparties for commercial loans made are through the Group's managed funds, and therefore the credit risk is lower compared to external counterparties; and
- historically there have been no defaults from loans described above despite being over 90 days with amounts being repaid in full within a reasonable period.

Residential mortgages

The Group manages its credit risk from residential mortgages by lending responsibly and obtaining security over residential property for each loan. In monitoring the credit risk, loans are grouped according to their credit characteristics using credit risk classifications. This includes the use of the Loan to Value Ratio (LVR) and days in arrears to assess the Group's exposure to credit risk.

The Group has a credit risk framework and credit risk policy for its residential lending that aligns to the responsible lending regulations. It includes stringent underwriting criteria and a thorough analysis of a borrower's credit worthiness. The Group's Credit Risk Council is responsible for the active management, implementation, and oversight of its credit risk framework.

Under the Group's monitoring procedures, a significant increase in credit risk is identified pre-emptively, before a default occurs. This process includes identifying exposures that become 30 days past due as a key indicator of increased risk. The Group's loan portfolio management strategies support the individual circumstances of customers in line with its hardship policies.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.4 Credit risk (continued)

Ageing of amortised cost financial asset

The table below gives information regarding the carrying value of the Group's financial assets measured at amortised cost. The analysis splits these assets by those that are not past due and those that are past due.

		Past due				
Amortised cost financial assets	Not past due $'000	1–30 days $'000	31–60 days $'000	61–90 days $'000	90+ days $'000	Total
31 December 2023						
Receivables	59,787	1,869	85	-	24,675	86,416
Loans receivable	2,013,417	34,150	18,246	8,294	5,609	2,079,716
Total	**2,073,204**	**36,019**	**18,331**	**8,294**	**30,284**	**2,166,132**
31 December 2022						
Receivables	83,021	212	96	799	4,355	88,483
Loans receivable	835,686	12,195	4,584	60	2,957	855,482
Total	**918,707**	**12,407**	**4,680**	**859**	**7,312**	**943,965**

The table below summarises the loans receivable and the loss allowance by stage.

	Lifetime ECL			
	Stage I $'000	Stage II $'000	Stage III $'000	Total $'000
31 December 2023				
Loans receivable	2,053,217	26,674	5,835	2,085,726
Loss allowance	(5,649)	(135)	(226)	(6,010)
Total	**2,047,568**	**26,539**	**5,609**	**2,079,716**
31 December 2022				
Loans receivable	852,212	4,974	3,008	860,194
Loss allowance	(4,331)	(330)	(51)	(4,712)
Total	**847,881**	**4,644**	**2,957**	**855,482**

25.5 Liquidity risk

Liquidity risk is the risk that financial obligations of the Group cannot be met as and when they fall due without incurring significant costs. The Group manages liquidity risk by monitoring forecast cash requirements, both short and longer term, against its current liquid assets.

The Group aims to ensure that it has sufficient liquidity to meet its obligations on a short, medium and long-term basis. In setting the level of sufficient liquidity, the Group considers contractual obligations, minimum cash requirements, AFSL requirements, cash flow forecasts, associated reporting requirements, other liquidity risks and contingency plans.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Mortgage trust notes issued by the Group's consolidated mortgage warehouse trusts are excluded in the table as, under such arrangements, the note holder recourse is limited to the assets of the relevant mortgage warehouse trust to which the liability relates and the repayment profile of the mortgage trust notes is matched to the repayments collected from the loan assets.

Notes to the financial statements (continued)

For the year ended 31 December 2023

25 Financial risk management (continued)

25.5 Liquidity risk (continued)

Maturity profile of undiscounted financial liabilities	Less than 1 month $'000	1–3 months $'000	3–12 months $'000	1–5 years $'000	5+ years $'000	Total $'000
31 December 2023						
Trade and other payables	50,308	9,297	36	5,448	-	65,089
Other financial liabilities	-	-	102,415	-	-	102,415
Unsecured notes	-	-	70,030	134,190	-	204,220
Fund preferred units	-	-	-	1,127,452	-	1,127,452
Lease liabilities	844	1,742	7,758	57,179	23,236	90,759
Total financial liabilities	**51,152**	**11,039**	**180,239**	**1,324,269**	**23,236**	**1,589,935**
31 December 2022						
Trade and other payables	73,226	4,339	-	240	-	77,805
Other financial liabilities	-	-	116,419	-	-	116,419
Unsecured notes	-	-	-	155,030	-	155,030
Fund preferred units	-	-	-	568,584	-	568,584
Lease liabilities	837	1,714	7,715	46,563	27,384	84,213
Total financial liabilities	**74,063**	**6,053**	**124,134**	**770,417**	**27,384**	**1,002,051**

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

26 Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Where one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observant inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Financial instruments measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level that is significant to the fair value measurement. Items measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (i.e. listed securities).

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

Level 3 Valuation inputs that are not based on observable market data (unobservable inputs).

Notes to the financial statements (continued)

For the year ended 31 December 2023

26 Fair value of financial assets and financial liabilities (continued)

Valuation techniques

Financial assets and liabilities are accounted for in accordance with AASB 9 and comprises of the following categories.

	Basis of measurement	Note	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Financial assets				
Cash and cash equivalents	Amortised cost	12	180,319	144,589
Restricted cash	Amortised cost		700	700
Receivables	Amortised cost	13	86,416	88,483
Loans receivable	Amortised cost/FVTPL	14	2,079,716	855,482
Other financial assets	FVTOCI/FVTPL	17	186,939	196,312
Deposits	Amortised cost		3,320	5,027
Total financial assets			**2,537,410**	**1,290,593**
Financial liabilities				
Trade and other payables	Amortised cost	22	65,089	77,805
Other financial liabilities	FVTOCI	17	102,415	116,419
Unsecured notes	Amortised cost	23	204,220	155,030
Mortgage trust notes	Amortised cost	23	807,405	216,475
Fund preferred units	Amortised cost	23	1,127,452	568,584
Contract liabilities	Amortised cost	16	661,158	571,365
Total financial liabilities			**2,967,739**	**1,705,678**

The carrying amount of the Group's financial assets and financial liabilities measured at amortised cost is assumed to approximate its fair value at the current and prior reporting date.

The Group reviewed its valuation techniques and key inputs for its level 2 and level 3 assets on the estimated fair values. The review considered the most recent independent valuations, quoted unit prices of recent equity transactions, expected duration the assets are likely to be held for and the macroeconomic outlook for the industries each asset operates in. As a result of the review, no significant change in the fair values of the assets was identified and the Group considers the fair values adopted to be appropriate.

Level 3 assets consist of loans receivable classified at FVTPL and unlisted investments where a best estimate valuation approach is used. Loan valuations are sensitive to changes in credit spreads and discount rates in determining their fair value. Changes in either of these inputs would have an impact on the net profit of the Group. The valuation of unlisted investments is sensitive to variations in unobservable inputs such as cash flow projections and discount rates. An increase or a decrease to the inputs into the valuations would result in an increase or a decrease the net profit of the Group.

Valuation processes

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation function that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Chief Financial Officer. The valuation function regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the Group's Audit and Risk Committee.

Notes to the financial statements (continued)

For the year ended 31 December 2023

26 Fair value of financial assets and financial liabilities (continued)

The following table summarises the levels of the fair value hierarchy for financial assets and liabilities that are recognised and measured at fair value in the Statement of financial position.

	Mandatorily at FVTPL	FVTOCI-equity instruments	Total	Level 1	Level 2	Level 3	Total
31 December 2023							
Loans receivable	5,948	-	5,948	–	-	5,948	5,948
Non-equity securities	7,588	-	7,588	–	-	7,588	7,588
Equity securities	619	19,717	20,336	1,087	19,249	-	20,336
Consolidated managed fund investments	-	159,015	159,015	–	159,015	-	159,015
Total assets measured at fair value	**14,155**	**178,732**	**192,887**	**1,087**	**178,264**	**13,536**	**192,887**
Consolidated managed fund investments	-	102,415	102,415	-	102,415	-	102,415
Total liabilities measured at fair value	**-**	**102,415**	**102,415**	**-**	**102,415**	**-**	**102,415**
31 December 2022							
Loans receivable	6,223	-	6,223	-	-	6,223	6,223
Non-equity securities	15,479	-	15,479	-	550	14,929	15,479
Equity securities	640	25,333	25,973	528	25,445	-	25,973
Consolidated managed fund investments	-	154,860	154,860	-	154,860	-	154,860
Total assets measured at fair value	**22,342**	**180,193**	**202,535**	**528**	**180,855**	**21,152**	**202,535**
Consolidated managed fund investments	-	116,419	116,419	-	116,419	-	116,419
Total liabilities measured at fair value	**-**	**116,419**	**116,419**	**-**	**116,419**	**-**	**116,419**

Reconciliation of balances in level 3 of the fair value hierarchy

During the year there were no transfers between level 1, level 2 and level 3 fair value hierarchies. The following table summarises the movements in level 3 of the fair value hierarchy for the financial instruments measured at fair value by the Group.

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Balance at the beginning of the year	**21,152**	**29,159**
Purchase, issuances and other additions	929	3,053
Sales, settlements and repayments	(8,756)	(11,057)
Fair value movements recognised in profit or loss	211	(3)
Closing balance at the end of the year	**13,536**	**21,152**

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not significantly change amounts recognised in profit or loss, total assets, total liabilities or total equity. There are no equity investments classified at Level 3 (2022: nil) and no gains and losses are reported in other comprehensive income.

Notes to the financial statements (continued)

For the year ended 31 December 2023

27 Contributed equity

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Ordinary share capital	370,980	354,057
Treasury shares	(92,243)	(78,970)
Total contributed equity	**278,737**	**275,087**

			Contributed equity	
	31 Dec 2023 Number of shares	31 Dec 2022 Number of shares	31 Dec 2023 $'000	31 Dec 2022 $'000
Ordinary share capital				
Balance at the beginning of the year	175,073,933	**169,591,372**	**354,057**	**311,178**
Ordinary shares issued	3,493,878	6,376,921	17,064	44,188
Share buy-back and cancellation	(236,000)	(894,360)	(1,027)	(4,104)
Equity transaction costs	-	-	(26)	(131)
Transfer from share-based payment reserve on vesting of awards	-	-	912	2,926
Balance at the end of the year	**178,331,811**	**175,073,933**	**370,980**	**354,057**
Treasury shares				
Balance at the beginning of the year	**(15,346,005)**	**(13,066,811)**	**(78,970)**	**(56,188)**
Ordinary shares issued for staff equity awards	(3,420,530)	(2,668,356)	(15,167)	(19,417)
On market purchases of shares	(1,347,789)	(1,496,448)	(6,101)	(9,920)
Shares allocated upon exercise of options	-	16,666	-	103
Shares allocated under employee share plans	1,676,941	1,868,944	7,995	6,452
Balance at the end of the year	**(18,437,383)**	**(15,346,005)**	**(92,243)**	**(78,970)**
Contributed equity at the end of the year	**159,894,428**	**159,727,928**	**278,737**	**275,087**

The Company had authorised share capital amounting to 178,331,811 ordinary shares at 31 December 2023 (2022: 175,073,933). Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

On 20 October 2022, the Group announced an on-market share buy-back of up to $25.0 million. The program started on 4 November 2022 and ended on 3 November 2023. During the year, the Company purchased 236,000 shares at an average price of $4.35 per share. Shares acquired under the buy-back were subsequently cancelled resulting in a reduction of the paid-up share capital of the Company.

Notes to the financial statements (continued)

For the year ended 31 December 2023

27 Contributed equity (continued)

Shares purchased on-market for the purpose of an employee incentive scheme

During the year, the Company purchased 1,347,789 shares on-market (2022: 1,000,000 shares) and no shares from its employees during a staff trading window (2022: 496,448 shares) in order to meet the Group's shared based payment awards. The average price of all share purchases during the year was $4.53 (2022: $6.63).

Shares issued under a Long-term Incentive Plan

During the year, the Company issued 3,420,530 (year ended 31 Dec 2022: 2,668,356) fully paid ordinary shares in order for eligible employees of the Group to acquire loan funded shares in the Company as part of the Long-term Incentive (LTI) plan. The average issue price of the shares was $4.43 (year ended 31 Dec 2022: $7.28). The purchase price of the shares acquired by eligible employees under the LTI was fully funded by a limited recourse loan provided by the Company. The shares are subject to vesting conditions, including performance conditions and continuous employment, and carry the same rights as other fully paid ordinary shares. Refer to notes 31.4 and 31.5 for further details.

Accounting policy

Ordinary shares are classified as equity. Issued capital in respect of ordinary shares is recognised as the fair value of the consideration received by the parent entity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Treasury shares are ordinary shares in the Company held in respect of equity incentive plan awards to employees.

28 Earnings per share

	31 Dec 2023 Consolidated Cents	31 Dec 2022 Consolidated Cents
Basic earnings per share	17.8	28.0
Diluted earnings per share	17.3	26.9

The earnings used in the calculation of basic and diluted earnings per share is the Group's profit after tax attributable to equity holders of the Company.

	31 Dec 2023	31 Dec 2022
Weighted average number of ordinary shares (net of treasury shares) used in calculating basic earnings per share	160,179,835	160,413,092
Adjusted for potential equity shares[1]		
Share options	1,215,528	2,899,198
Share rights	430,365	341,964
Restricted shares	3,170,003	2,857,404
Salary sacrifice shares	28,091	21,967
Total potential equity shares	**4,843,987**	**6,120,533**
Total weighted average number of ordinary shares (net of treasury shares) and potential equity shares used in calculating diluted earnings per share	165,023,821	166,533,625

1. Refer to note 31 for detail of the terms and conditions of plans impacting diluted earnings per share.

Accounting policy

Basic earnings per share is calculated by dividing the Group's profit after income tax for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's profit after income tax for the year attributable to equity holders of the Company, adjusted by profit attributable to all the dilutive potential ordinary shares by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
29 Dividends		
Details of the Group's fully franked dividend payments:		
2021 final dividend (12 cents per share paid on 11 March 2022)	-	20,466
2022 interim dividend (6 cents per share paid on 21 September 2022)	-	10,452
2022 final dividend (14 cents per share paid on 22 March 2023)	24,256	-
2023 interim dividend (6 cents per share paid on 20 September 2023)	10,649	-
Dividends paid	**34,905**	**30,918**
Franking credits		
Franking credits available for the subsequent financial year[1]	58,826	55,255

1. Calculated at a corporate tax rate of 30% (2022: 30%).

Dividends not recognised at the end of the financial year

Since the end of the financial year, the Directors have resolved to pay a fully franked dividend of 14 cents per share, payable on 20 March 2024. The aggregate amount of the proposed dividend expected to be paid from retained profits, but not recognised as a liability at the end of the year is $25.0 million. This amount has been estimated based on the number of shares eligible to participate as at 31 December 2023.

Notes to the financial statements (continued)

For the year ended 31 December 2023

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
30 Reserves and non-controlling interests		
Reserves		
Share-based payment reserve (refer to note 31)	39,181	38,974
Associates OCI reserve	15,124	21,424
FVTOCI reserve	(6,881)	(6,598)
Foreign currency translation reserve (FCTR)	(2,726)	211
Total reserves	**44,698**	**54,011**
Associates OCI reserve		
Balance at the beginning of the year	**21,424**	**19,815**
Share of other comprehensive (loss)/income of associates	(8,856)	3,141
Income tax relating to the revaluation of associates	2,556	(1,532)
Balance at the end of the year	**15,124**	**21,424**
FVTOCI reserve		
Balance at the beginning of the year	**(6,598)**	**(5,677)**
Net gain/(loss) arising on revaluation of financial assets	510	(2,504)
Income tax relating to gain/(loss) arising on revaluation of financial assets	(793)	1,583
Balance at the end of the year	**(6,881)**	**(6,598)**
FCTR reserve		
Balance at the beginning of the year	**211**	**-**
Foreign exchange movement on translation of foreign operations	(2,937)	211
Balance at the end of the year	**(2,726)**	**211**
Non-controlling interests		
Reserves	63,624	-
Total non-controlling interests	**63,624**	**-**

Accounting policy

Share-based payments reserve

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the entity obtains the goods or the counterparty renders the service.

Notes to the financial statements (continued)

For the year ended 31 December 2023

30 Reserves and non-controlling interests (continued)

Accounting policy (continued)

Foreign currency translation reserve

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into Australian dollars at the rate of exchange at the Statement of financial position date. Exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign operation, in part or in full, the cumulative amount in the foreign currency translation reserve is recognised in the Statement of profit or loss and other comprehensive income or to non-controlling interest.

Non-controlling interests

This reserve relates to the recognition made directly in equity for outside ownership interests in entities controlled by the Group. It includes changes arising from movements in the ownership interests.

31 Share-based payments

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Share-based payment reserve		
Balance at the beginning of the year	**38,974**	**34,353**
Amortisation of share options	7	59
Amortisation of share rights	707	1,044
Amortisation of restricted shares	7,564	8,641
Amortisation of loan funded shares	439	3,963
Amortisation of share appreciation rights	1,757	1,215
Amortisation of deferred remuneration on business acquisitions	-	800
Vesting of share-based payments	(10,267)	(11,101)
Balance at the end of the year	**39,181**	**38,974**

The component of annual bonus expected to be paid in shares has been accounted for as a share-based payment, with the amounts accruing over the expected vesting period of between 1 to 3 years. The profit or loss impact (after tax) of the estimated share component for services received for the year ended 31 December 2023 was $2.0 million (2022: $3.5 million). The accounting standards require the value of the share-based component to be determined when there is a shared understanding of the terms and conditions of the scheme and so the estimate of the accrual to date could change until this grant date is achieved.

Notes to the financial statements (continued)

For the year ended 31 December 2023

31 Share based payments (continued)

31.1 Employee share options

The Group has granted options to certain employees of the Group. For accounting purposes, fair value of the options is amortised as an expense over the vesting period of the options.

	Number of options		Weighted average exercise price $	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at the beginning of the year	**1,986,413**	**2,875,391**	**3.53**	**3.41**
Forfeited during the year	(10,000)	(16,668)	3.35	3.35
Exercised during the year	(1,086,476)	(872,310)	3.29	3.14
Balance at the end of the year	**889,937**	**1,986,413**	**3.82**	**3.53**

No share options were issued, forfeited or exercised since the end of the reporting period. 389,937 employee share options were exercisable as at year end.

2017 share options

Prior to the listing of the Company, a number of employees were provided the opportunity to purchase options (share option), with each share option carrying the right to acquire one share in the Company at a future date. As a result of the offer, the Company issued 5,468,750 share options on 8 April 2017.

Each share option is exercisable for a period of one year, commencing on the first exercise date applicable to the relevant tranche (exercise window) as set out in the table below. Each share option expires if it is not exercised within the relevant exercise window. The vesting period of the share options runs from the grant date to the first exercise date as shown in the table below. Unless otherwise determined by the Board, a share option holder must continue to be employed by the Group in order to exercise the share option.

Share options do not carry any dividend entitlement. Shares issued on exercise of share options will rank equally with other shares of the Company on and from issue. There are no inherent participating rights or entitlements inherent in the share option and share option holders will not be entitled to participate in new issues of capital offered to shareholders during the life of the share option. The issue price of the share option was paid by the recipient on receipt of the share option.

The table below provides the details of options issued on 8 April 2017:

Numbers of options at beginning of year	Acquired by	Grant date share price	Exercise price of option	Issue price	Earliest date of exercise	Expiry date	Options forfeited during the year	Options exercised during the year	Number of options at year end
351,747	Employees	$2.35	$3.15	$0.03	8/04/2022	7/04/2023	-	351,747	-
1,134,666	Employees	$2.35	$3.35	$0.01	8/04/2023	7/04/2024	10,000	734,729	389,937
1,486,413							**10,000**	**1,086,476**	**389,937**

Fair value of share options granted

The weighted average value of the share option at the time of grant was $0.0375.

The fair value of the share option was calculated using a Black-Scholes model, adjusted for expectations of forfeiture due to employee departures. The assumptions used in calculating the fair value are shown below and are common to all tranches of share options, unless otherwise stated:

- Dividend yield 4.0%.
- Risk-free rate 2.5%.
- Expected volatility of 30%, calculated based on the volatility of comparable listed entities.
- Expected life of option is the maximum term up to last day of the exercise window.
- Forfeiture assumptions for the options granted to employees are that 16%, 20% and 23% of Share options are forfeited for tranches 1, 2 and 3 respectively.

Notes to the financial statements (continued)

For the year ended 31 December 2023

31 Share based payments (continued)

31.1 Employee share options (continued)

2020 share options

During 2020, the Group granted share options to non-Australian domiciled Group employees. The terms of the 2020 share options plan are the same as the 2017 share options plan unless otherwise stated below. The table below provides a summary of the details of options issued during 2020:

Numbers of options at beginning of year	Acquired by	Grant date share price	Exercise price of option	Issue price	Earliest date of exercise	Expiry date	Options forfeited during the year	Options exercised during the year	Number of options at year end
83,334	Employees	$3.09	$4.04	$0.00	13/03/2024	13/03/2025	-	-	83,334
83,334	Employees	$3.09	$4.04	$0.00	13/03/2025	13/03/2026	-	-	83,334
83,332	Employees	$3.09	$4.04	$0.00	13/03/2026	13/03/2027	-	-	83,332
250,000							-	-	**250,000**

The weighted average value of the 2020 share options at the time of grant was $0.85.

The fair value of the share options was calculated using a Monte-Carlo model, adjusted for expectations of forfeiture due to employee departures. The assumptions used in calculating the fair value are shown below and are common to all tranches of share options, unless otherwise stated:

- Performance hurdle of 8% per annum increase in total shareholder return.
- Risk-free rate 0.67%.
- Expected volatility of 42.78%.
- Expected life of option is the maximum term up to last day of the exercise window
- Forfeiture assumptions for the options granted to employees are that 25% and 30% of share options are forfeited for tranches 2 and 3 respectively.

2021 share options

During 2021, the Group granted share options to non-Australian domiciled Group employees. The terms of the 2021 share options plan are the same as the 2020 share options plan unless otherwise stated below. The table below provides a summary of the details of options issued during 2021:

Numbers of options at beginning of year	Acquired by	Grant date share price	Exercise price of option	Issue price	Earliest date of exercise	Expiry date	Options forfeited during the year	Options exercised during the year	Number of options at year end
125,000	Employees	$4.40	$4.34	$0.00	10/03/2025	10/03/2026	-	-	125,000
125,000	Employees	$4.40	$4.34	$0.00	10/03/2026	10/03/2027	-	-	125,000
250,000							-	-	**250,000**

The weighted average value of the share options at the time of grant was $1.48.

The fair value of the share options was calculated using a Monte-Carlo model, adjusted for expectations of forfeiture due to employee departures. The assumptions used in calculating the fair value are shown below and are common to all tranches of share options, unless otherwise stated:

- Performance hurdle of 8% per annum increase in total shareholder return.
- Risk-free rate 0.67%.
- Expected volatility of 42.78%, based on historical MAF share price volatility over the expected term of the plan.
- Expected life of option is the maximum term up to last day of the exercise window.
- Forfeiture assumptions for the options granted to employees are that 20%, 25% and 30% of share options are forfeited for tranches 1, 2 and 3 respectively.

Notes to the financial statements (continued)

For the year ended 31 December 2023

31 Share based payments (continued)

31.2 Share rights

Share rights awarded include those granted to staff on commencement of employment, until 2018 as part of the bonus incentive scheme and from 2022 as promotion and performance awards, with the vesting subject to certain conditions including continuous employment. The value of these grants are amortised over the vesting period. The value of the grant has been determined by reference to the trading in the Company's shares. For the bonus awards, the amortising period commences from the date employees first had an expectation of receiving an equity component to their bonus incentive scheme. Determination of this date required a degree of judgement.

Share rights granted as sign-on incentive

The Company has periodically granted share rights to senior employees commencing employment with the Group. The share rights are priced with reference to the trading price of the Company's shares at the time the offer of employment is made. Vesting is subject to continuous employment, with terms varying on a case by case basis. Amortisation of the expense commences on the day the employees start their employment.

Share rights granted as bonus, performance or promotion awards

Until 2018, share rights were granted to employees in connection with their annual bonus incentive scheme which entitles the employees to ordinary shares in the Company in the future for no payment. The share rights vest over a prescribed vesting period, and are conditional on continuous employment, unless otherwise determined by the Board. Bonus incentive scheme share rights were fully vested by the end of the first quarter of 2023.

From 2022, promotion and performance based awards were issued to selected employees in the form of share rights to better align their interests with shareholders. The number of share rights granted was determined by dividing the face value of the performance or promotion based equity opportunity by the 5-day volume-weighted average price (VWAP) up to and including the grant date, rounded to the nearest number. Rights granted are subject to a vesting period of three years and a service condition, unless otherwise determined by the Board. The amortising period has been assessed to commence at the grant date of the right.

The table below sets out the movement in share rights during the year:

	Number of share rights		Grant date fair value $'000	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at the beginning of the year	**341,964**	**971,164**	**3,684**	**4,625**
Granted during the year	343,699	179,784	1,536	2,735
Forfeited during the year	(86,843)	(5,474)	(440)	(64)
Vested during the year	(165,341)	(803,510)	1,007	(3,612)
Balance at the end of the year	**433,479**	**341,964**	**5,787**	**3,684**

31.3 Restricted shares

Restricted shares – staff bonus incentive scheme

From 2019, as part of the annual staff bonus incentive scheme, the share-based component of short-term incentive remuneration was delivered in the form of restricted shares, issued to employees as part of their annual bonus awards. The restricted shares were priced at the 5-day VWAP of the shares in the Company at the end of the respective financial years. The restricted shares vest over a prescribed vesting period of 10 months to 34 months, and are conditional on continuous employment, unless otherwise determined by the Board. The amortisation period has been assessed to commence from the date employees first had an expectation of receiving an equity component to their annual bonus (being 1 January of each financial year).

Notes to the financial statements (continued)

For the year ended 31 December 2023

31 Share based payments (continued)

31.3 Restricted shares (continued)

	Number of restricted shares		Grant date fair value $'000	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at the beginning of the year	**2,857,404**	**2,634,796**	**18,017**	**12,763**
Granted during the year	1,925,130	1,310,986	8,298	10,675
Forfeited during the year	(129,666)	(42,696)	(690)	(305)
Vested during the year	(1,482,865)	(1,045,682)	(8,666)	(5,116)
Balance at the end of the year	**3,170,003**	**2,857,404**	**16,959**	**18,017**

Restricted shares – 2023 staff bonus incentive scheme

As at 31 December 2023, the Group has estimated short-term incentive component of the expected 2023 annual bonuses, including an estimate of the amount of bonuses to be paid in cash and the share-based component, which is anticipated to be delivered in the form of restricted shares. The profit or loss impact (after tax) of the estimated equity component for services received for the year ended 31 December 2023 was $2.0 million (2022: $2.4 million). The estimate of the cost of the restricted share awards could change up until the grant date is achieved.

31.4 Loan funded share plan (LFSP)

As part of the long-term incentive plan, from 2020 the Group issued retention LFSP awards for certain employees that enabled the employees to invest in shares of the Company in order to more closely align their long-term interests with shareholders of the Group. During 2022, the Group issued a new Long-term Incentive (LTI) LFSP award. The Group provides an interest free and limited recourse loan to the employees which is used to acquire shares in the Company. The loans to employees are secured on the shares which are not transferable until the loan is fully paid. LFSP shares rank equally in all respects with all shareholder entitlements for the same class of shares including dividends.

The total expense recorded for the year in respect of the retention LFSP awards and LTI LFSP awards was $0.44 million (2022: $4.0 million).

	Number of loan funded shares		Grant date fair value $'000	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at the beginning of the year	**10,474,440**	**7,915,184**	**56,219**	**37,253**
Granted during the year	3,420,530	2,668,356	15,167	19,417
Forfeited during the year	(493,422)	(109,100)	(2,865)	(451)
Vested during the year	-	-	-	-
Balance at the end of the year	**13,401,548**	**10,474,440**	**68,521**	**56,219**

Notes to the financial statements (continued)

For the year ended 31 December 2023

31 Share based payments (continued)

31.4 Loan funded share plan (LFSP) (continued)

The shares issued under the retention LFSP awards have been treated as 'in substance options' and have been valued using a Monte-Carlo pricing methodology with key inputs shown below.

	2021 Grant		2020 Grant		
Retention LFSP awards	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
Vesting period	4 years	5 years	4 years	5 years	6 years
Share price at grant date	$4.34	$4.34	$4.04	$4.04	$4.04
Expected volatility[1]	42.78%	42.78%	42.78%	42.78%	42.78%
Risk-free rate	0.67%	0.67%	0.67%	0.67%	0.67%
Fair value per security	$1.45	$1.51	$0.75	$0.86	$0.94
Performance hurdle (total shareholder return)	8% p.a.	8% p.a.	8% p.a.	8% p.a.	8% p.a.
Forfeiture assumptions	10%	13%	20%	25%	30%

LTI LFSP awards

From 2022, the Group issued LTI LFSP awards for senior employees including KMP. The LTI LFSP awards are granted to ensure alignment with the creation of ongoing shareholder value. Shares granted are subject to a vesting period of five years, a service condition, unless otherwise determined by the Board, and an EPS performance condition based on average growth in Underlying EPS over the vesting period. The shares issued under the LTI LFSP awards have been treated as 'in substance options' and have been valued using a Black-Scholes pricing methodology with key inputs shown below.

LTI LFSP awards	2022 LTI LFSP	2021 LTI LFSP
Vesting period	5 years	5 years
Share price at grant date	$4.43	$7.91
Expected volatility[1]	55.22%	40.71%
Risk-free rate	3.07%	2.73%
Fair value per security	$1.26	$0.02
Performance hurdle (total shareholder return)	7.5% – 12.0%	7.5% – 12.0%
Forfeiture assumptions	20.0%	20.0%

1. Based on historical MAF share price volatility over the expected term of the plan.

2023 LTI LFSP awards

Due to a change implemented by management regarding the terms and conditions of LTI awards, there are no planned LFSPs to be granted for the service period commencing 1 January 2023.

Notes to the financial statements (continued)

For the year ended 31 December 2023

31 Share based payments (continued)

31.5 Share appreciation rights plan

From 2022, Share Appreciation Rights (SAR) were granted under the LTI plan to senior executives, Managing Directors and equivalent. A SAR is an 'in substance option' which gives the holder a right to shares in the future equivalent to the uplift in the share price between the grant date and vesting date.

	Number of share appreciation rights		Grant date fair value $'000	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at the beginning of the year	**1,723,133**	-	**13,612**	-
Granted during the year	2,874,004	1,757,411	12,773	13,883
Forfeited during the year	(312,113)	(34,278)	(1,683)	(271)
Vested during the year	-	-	-	-
Balance at the end of the year	**4,285,024**	**1,723,133**	**24,702**	**13,612**

The SARs issued under the LTI plan have been valued using a Black-Scholes pricing methodology with key inputs shown below. The resulting value is amortised over the vesting period on a probability adjusted basis.

LTI SAR awards	2022 LTI SAR	2021 LTI SAR
Vesting period	5 years	5 years
Share price at grant date	$4.43	$7.91
Expected volatility[1]	55.09%	40.71%
Risk-free rate	3.48%	2.73%
Dividend yield	3.54%	2.15%
Forfeiture assumptions – Service condition	20.0%	20.0%

1. Based on historical MAF share price volatility over the expected term of the plan.

2023 LTI SAR awards

Due to a change implemented by management regarding the terms and conditions of LTI awards, there are no planned SARs to be granted for the service period commencing 1 January 2023.

31.6 Salary sacrifice share plan

From 2020, all permanent full and part-time employees of the Group were invited to participate in the annual salary sacrifice share offer which allowed employees to receive up to $5,000 worth of shares in the Company by sacrificing an equivalent amount of their pre-tax salary or cash bonus award. 34,859 shares were issued under the 2023 arrangement, priced at $4.434, being the 5-day VWAP of the Company's shares on grant date (2022: 25,576 shares at $7.908). The shares are restricted from being sold by employees until at least 1 July of the year following issue or when the participant is no longer employed by the Group.

	Number of salary sacrifice shares		Grant date fair value $'000	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at the beginning of the year	**21,967**	**16,143**	**172**	**69**
Granted during the year	34,859	25,576	152	202
Vested during the year	(28,735)	(19,752)	(204)	(99)
Balance at the end of the year	**28,091**	**21,967**	**120**	**172**

Notes to the financial statements (continued)

For the year ended 31 December 2023

32 Key management personnel compensation

The aggregate compensation made to both Executive and Non-Executive Directors and other members of Key Management Personnel (KMP) of the Company and the Group is set out below. There were 12 KMP in 2023 (2022: 11 KMP).

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Short-term benefits	5,487	6,319
Share-based payments	1,370	3,099
Annual leave	(271)	129
Long service leave	(80)	94
Total key management personnel compensation	**6,506**	**9,641**

33 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

33.1 Loans to related parties

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Loans to employees	2,383	2,211

The Group has provided interest-free loans to certain senior employees that are used for investment purposes, primarily for investment in funds managed by the Group. The investments purchased have been designated as restricted and are unable to be sold without the approval of the Group. 51% of distributions received on the investments are allocated against the loan balance. The loans are repayable over a maximum term of five years.

33.2 Transactions with Key Management Personnel

In 2019 Mr Pridham and Mr Biggins entered into property management service arrangements with the Group on the same terms offered to third-party investors in a property managed by the Group. Total management fees payable by Mr Pridham and Mr Biggins for 2023 amounted to $51,872 and $11,598 respectively (2022: $69,352 and $15,506 respectively).

33.3 Transactions with funds managed by the Group

The Group is involved in the management of various funds, through its role as a trustee, manager, financial advisor and underwriter, and charges fees for doing so. The Group also invests in some of the funds which it manages.

33.4 Transactions with associates

Transactions between the Group and its associates principally arise from KMP transactions and investments in the associate.

The amounts below for KMP are recorded at the closing price for the relevant investment in accordance with AASB 124 *Related Party Disclosures* and have not been adjusted for subsequent valuation changes.

Notes to the financial statements (continued)

For the year ended 31 December 2023

33 Related party transactions (continued)

33.4 Transactions with associates (continued)

Related party investments in associates

	KMP 31 Dec 2023 $'000	Group 31 Dec 2023 $'000	KMP 31 Dec 2022 $'000	Group 31 Dec 2022 $'000
BE ES I LLC	-	-	-	22,415
BE OLD I LLC	-	-	-	8,274
Redcape Hotel Group	7,162	49,295	7,757	57,086
Other associates	5,417	1,476	7,808	3,811
	12,579	**50,771**	**15,565**	**91,586**

Related party fees from associates

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Trustee and management fees	12,935	6,884
Transaction fees	2,838	1,206
Performance fees	4,335	43,925
	20,108	**52,015**

Receivables from associates

Current		
Accounts receivable and fees receivable from associates	28,609	30,579

34 Acquisitions and disposals of subsidiaries

34.1 Business acquisitions

On 1 May 2023, the Group acquired 100% of the issued share capital of Blue Elephant Capital Management LLC, Blue Elephant Partner LLC and Blue Elephant Financing LLC (collectively Blue Elephant), obtaining control of Blue Elephant. The purchase consideration was for USD $8.7 million (AUD $13.1 million), being USD $5.0 million (AUD $7.6 million) in cash and USD $3.7 million (AUD $5.6 million) in contingent consideration at fair value on the date of acquisition. Blue Elephant is a New York based, SEC-registered specialty credit asset manager.

Blue Elephant qualifies as a business as defined in AASB 3 *Business Combinations*.

The initial accounting for the acquisition of Blue Elephant has only been provisionally determined at the end of the reporting period. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Group receives all the information possible to determine fair value.

Since the last reporting period, the Group remeasured the fair value of the acquired net assets in Blue Elephant. The below remeasurements were made which subsequently resulted in a $0.9 million increase to goodwill.

- decrease to receivables of $0.1 million;
- decrease to investments of $0.03 million;
- decrease to right-of-use assets of $0.5 million; and
- increase to trade and other payables of $0.1 million.

Notes to the financial statements (continued)

For the year ended 31 December 2023

34 Acquisitions and disposals of subsidiaries (continued)

34.1 Business acquisitions (continued)

The table below represents the aggregated details of the businesses acquired during the year. The purchase price allocation for the current year's business acquisitions is provisional as at 31 December 2023.

	Total $'000
Fair value of net assets acquired	
Cash and cash equivalents	1,076
Receivables	735
Right-of-use assets	43
Trade and other payables	(2,584)
Total fair value of net liabilities acquired	**(730)**
Consideration	
Cash	7,572
Contingent consideration	5,575
Total consideration transferred	**13,147**
Goodwill recognised on acquisition	**13,877**
Net cash outflow arising on acquisition	
Cash consideration	7,572
Less: cash and cash equivalent balances acquired	(1,076)
Total net cash outflow arising on acquisition	**6,496**

Goodwill

The goodwill of $13.9 million arising from the acquisition consists of:

- the experience and employment of key management; and
- assembled workforce of existing employees.

None of the goodwill is expected to be deductible for income tax purposes.

Acquisition related costs

Business acquisition costs of $1.3 million comprising legal fees and due diligence costs were included in the Statement of profit or loss and other comprehensive income.

Contribution to the Group's results

Blue Elephant contributed $2.5 million of revenue and $4.2 million loss to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of Blue Elephant had been completed on 1 January 2023, Group revenue contribution for the year ended 31 December 2023 would have been $3.7 million and Group profit before tax contribution would have been $1.8 million loss. The Directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group for the year ended 31 December 2023 and to provide a reference point for comparison in future years.

Notes to the financial statements (continued)

For the year ended 31 December 2023

34 Acquisitions and disposals of subsidiaries (continued)

34.2 Subsidiaries

The table below presents the Group's notable subsidiaries that form the main composition of the Group as at 31 December 2023.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group 31 Dec 2023	31 Dec 2022
Eastern Credit Management Pty Ltd	Asset Management	Australia	100%	100%
MA Asset Management Ltd	Asset Management	Australia	100%	100%
MA Hotel Management Pty Ltd	Asset Management	Australia	100%	100%
MA Investment Management Pty Ltd	Asset Management	Australia	100%	100%
MA Visa Fund Manager Pty Ltd	Asset Management	Australia	100%	100%
MAAM Holdings Pty Ltd	Asset Management	Australia	100%	100%
MAAM RE Limited	Asset Management	Australia	100%	100%
Redcape Hotel Group Management Ltd	Asset Management	Australia	100%	100%
RetPro Management Pty Ltd	Asset Management	Australia	100%	100%
MA Credit Investments Pty Ltd	Asset Management	Australia	100%	100%
MA Credit Portfolio Investments Pty Ltd	Asset Management	Australia	100%	100%
MA Master Credit Trust	Asset Management	Australia	100%	100%
MA Wholesale Global Private Credit Fund	Asset Management	USA	100%	-
Finsure Finance & Insurance Pty Ltd	Lending & Technology	Australia	100%	100%
Beagle Finance Pty Ltd	Lending & Technology	Australia	100%	100%
MA Money Financial Services Pty Ltd	Lending & Technology	Australia	100%	100%
MA Moelis Australia Advisory Pty Ltd	CA&E	Australia	100%	100%
MA Moelis Australia Securities Pty Ltd	CA&E	Australia	100%	100%
MAFG Operations Pty Ltd	Administration Entity	Australia	100%	100%
MAFG Finance Pty Ltd	Administration Entity	Australia	100%	100%

The subsidiaries included in the list above are identified on the basis of their ongoing contribution to the Group's assets and operating profit. Additionally, this includes the employing entities, entities that are key providers of funding to other subsidiaries and other key operating entities.

All notable subsidiaries have a 31 December reporting date.

Non-controlling interest

Details of non-controlling interests are covered in note 30.

Notes to the financial statements (continued)

For the year ended 31 December 2023

34 Acquisitions and disposals of subsidiaries (continued)

Accounting policy

Basis of consolidation

The Financial Report reflects the financial performance and financial position of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) which the Group controls. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The determination of control is based on current facts and circumstances and is continually assessed. The Group has power over an entity when it has substantive rights that provides it with the ability to direct the entity's relevant activities, being those that significantly affect the entity's returns. If the Group determines that it has power over an entity, then it evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

Controlled entities are consolidated from the date on which control is transferred to the Group and ceases to be consolidated from the date control is transferred out of the Group. The effects of all transactions between subsidiaries in the Group are eliminated in full. Non-controlling interests (NCI) represent the share in the net assets of subsidiaries attributable to equity interests not owned directly or indirectly by the Group.

The Company reviews its investment in subsidiaries for indicators of impairment at each reporting period. Where subsidiaries had indicators of impairment, the subsidiaries' carrying value was compared to its recoverable value which is determined as the higher of value-in-use and fair value less cost to sell.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration exchanged is measured as the aggregate of the acquisition-date fair values of assets transferred, equity instruments issued and liabilities incurred. Acquisition-related costs are recognised directly in the Statement of profit or loss and other comprehensive income.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the date of acquisition. The Group elects, on a transaction-by-transaction basis, to initially measure NCI either at fair value or at the NCI's proportionate share of the fair values of the identifiable assets and liabilities.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the consideration is less than the Group's share of the fair value of the identifiable net assets of the business acquired and is recognised in investment income, but only after a reassessment of the identification and measurement of the net assets acquired.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 9, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Notes to the financial statements (continued)

For the year ended 31 December 2023

34 Acquisitions and disposals of subsidiaries (continued)

Accounting policy (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts or circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Consolidated managed fund investments

The Group regularly provides seed and growth capital to funds managed by the Group. At each reporting period investments in funds managed by the Group are assessed for control. Determining whether the Group has control over managed fund investments requires the use of judgement and is an assessment of the Group's power over the activities of the funds and exposure to significant variability in returns from the funds. Managed fund investments where such interests are interests in controlled entities are consolidated by the Group. Where it is determined that control does not exist, the Group's investments are recognised as either associates or other financial assets in the Statement of financial position.

35 Parent entity disclosures

As at, and throughout, the year ended 31 December 2023 the parent entity of the Group was MA Financial Group Limited.

	31 Dec 2023 Company $'000	31 Dec 2022 Company $'000
Results of the parent company		
Profit for the year	66,259	46,499
Total comprehensive income for the year	**66,259**	**46,499**
Financial position of the parent entity		
Current assets	195,912	160,938
Non-current assets	189,951	190,097
Total assets	**385,863**	**351,035**
Current liabilities	-	115
Total liabilities	**-**	**115**
Net assets	**385,863**	**350,920**
Total equity of the parent entity comprising of:		
Contributed equity	278,737	275,087
Reserves	36,554	36,348
Retained earnings	70,572	39,485
Total equity	**385,863**	**350,920**

The parent entity had no contingent liabilities, contractual commitments or guarantees with third parties as at 31 December 2023 (2022: nil) other than those already disclosed in the financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2023

36 Deed of cross guarantee

The Company and certain wholly owned subsidiaries listed below (the Closed Group) have entered into a Deed of Cross Guarantee (Deed) effective 21 December 2022.

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* (Cth) requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

The subsidiaries to the Deed are:

- Beagle Finance Pty Ltd
- Eastern Credit Management Pty Ltd
- Finsure Finance & Insurance Pty Ltd
- Finsure Holding Pty Ltd
- MAAM Holdings Pty Ltd
- MAFG Operations Pty Ltd

Set out below is the Statement of profit or loss and other comprehensive income, Statement of financial position and a summary of movements in accumulated losses of the entities party to a Deed of Cross Guarantee.

Statement of profit or loss and other comprehensive income

	31 Dec 2023 $'000	31 Dec 2022 $'000
Fee and commission income	565,067	461,413
Fee and commission expense	(507,652)	(417,575)
Net fee and commission income	**57,415**	**43,838**
Investment income	186,706	75,638
Other income	54,341	58,735
Total income	**298,462**	**178,211**
Employee expenses	143,031	134,710
Marketing and business development	11,167	9,091
Information, technology and data	6,476	6,878
Depreciation and amortisation	9,471	13,456
Finance costs	5,324	3,390
Credit loss allowance	(25)	(255)
Other expenses	14,635	15,120
Total expenses	**190,079**	**182,390**
Profit/(loss) before tax	**108,383**	**(4,179)**
Income tax benefit	(16,600)	(1,236)
Profit/(loss) after income tax	**124,983**	**(2,943)**
Other comprehensive loss, net of income tax		
Items that will not be classified subsequently to profit or loss:		
Fair value benefit/(loss) on investments in equity instruments designated at FVTOCI	88	(93)
	88	(93)
Total other comprehensive income/(loss)	**88**	**(93)**
Total comprehensive income/(loss)	**125,071**	**(3,036)**

Notes to the financial statements (continued)

For the year ended 31 December 2023

36 Deed of cross guarantee (continued)

Statement of financial position

	31 Dec 2023 $'000	31 Dec 2022 $'000
Assets		
Cash and cash equivalents	14,784	67,819
Receivables	19,793	43,106
Loans receivable	3,392	5,610
Other financial assets	2,044	65,859
Contract assets	705,286	607,233
Property, plant and equipment	3,811	5,223
Other assets	5,412	4,015
Restricted cash	700	700
Right-of-use assets	65,179	60,881
Investments in subsidiaries, associates and joint ventures	178,007	89,826
Intangible assets	53,572	45,638
Goodwill	98,829	98,829
Total assets	**1,150,809**	**1,094,739**
Liabilities		
Trade and other payables	33,509	156,695
Borrowings	25,845	-
Contract liabilities	661,157	571,363
Lease liabilities	70,654	63,902
Provisions	38,001	41,858
Deferred tax liabilities	14,206	11,201
Total liabilities	**843,372**	**845,019**
Net assets	**307,437**	**249,720**
Equity		
Contributed equity	278,737	275,087
Reserves	39,526	39,231
Accumulated losses	(10,826)	(64,598)
Total equity	**307,437**	**249,720**

Summary of movements in accumulated losses

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Accumulated losses at beginning of the financial year	(64,598)	(61,655)
Profit/(loss) for the year	124,983	(2,943)
Dividends paid	(71,211)	-
Accumulated losses at end of the financial year	**(10,826)**	**(64,598)**

Notes to the financial statements (continued)

For the year ended 31 December 2023

37 Structured entities

A structured entity is an entity that has been designed such that voting or similar rights are not the dominant factor in determining who controls the entity and the relevant activities are directed by means of contractual arrangements.

The Group engages with structured entities for securitisation, asset-backed financing and to invest its own capital for the purpose of seeding fund vehicles to develop a performance track record prior to external investment being received.

The Group assesses at inception and at each reporting date, whether the structured entity should be consolidated based on the Group's consolidation accounting policy (refer to note 34). Structured entities are classified as subsidiaries and consolidated when control exists.

Consolidated structured entities

The Group considers its wholly owned entities that originate residential mortgages via notes in mortgage warehouse trusts to be structured entities. These trusts are special purpose vehicles where third-party funders provide limited-recourse financing to the trusts. The facility arrangement partially transfers the risk of credit losses on loan portfolios to the capital providers of the trusts. The Group's exposure to losses is limited to its investment in the warehouse trusts and its rights to current and future residual income from its trusts.

Unconsolidated structured entities

The Group has an interest in a structured entity when it has a contractual or non-contractual involvement that exposes it to variable returns from the performance of the structured entity. The Group's interest includes investment income from it's interest and fees earned for managing the assets within these structured entities.

The following table presents, by asset class, the carrying value and maximum exposure to loss (before the benefit of collateral and credit enhancements) of the Group's interests in unconsolidated structured entities:

	Real estate $'000	Hospitality $'000	Credit $'000	Equities $'000	Total $'000
31 December 2023					
Carrying value of assets					
Financial assets held at FVTOCI	3,053	3,040	4,201	6,850	17,144
Financial assets held at FVTPL	-	-	7,588	619	8,207
Total carrying value of assets	**3,053**	**3,040**	**11,789**	**7,469**	**25,351**
Maximum exposure to loss					
Financial assets held at FVTOCI	3,053	3,040	4,201	6,850	17,144
Financial assets held at FVTPL	-	-	7,588	619	8,207
Total maximum exposure to loss	**3,053**	**3,040**	**11,789**	**7,469**	**25,351**
31 December 2022					
Carrying value of assets					
Financial assets held at FVTOCI	837	3,040	3,754	5,453	13,084
Financial assets held at FVTPL	-	-	14,985	640	15,625
Total carrying value of assets	**837**	**3,040**	**18,739**	**6,093**	**28,709**
Maximum exposure to loss					
Financial assets held at FVTOCI	837	3,040	3,754	5,453	13,084
Financial assets held at FVTPL	-	-	14,985	640	15,625
Total maximum exposure to loss	**837**	**3,040**	**18,739**	**6,093**	**28,709**

Unless otherwise specified, the Group's maximum exposure to loss is the total of its on-balance sheet positions at reporting date. There are no off-balance sheet arrangements which would expose the Group to potential losses in respect of unconsolidated structured entities.

During the year, the Group earned management, performance, transaction and upfront fee income of $11.0 million (2022: $9.9 million) and gains or losses from revaluing financial assets held at FVTPL from interests held of $2.0 million (2022: $1.4 million).

Notes to the financial statements (continued)

For the year ended 31 December 2023

38 Auditor's remuneration

	31 Dec 2023 Consolidated $'000	31 Dec 2022 Consolidated $'000
Audit and review services		
Auditors of the Group		
Audit and review of financial statements – Group	928	629
Audit and review of financial statements – controlled entities	538	343
Total audit and review services – auditors of the Group	**1,466**	**972**
Other auditors		
Audit and review of financial statements – controlled entities	63	23
Total audit and review services	**1,529**	**995**
Assurance services		
Auditors of the Group		
Regulatory assurance services	198	101
Total assurance services	**198**	**101**
Other services		
Auditors of the Group		
Advisory services	169	107
Taxation	134	619
Other services in relation to the Group	10	65
Total other services	**313**	**791**
Total auditor remuneration	**2,040**	**1,887**

39 Commitments

At 31 December 2023, the Group had undrawn loan commitments of $372.1 million (2022: $144.4 million). Subsequent to 31 December 2023, $30.1 million of these commitments were either cancelled or drawn upon.

At 31 December 2023, the Group has committed to a co-investment in class B units in the MCTs which are consolidated entities of the Group. At 31 December 2023, $112.7 million (2022: $56.9 million) has been invested by the Group in the MCTs. Refer to note 23(b) for further information.

40 Events after the reporting date

There were no material events subsequent to 31 December 2023 up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

Directors' declaration

For the year ended 31 December 2023

In accordance with a resolution of the Directors of MA Financial Group Limited, we declare that, in the opinion of the Directors:

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) the financial statements and notes of MA Financial Group and its controlled entities (Group) are in accordance with the *Corporations Act 2001* (Cth) including:

  (i) complying with the Australian Accounting Standards, and

  (ii) giving a true and fair view of the Company's and the consolidated Group's financial positions as at 31 December 2023 and of its performance for the financial year ended on that date;

(c) the financial statements and notes of the Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, which is disclosed in note 1(a);

(d) this declaration has been made after receiving declarations from the joint Chief Executive Officers and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* and are recommended by the ASX Corporate Governance Principles and Recommendations.

On behalf of the Board

Jeffrey Browne
Independent Chair and Non-Executive Director
Sydney
22 February 2024

Julian Biggins
Director and Joint Chief Executive Officer
Sydney
22 February 2024

Independent auditor's report

For the year ended 31 December 2023

Independent Auditor's Report

To the shareholders of MA Financial Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of MA Financial 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 31 December 2023 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:

- Statement of financial position as at 31 December 2023;
- Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended;
- Notes, including material 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.

Independent auditor's report (continued)

For the year ended 31 December 2023

KPMG

Key Audit Matters

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

- Advisory success fees revenue recognition; and
- Trail Commission

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.

Advisory success fees revenue recognition ($37.3m)

Refer to Note 4 to the Financial Report

The key audit matter	How the matter was addressed in our audit

Advisory success fees revenue recognition is a key audit matter due to the:
• significance of this revenue to the Group's results; and
• the judgement required with respect to assessing the timing of revenue recognition, specifically when the Group satisfied its performance obligation as stipulated by the conditions of the underlying contracts, which may vary.
 	
In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the macroeconomic environment in which it operates.
	Our procedures included:
	• assessing the Group's revenue recognition policy against AASB 15 *Revenue from Contracts with Customers* requirements;
	• obtaining an understanding of processes, systems and controls for advisory success fee revenue. We also tested key controls such as the manual review and approval by management of key revenue calculations and customer invoices;
	• for a sample of transactions recognised on a non-accrual basis, checking recorded revenue to evidence of deal completion, customer invoices, bank statements and the relevant features of the underlying signed customer contracts;
	• for a sample of transactions recognised on an accrual basis, checking:
	  ◦ the timing of fee revenue recorded against evidence of fulfilment of performance obligations, and signed customer contracts;
	  ◦ the accuracy of the fee when compared to rates contained in the contracts;
	• evaluating deal income recognised in January 2024 to understand whether it was recognised in the appropriate reporting year; and
	• assessing the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Independent auditor's report (continued)

For the year ended 31 December 2023

KPMG

<table>
<tr><th colspan="2">Trail Commission contract assets ($705.3m) and contract liabilities ($661.2m)</th></tr>
<tr><td colspan="2">Refer to Note 16 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group recognises a contract asset using the expected value method representing the net present value of future trail commission receivable under AASB 15 Revenue from Contracts with Customers. The Group also recognised a corresponding trail commission payable under AASB 9 Financial Instruments as representation of the net present value of trail commission payments to brokers.

This is a key audit matter due to
• significance of the contract assets and contract liabilities on the Group's balance sheet; and
• the significant judgement applied to assess the Group's estimation of the value of trail commissions receivable and payable. We focused on the key inputs and assumptions the Group applied in their Net Present Value ("NPV") model, including:
    • discount rates, which are judgemental in nature and may vary between different underlying cohorts of trail commissions;
    • percentage of commissions paid to brokers; and
    • loan book run off rate assumptions, reflecting the expected loan attrition rate of the portfolio over time, which is subject to change.
In assessing this key audit matter, we involved our valuation specialists in assessing management's NPV model.</td><td>Our procedures included:
• evaluating the Group's processes and testing key controls such as the review and approval of assumptions used in the Group's NPV model for estimating the value of the trail commissions receivable and payable;
• assessing the completeness and accuracy of the loan data and commission percentage used in the Group's NPV model by testing a sample of the data to external underlying documents such as lender commission statements and contracts with brokers;
• assessing the appropriateness of the methodology adopted in the Group's NPV model against accepted industry practice and the requirements of the accounting standards;
• recalculating the trail commission receivable and payable;
• assessing the key assumptions by:
    • independently developing discount rate ranges considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group;
    • comparing the loan book run-off rate assumptions to contracted maturities in the relevant portfolio and then further challenging the run-off rate by comparing to historical internal information, available industry market data, and using our knowledge of the current economic environment;
    • evaluating the sensitivity of the NPV model calculations by considering reasonably possible changes to the discount rate and loan book run-off rate; and
• assessing the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.</td></tr>
</table>

Independent auditor's report (continued)

For the year ended 31 December 2023

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

Independent auditor's report (continued)

For the year ended 31 December 2023

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of MA Financial Group Limited for the year ended 31 December 2023, 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 sections 1 to 10 of the Remuneration Report included in the Directors' report for the year ended 31 December 2023.

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

KPMG

KPMG

Shaun Kendrigan

Partner

Sydney

22 February 2024

Additional information

05

Lunar New Year Lion Dance

Investor information

Dividend details

MA Financial Group Limited generally pays a dividend on its fully paid ordinary shares once a year following its full-year financial results announcement.

The payment date for the dividend following the announcement of the 2023 results is 20 March 2024.

20 largest shareholders

The following information is correct as at 19 February 2024.

Registered holder	Number of ordinary shares held	% of ordinary shares
Moelis & Co International Holdings LLC	23,500,000	13.18%
J P Morgan Nominees Australia Pty Limited	20,842,041	11.69%
Magic TT Pty Ltd	19,865,799	11.14%
Magic TT 2 Pty Ltd	14,850,000	8.33%
MAFG Share Plan Pty Ltd	13,401,548	7.51%
HSBC Custody Nominees (Australia) Limited	10,039,811	5.63%
Citicorp Nominees Pty Limited	8,695,927	4.88%
National Nominees Limited	7,255,313	4.07%
MAFG Share Plan Pty Ltd	3,188,403	1.79%
Touchard Pty Ltd	3,037,853	1.70%
BNP Paribas Noms Pty Ltd	2,592,540	1.45%
BNP Paribas Nominees Pty Ltd	2,474,976	1.39%
UBS Nominees Pty Ltd	2,204,781	1.24%
MAFG Share Plan Pty Ltd	1,837,741	1.03%
Richard Germain and Nina Germain	1,724,677	0.97%
Jill Adora Pty Ltd	1,524,602	0.85%
Citicorp Nominees Pty Limited	1,272,022	0.71%
HSBC Custody Nominees (Australia) Limited	1,113,299	0.62%
BNPP Noms Pty Ltd Hub24 Custodial Serv Ltd	1,106,313	0.62%
Netwealth Investments Limited	946,724	0.53%

Distribution of shareholders

Holding	Number of shareholders	Number of ordinary shares	% of ordinary shares
1 – 1,000	1,560	766,231	0.43%
1,001 – 5,000	1,903	4,987,707	2.80%
5,001 – 10,000	724	5,279,704	2.96%
10,001 – 100,000	671	17,096,558	9.59%
100,001 and over	59	150,200,483	84.23%

Investor information (continued)

Unmarketable parcels

There were 105 shareholders (representing 1,838 shares) who held less than a marketable parcel.

Substantial shareholders

Name	Number of ordinary shares	% of ordinary shares
MA Financial Group Limited	18,427,692	10.33%
Moelis & Company International Holdings LLC	23,500,000	13.18%
Magic TT Pty Limited	19,865,799	11.69%
J P Morgan Nominees Australia Pty Ltd	20,842,041	11.14%
Magic TT 2 Pty Limited	14,850,000	8.33%
HSBC Custody Nominees (Australia) Limited	10,039,811	5.63%

Voting rights

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid share held by the member.

Share options

The table below sets out the number of share options, with each share option carrying the right to acquire one share in the Company at a future date, outstanding as at 19 February 2024:

Size of holding	Number of holders	Share Options
Under 5,000	4	12,221
5,001 – 10,000	2	20,000
10,001 – 100,000	6	191,048
100,001 and over	3	666,668
Total share options	**15**	**889,937**

Glossary

Term	Definition
AASB	Australian Accounting Standards Board
AFSL	Australian Financial Services Licence
ASX	Australian Securities & Investment Commission
ASX	Australian Securities Exchange of ASX Limited (ABN 98 008 624 691) and the market operated by ASX Limited.
AUM	Assets under Management
Board	The Board of Directors of MA Financial Group Limited
CA&E	Corporate Advisory & Equities
CAGR	Compound Annual Growth Rate
CGU	Cash generating unit
Company	MA Financial Group Limited (ABN 68 142 008 428), a company limited by shares
Corporations Act	*Corporations Act 2001* (Cth)
Directors	The Directors of the Company as at the date of this Report
EBITDA	Earnings before interest, tax, depreciation and amortisation
EAD	Exposure at default
ECL	Expected credit loss
ECM	Equity capital markets
Employees	Employees of the Group
EPS	Earnings per share
Existing Staff Trusts	Trusts established prior to the initial public offering of the Company, which hold shares on behalf of current and former employees of the Group.
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY22	For the financial year ended 31 December 2022
FY23	For the financial year ended 31 December 2023
Group	The Company and its subsidiaries
GST	Goods and services tax

Glossary (continued)

Term	Definition
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KMP	Key management personnel
LGD	Loss given default
LTI	Long-term incentive
MA Financial Group	The Company and/or its subsidiaries as the context requires
NPAT	Net profit after tax
PD	Probability of default
PIF	Priority Income Fund
RBA	Reserve Bank of Australia
ROE	Return on Equity
SAR	Share Appreciation Rights
Shareholder	The holder of a share
Shares	Fully paid ordinary shares in the capital of the Company
Share options	Options over unissued shares
Share rights	Rights to receive shares at some point in the future
SICR	Significant increase in credit risk
SIV	Significant investor visa
VWAP	Volume-weighted average price

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