MA Financial Group

2022 Annual Report

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

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About MA Financial Group

MA Financial Group is a diversified financial services firm specialising in managing alternative assets, lending, corporate advisory and equities with a strong focus on growth and innovation.

In our thirteenth year of operation, our strategy remains the same, source great people, empower them and provide the infrastructure to succeed individually and as a team. This strategy, coupled with a focus on alignment of interest, provides the foundation to grow our diversified business sustainably across many specialisations.

Founded in 2009, the Group has built on its capabilities as a corporate advisory business, growing an alternative asset management business with $7.8 billion of assets under management (AUM) and, more recently, a diversified Lending and Technology business. Our focus has been to build specalised expertise and capabilities in deep addressable markets. Where we see strategic benefit, we have invested in operating capability to complement our investment capability, including retail shopping centres and hospitality venues. Today the Group employs over 600 people in Australia, China and Hong Kong. A key MA Financial principle has been to attract and hire the best people and empower them to reach their full potential. This approach has been consistent throughout MA Financial's journey and is pivotal to our success.

About MA Financial Group

Our purpose and values

MA Financial is focused on delivering long term value to our clients and partners, our shareholders and our people. We do this by:

- partnering with clients who value strong alignment, complementary expertise and sustainable performance
- empowering our people through a culture of growth, cohesion, innovation and accountability
- delivering a high standard of technical expertise in both investment and advisory roles
- being active managers of risk.

Differentiating Values and Behaviours

Growth

- We actively seek sustainable value creation
- We are committed to continuous improvement and technical excellence
- We pursue ongoing learning, and we invest in practical individual and team development
- Our growth is always paired with acting with integrity

Cohesion

- We recognise the whole is greater than the sum of its parts
- We encourage each other to pursue opportunities and empower one another to succeed
- We actively find solutions, not problems
- We value diversity

Innovation

- We uncover opportunities others may miss and transform them into actionable and meaningful outcomes for our clients
- We constantly develop and share new ideas
- We are entrepreneurial and think and act like business owners
- We are hard-working and resilient

Accountability

- We accept our commitments and are accountable to deliver on them
- We own and discuss our mistakes and learn from them
- We actively think about and manage risk
- We speak up and we don't accept inappropriate behaviour and actions

About MA Financial Group

Asset Management

We manage funds for institutional, high net worth and retail investors across a diversified range of strategies including real estate, hospitality, credit, private equity and venture capital. The team also manage traditional asset classes such as cash, bonds and listed equities.

In total, we have $7.8 billion AUM across 50 funds, distributed and actively managed by teams of experienced investment professionals.

The business benefits from deep operating expertise and capability; we believe the in-house management of operating assets can help us to deliver superior returns and best manage risk. The investment teams also benefit from sharing expertise across the Group, gaining sector insights and access to differentiated investment opportunities.

In Real Estate, we manage a diversified portfolio of retail, office and industrial assets, backed by strong operating capabilities. In 2022, we entered into a joint-venture with Centuria Capital Group and purchased 'Allendale Square', an A-Grade office asset in Perth.

The Group's Hospitality platform, MA Hotel Management, applies sector expertise to a high-quality portfolio of 40 hotel venues. This includes the Redcape Hotel Group, a $1.4+ billion unlisted hospitality fund, open to retail investors.

We have expertise in providing credit to borrowers and structuring transactions across a range of asset classes and economic conditions. These capabilities are applied across our credit investment strategies, spanning real estate credit, private credit, structured finance, cash and bonds.

Lending & Technology

Our Lending & Technology division uses the combined expertise we have in credit advisory and credit investment. It comprises a technology-enabled Residential Lending Marketplace and differentiated lending platforms.

Lending & Technology is highly symbiotic with our growing credit investing activity. We can originate credit assets on a proprietary basis with tailored underwriting standards and utilise our in-house expertise to manage the loan portfolios. It also provides us with actionable insights and market intelligence, an important strategic advantage when investing in credit. Similarly, our credit investing activity enables our Lending & Technology division to scale while optimising capital efficiency. This is a key differentiator for the division, compared to traditional finance companies.

Residential Lending Marketplace

Our Residential Lending Marketplace was established in 2022 following the successful acquisition and integration of mortgage aggregator Finsure. Today the marketplace has over $90 billion in managed loans for over 350,000 borrowers. It provides core infrastructure for over 2,600 broker and features 80 lenders offering more than 4,500 products.

When combined with our residential lender MA Money, and Middle, a digital tool helping brokers collect verified financial information for loan applications, the Marketplace will help us become a meaningful lender to Australia's $2 trillion residential mortgage market, and an originator of attractive credit assets for our Asset Management business.

Lending Platforms

We have two lending platforms. MA Money provides residential loans to prime, near-prime and specialist customers nationally. Our Specialty Finance business is focused on high-margin, lending opportunities. It includes our legal disbursement finance activities and bespoke receivable funding initiatives, including the CommissionNow product designed for Finsure brokers.

About MA Financial Group

Corporate Advisory & Equities

Our Corporate Advisory & Equities (CA&E) division provides strategic and financial advice for mergers and acquisitions, equity capital markets (ECM), debt capital markets (DCM), restructuring, research and cash equities trading. Our specialised sector capabilities include real estate, credit and restructuring, technology and small to mid-cap industrial companies.

We have a long-standing strategic alliance with NYSE listed global investment bank Moelis & Company who own 13.4% of the Group's issued capital. The strategic alliance is beneficial to both parties by:

- Providing access to a global network of advisory executives sharing intellectual capital and client relationships
- Facilitating cooperation on cross-border or industry specific advisory mandates
- Benefiting from a recognisable global brand in corporate advisory activities

Since 2009, we have advised on over $102 billion of transactions and raised over $13.9 billion of equity capital on behalf of our clients. Our Equities business provides securities research, sales and trading execution services to institutional clients, and complements the Corporate Advisory business by providing ECM expertise and distribution capabilities to facilitate transactions on behalf of clients.

About MA Financial Group

MA Financial in the community

Our core value of Growth is about much more than financial performance.

Growth is about our people. It's about creating opportunity for our growing team of 600 employees, and the 4,700 people who are employed by the companies and funds we invest in. Growth is also about our impact in the community and supporting our charity partners to reach their full potential.

MA Foundation

Established in 2018 the Foundation has donated over $7.7 million to 35 charities to date. The activities of the Foundation are led by our people, and more than 80% of Foundation receipts arise from employee pledges. This is a testament to our workplace culture that places great importance on supporting our communities.

The MA Foundation has three Community Partners as part of our giving programme.

- **GO Foundation** – a focus on education and working to create a brighter future for Indigenous Australians
- **Beyond Blue** – supporting millions of Australians achieve their best possible mental health
- **Mirabel Foundation** – assisting children who have been orphaned or abandoned due to parental illicit drug use and are now in the care of extended family.

In the 2022 annual Christmas appeal, employees raised over $6,000 for the children in the care of Mirabel Foundation.

About MA Financial Group

MA Financial in the community

Sydney Contemporary

In 2022 we continued our successful partnership with Sydney Contemporary Art Fair hosting over 500 clients, partners, and employees during the four-day art festival. Sydney Contemporary is known for the diversity of artists represented and we were delighted to host select clients and celebrate the works of female emerging artist Nadia Hernadez, and art curator Annika Kristensen.

As members of corporate Australia, we recognise our role in helping to bridge the gap in providing the necessary support to ensure the future of emerging artists, and a thriving cultural sector for the benefit of all Australians.

Regional engagement

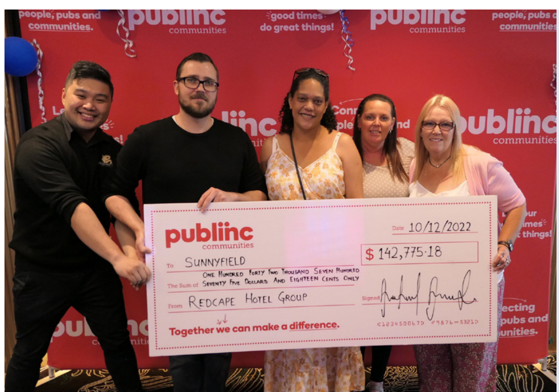
We have supported cultural ties between Australia and our regional neighbours through active engagement with and sponsorship of the Australia–China Business Council, the Migration Institute of Australia and the Australia–China Relations Institute.

Publinc

Publinc Communities is our Hospitality venues community programme. Publinc Communities is a purposeful social impact programme driven by customers connecting with their local community and giving back. Together with our customers, Publinc has partnered with more than 80 community groups.

In 2022, Publinc Communities made $917,000 in financial contributions to more than 130 charities and registered clubs, and our teams provided 1,900 hours supporting the program and its partners.

Non-for-profit services provider, Sunnyfield disAbility Services, received a grant from Publinc Communities to increase independence and enhance the lives of Sunnyfield's clients living with a disability.



Independent Chair's letter

> Our growth is the result of many years of ongoing investment in our business platform and capability. We have undertaken a deliberate strategy to build a diverse company, enabling it to grow through market cycles.

It is a pleasure to write to my fellow shareholders and report on the performance of our company in 2022.

MA Financial Group performed extremely strongly in 2022, achieving record Underlying revenue of $302 million, 41% higher than in the prior year resulting in a 29% growth in Underlying earnings per share to 38.3 cents per share, also a record for the company.

We achieved strong growth in our Asset Management division and through the successful acquisition of Finsure. The addition of Finsure, which has grown under our ownership to manage $91 billion of residential mortgages representing over 350,000 individual borrowers, represents valuable technology enabled infrastructure in the Australian residential mortgage sector. The data and insights we now gather in this $2 trillion market significantly enhance our capability as a credit originator and manager. Our deep capability in credit asset management is reflected in the fact that we have originated directly from our lending platforms over 75% of the credit assets we manage today. Increasingly we are not buying credit assets in the secondary market, we are manufacturing them.

In 2022 our overall assets under management grew by 13% to $7.8 billion. This represents impressive growth when considering that when we listed in 2017 we had just $1.1 billion under management.

The Board is pleased to declare a fully franked final dividend of 14 cents per share to add to our interim dividend of 6 cents per share. The combined full year distribution of 20 cents per share is up 18% on 2021.

Additionally, back in October 2022, the Board announced a $25 million market buy-back, which remains ongoing. These initiatives reflect MA Financial's strong financial position and the Board's confidence in the Group's continued positive momentum.

As our company grows, an important element is the significant and growing proportion of our revenue that is recurring in nature, underpinned by consistent and predictable revenue streams. This should provide shareholders with great confidence that we can continue to grow, deliver solid results and importantly, strategically invest in growth opportunities as they are identified by our management team.

Our strong earnings growth has been the result of many years of ongoing investment in our business platform and capability. We have undertaken a deliberate strategy to build a financial services company that is diverse, enabling it to grow through market cycles.

Our business is largely focused on the specialised management of alternative asset classes while also maintaining global strength in corporate advisory through our long-term partnership with NYSE listed investment bank Moelis & Company. We have significant investment and operational capability in the active management of Credit, Hospitality and Real Estate assets. We are very proud that our expertise in each of these alternative asset strategies has seen each of them achieve a compound growth in assets under management exceeding 60% per annum.

Active management of these asset classes involves greater operational expertise and infrastructure than just the financial management of tradeable fixed income or equity securities. We have built our capability over many years.

During 2022, as the interest rate cycle turned, inflows into our Credit funds almost doubled on the previous year to $1.1 billion. This momentum has continued into 2023 and we believe credit fund investing has long-term macroeconomic and demographic growth tailwinds. Our investment in our Credit and Lending platforms has been a conscious strategy to harness these tailwinds.

Similarly, the Group's hospitality assets benefited from strong valuation gains and positive trading performance during 2022, demonstrating the defensive nature of their operating cashflows and ability to weather market cycles.

Flows into Asset Management funds also benefited from the increased diversity of our client base. We now source capital from clients in 30 different countries globally.

International client inflows, unrelated to migration programs, were almost double those received in 2021. Less than 18% of our gross inflows in 2022 were from migration-related investor channels reflecting the diversity in the business and our ability to adapt to changing conditions.

This investment in our Lending & Technology division will deliver future growth as we build a Residential Lending Marketplace to scale into Australia's $2 trillion mortgage market by leveraging the strategic strengths of the MA platform. These include being able to access diversified sources of capital for growth, rich market data and insights, unique distribution capabilities and proprietary technology we have developed in-house. This includes an exciting digital experience for mortgage brokers and borrowers called Middle, which we believe will revolutionise the way mortgage brokers do business.

The quality of our people is the real key to our success. The ability to attract, develop and retain the best people is at the core of our thinking. During the year we have made a significant investment in our working environment, having moved into new best in class office premises, as well as employee development via the MA Academy. Further, we continue to refine our remuneration structures to provide appropriate incentivisation for senior staff that aligns with positive shareholder outcomes.

Many years of empowerment and training coupled with our history of high retention of key staff means we enjoy long term stability and focus. This has helped us to deliver compound annual EPS growth of 23% since our listing on the ASX in 2017.

As MA Financial's activities continue to grow and diversify the Board continues to increase its focus on sustainability issues. We are proud of our approach and development in sustainability, with our second annual Sustainability report reflecting our increasing maturity in environment, social and governance practices. From an environmental sustainability perspective, this has been a key year, with MA Financial reporting a baseline figure for our carbon footprint, whilst also committing to Net Zero Scope 1 and 2 emissions targets by 2050. As we develop our capability, we will further refine our targets and data integrity in this area.

Reflective of our aim of increasing Board independence and diversity, we appointed Nikki Warburton to the Board of Directors in December 2022. Nikki has 30 years' experience in consumer, brand, and marketing across a range of industries including automotive, advertising and media. She has joined the Board as an Independent Non-Executive Director.

I would like to thank our Board, senior executives and staff for their continued hard work, dedication and skill through another period of significant business growth. Maintaining our strong workplace culture based on our key values of growth, innovation, cohesion and accountability remain key to our continued success.

Thank you for your ongoing support of MA Financial Group.

Jeffrey Browne

Independent Chair

Joint Chief Executive Officer's letter

We are pleased to present the 2022 MA Financial Group Annual Report.

Our 2022 financial year results reflect the value of our diversified firm and our intentional strategy to build a resilient business which can withstand challenging economic conditions. This strategy has allowed us to successfully invest in growing the business, while delivering record shareholder returns.

"Asset Management's pleasing result illustrates our considerable capability to successfully invest and actively manage credit, hospitality, and real estate assets.

Financial Performance

MA Financial Group delivered a strong performance to report a record Underlying net profit of $61.4 million, up 44% on financial year 2021. Underlying earnings per share of 38.3 cents are up 29% on 2021.

Our Asset Management division remains a significant contributor to the firm delivering a record result with Underlying EBITDA up 78% to $103.5 million driven by strong performance fees and a 36% increase in recurring revenues.

Growing investor inflows saw Assets under Management increase 13% on financial year 2021 to $7.8 billion.

Gross inflows of $1.5 billion were driven by strong growth in our credit funds largely due to increasing investor demand for strategies offering income stability and security against rising interest rates.

Our Hospitality assets continued to perform well with operational earnings and a strong transactional market supporting both distribution and valuation gains in 2022.

In Real Estate, we took a more cautious view in 2022 as the probability of much higher interest rates weighed on our conviction to invest.

Reflecting our increasingly diverse source of funds, the division's inflows from international investors, unrelated to migration programs, increased 97% on financial year 2021 to $508.8 million.

Asset Management's pleasing result illustrates our considerable capability to successfully invest and actively manage credit, hospitality, and real estate assets.

Our Corporate Advisory & Equities division performed well despite the difficult market conditions. We advised on a range of completed transactions worth $13.9 billion, up from $5.8 billion on 2021, and strategically invested in new resources to increase our capability in the

Assets under management as at 31 December 2022

$7.8b

13% increase from December 2021

Underlying NPAT

$61.4m

44% increase from 2021

small to mid-cap industrials sector. Revenue for the Corporate Advisory & Equities division was mildly impacted by the completion timing of several transactions that were largely completed in 2022 but will close in early 2023.

The growth of our Lending & Technology division continued at pace as we begin to realise our ambitions for this business. Our strategy is to create a tech-enabled, highly scalable lending ecosystem that generates fee-based income, spread income, and delivers primary origination investment product to managed credit funds in Asset Management.

Consistent with this objective, we established a technology enabled Residential Lending Marketplace through the acquisition and successful integration of Finsure in 2022.

Today the Residential Lending Marketplace is core infrastructure for over 2,600 brokers to access more than 4,500 products from 80 lenders, for more than 350,000 borrowers. The platform was also delivering considerable growth. The number of brokers subscribing to Finsure was up 24% on 2021, while managed loans increased 37% to $91 billion.

This Marketplace is strategically valuable, particularly when combined with our residential lender MA Money and our real estate credit funds. In 2023 we are also launching Middle, a digital tool designed to help mortgage brokers and borrowers collect verified financial information for loan applications, into the Marketplace.

In 2022, we continued to develop our Lending Platforms. We invested significantly in MA Money, boosting the range of residential loan products and services on offer to drive growth. Our Specialty Finance business has expanded its range of high-margin, bespoke lending opportunities. Overall, the Residential and Speciality loan book grew 98% to $393 million.

The combination of our Residential Lending Marketplace and our complementary Lending Platforms will enable MA Financial in becoming a meaningful lender and provider of technology-driven infrastructure to Australia's $3.5 trillion credit markets*[1].

Lending &Technology is highly symbiotic with our growing credit Asset Management activities. It enables us to originate credit assets on a proprietary basis, with tailored underwriting standards, and service loan portfolios in-house. It also provides us with actionable insights and market intelligence, an important strategic advantage when investing in credit.

Investing for sustainable growth

MA Financial experienced continued expansion in 2022, adding approximately 100 employees via organic growth, and an additional 102 employees following the acquisition of Finsure, and MA Money.

Our culture and client-focused way of working remains a competitive advantage for us, and we aim to protect it as we grow. Through our continued work on diversity and inclusion, we strive to build a balanced business that encourages innovation, drives growth, and represents the broader community we serve.

As mentioned in the Chair's letter, we are proud of our development in sustainability, with our second annual Sustainability report including a baseline figure for our carbon footprint for the first time. We are committed to ensuring our growing business is sustainable.

All that was achieved in 2022 was the result of the dedication and efforts of our people and we extend our thanks to them and our leadership team.

Finally, we would like to thank you, our shareholders, for your ongoing confidence and support. We look forward to updating you throughout 2023.

Christopher Wyke & Julian Biggins

Joint Chief Executive Officers

1 Source: RBA, D2 Lending and Credit Aggregates, December 2022.

2022 at a glance

Statistory revenue[1]

$332.9m

46% increase from 2021

Assets under management as at 31 December 2022

$7.8bn

13% increase from December 2021

Underlying Return on Equity[4]

15.9%

Underlying revenue[2]

$301.8m

41% increase from 2021

Statutory EBITDA[3]

$118.9m

65% increase from 2021

MA Foundation donations

$7.7m

Since establishment in 2018

Cash and cash equivalents

$144.6m

Underlying EBITDA[2]

$106.7m

51% increase from 2021

Statutory NPAT

$44.9m

40% increase from 2021

FY22 acquisitions

MA Money

FINSURE

Full year dividend per share

20.0¢

Fully franked

18% increase from 2021

Underlying NPAT[2]

$61.4m

44% increase from 2021

Statutory earnings per share

28.0¢

26% increase from 2021

Underlying earnings per share[2]

38.3¢

29% increase from 2021

1 Statutory revenue refers to total income on the consolidated statement of profit or loss and other comprehensive income.

2 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 2022 Financial Report and in the Group's FY22 Investor Presentation.

3 Statutory EBITDA is not a recognised IFRS measure but has been presented to give a comparable measure to the Underlying result.

4 Underlying ROE is Underlying NPAT divided by average equity for the year.

Year in review

Overview

The Group recorded total comprehensive income for the year of $45.8 million (2021: $48.1 million) and profit after income tax for the year of $44.9 million (2021: $32.0 million). Basic earnings per share was 28.0 cents, an increase of 26% on the prior year.

Statutory results	31 Dec 2022 $'000	31 Dec 2021 $'000	Movement %
Total income	332,942	228,735	46%
Profit before tax	60,969	48,710	25%
Profit after income tax	44,855	32,041	40%
Total comprehensive income	45,754	48,065	(5%)

Underlying results[1]	31 Dec 2022 $'000	31 Dec 2021 $'000	Movement %
Revenue	301,799	214,788	41%
EBITDA	106,720	70,904	51%
Net profit after income tax	61,436	42,628	44%

	31 Dec 2022 cents		31 Dec 2021 cents		Movement %	
	Statutory	Underlying	Statutory	Underlying	Statutory	Underlying
Basic earnings per share (cents per share)	28.0	38.3	22.3	29.6	26%	29%
Diluted earnings per share (cents per share)	26.9	36.9	21.2	28.1	27%	31%
Full year dividend (cents per share)	20.0		17.0		18%	

1 As announced on 9 June 2022, the Group amended the Underlying treatment of mark to market movements of investments by removing any unrealised gains or losses from Underlying revenue. The Underlying results for the full year ended 31 December 2022 reflect this revised approach with comparatives restated accordingly.

Non-IFRS Underlying results

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 2022 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 up 41% on the FY21 result, as all business divisions experienced strong activity levels. Underlying EBITDA was up 51% on FY21 as strong revenue growth offset a 36% increase in expenses related to the acquisition of Finsure and MA Money and continued investment in platform capabilities to support our growth strategy. Importantly Group EBITDA margins improved on the prior year to 35.4%. As a result of this strong growth, Group Underlying EPS grew 29% on FY21 and the Group's Underlying Return on Equity was 15.9% for the year.

Year in review

Our business

The Group operates three divisions being Asset Management, Lending & Technology and Corporate Advisory & Equities. Unallocated costs associated with the central executives and corporate support functions are shown separately as Corporate Services.

In what was a volatile and uncertain year there was solid performance across the divisions. Key highlights include the strong EBITDA growth in Asset Management, and the continued scaling of the Lending & Technology division, both organically and through the acquisition of Finsure and MA Money. The Group continued to make significant investment in the platform with the hiring of new resources and delivery of new premises in Sydney, Melbourne and Hong Kong.

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 2022 Financial Report. The table below shows the divisions respective contributions to Group Underlying EBITDA and NPAT.

	31 Dec 2022 $'000	31 Dec 2021 $'000
Asset Management[1]	103,477	58,128
Lending & Technology	15,611	7,817
Corporate Advisory and Equities	13,982	21,949
Corporate Services	(26,350)	(16,990)
Underlying EBITDA	**106,720**	**70,904**
Depreciation and amortisation	(11,121)	(4,710)
Interest expense	(7,834)	(5,297)
Income tax expense	(26,329)	(18,269)
Underlying NPAT	**61,436**	**42,628**

1 The Priority Income Funds (PIF) strategies have been moved from Lending & Technology to Asset Management given they are third-party managed funds. The Underlying results for the year ended 31 December 2022 reflect this revised approach with comparatives restated accordingly.

Asset Management

The Asset Management division reported a record result in the year with strong growth in revenue underpinned by continued investment in the platform and capability. Asset Management contributed 78% of FY22 Group Underlying EBITDA before Corporate Services. Underlying EBITDA of $103.5 million was up 78% from $58.1 million in FY21, due to a 36% increase in recurring revenues and strong performance fees growth of 116% on FY21.

Assets under Management (AUM) grew by 13% over the year to $7.8 billion at 31 December 2022. Gross fund inflows of $1.5 billion, were up 17% on FY21, a strong result and a testament to the growing diversity of our distribution channels and tailored product offering, especially in credit.

Gross inflows from Domestic clients continued to build momentum, up 26% to $609.1 million from $482.0 million in FY21. This is reflective of the Group's significant investment in its domestic distribution platform and the growing popularity of the Group's credit product offerings.

Gross inflows from International High Net Worth (HNW) clients were impacted by a reduction in flows arising from International Migration HNW applicants as visa processing was interrupted by COVID related lockdowns in China and Hong Kong. As such gross International Migration flows reduced 52% to $273.3 million from $565.1 million in FY21.

This was offset by a near 100% increase in gross inflows from International Non-Migration clients as the Group focuses on leveraging its expanding network of International HNW clients.

Pleasingly, the ongoing investment in the development of an Institutional distribution channel saw gross inflows of $140.6 million in the year from a prior year base of nil.

The key highlight for the investment strategies was the impressive performance of the Credit investing division. The asset class and fixed income nature of the product suite resonated with investors with nearly 80% of Group net flows going into Credit related strategies. The Real Estate Credit strategies grew to $1.1 billion of AUM and the PIF strategies exceeded $0.5 billion of AUM.

The Group's Hospitality platform benefitted from strong asset price growth and operational performance throughout the year, with the combination of these two features delivering large performance fees to the Group. Transactional activity was measured, with the Brunswick Hotel acquisition in early 2022 and the sale of Minskys for a $16.2 million premium to book value by Redcape Hotel Group the key highlights.

Real Estate adopted a cautious approach throughout the year, selectively acquiring deep-value office assets in Adelaide and Perth, both in partnership with Centuria Capital. Furthermore, two retail assets in Dandenong and Warnambool were realised in 2022, returning capital to investors.

Year in review

The Private Equity and Venture Capital strategy continued to grow a maturing pipeline of realisations which provided a steady flow of performance fees in 2022. The new MA Sustainable Future Fund was launched in the second half of the year and saw strong investor demand for the portfolio of assets that were seeded by over $15.0 million of balance sheet capital.

The Equities investment division was impacted by the uncertainty and volatility that was widespread in the global equity markets in 2022. Whilst performance was down on the prior year, we maintained positive net investor inflows in 2022.

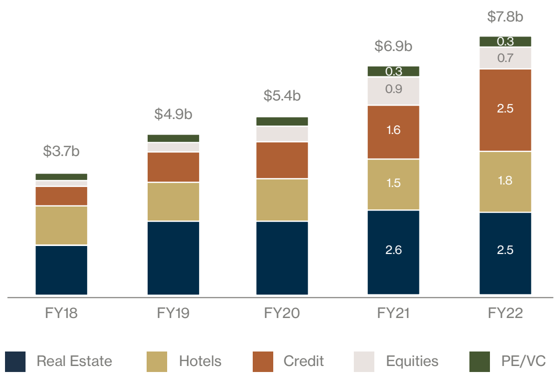
AUM growth translated into strong fee revenue growth, with recurring revenue up 36% to $125.7 million, driven by a 28% increase in base management fees to $92.4 million and an 81% increase in Credit Funds income to $25.7 million. Credit Funds income includes non-base fee recurring revenue contributions from the Group's two key credit fund strategies, the Priority Income Fund (PIF) and Real Estate Credit. PIF strategies were previously reported in the Lending & Technology division but have been reclassified back into Asset Management to better reflect their operations as third-party managed funds.

Transaction and performance-based revenue increased 76% to $61.2 million, lifted by growth in performance fees largely arising from the strong performance of the Group's Hospitality assets. Both transaction and performance fees are becoming a more consistent contributor to earnings as AUM increases and the Group's investment strategies mature and diversify, albeit FY22 was an exceptionally strong period for performance fees.

The realised gains on the Group's equity investments delivered an $10.9 million gain relative to a $5.0 million gain in FY21. This was primarily due to a reduction in the Group's investment in Redcape Hotel Group, leaving a co-investment holding of just over 10%.

Expenses of $94.3 million were up 27% on FY21 due to the continued investment in people and capability to support growth as well as the inclusion of a full 12-month period of RetPro. FY22 was an elevated year for investment in the platform and the pace of new hiring and investment is expected to reduce as the platform becomes more scalable.

ASSETS UNDER MANAGEMENT



Year in review

Lending & Technology

The Lending & Technology business was the focus of major investment in the year as the Group executed on its strategy to build an integrated mortgage marketplace. In February 2022, the Group completed the acquisition of leading mortgage aggregation platform Finsure, followed by the acquisition of the remaining 52.5% of residential mortgage lender MA Money (formerly MKM) in March 2022.

Finsure's performance in the year exceeded expectations, growing broker numbers by 24% and increasing its Managed Loans by 37%, from $66.5 billion to $91.0 billion.

Finsure delivered FY22 Underlying revenue of $30.1 million comprising:

- $18.7 million of recurring subscription fees and trail commissions;
- $4.3 million of activity based upfront commissions and other fees; and a
- $7.1 million positive movement in the net present value of future net trail commissions.

Coupled with prudent cost management this resulted in Underlying EBITDA of $16.4 million, reflecting a margin of 54.6%.

The Lending platforms of MA Money and Specialist Finance grew the total loan portfolio by 98% to $392.6 million at 31 December 2022 driven by the MA Money acquisition. The division's spread income reduced by 19% to $11.0 million due to the accelerated investment in the MA Money platform and the recycling of a large specialist loan into asset management product. This recycling, whilst reducing spread income, reflects the strength of the Group's integrated business strategy by returning over $30.0 million of capital to the balance sheet and improving return on invested capital (ROIC) in the Specialist platform from 19% to 63% 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 2022. This is expected to continue in 2023 as the business scales and positions itself to take advantage of the substantial opportunity for long term growth in the residential mortgage market.

Corporate Advisory & Equities

The Corporate Advisory & Equities (CA&E) division was down on the record earnings performance in FY21, declining 10% on the prior year largely due to challenging equity capital market (ECM) activities and Equities revenue being impacted by softer market volumes and team rebuilding.

Corporate Advisory fees were down 7%, representing revenue per executive of $1.0 million, slightly 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. The business advised on $13.9 billion of transactions during the year, up on $5.8 billion in FY21. This was led by the Group's role advising CPH on its stake in Crown Resorts. ECM activity continued to slow in 2H22 due to the ongoing challenging market conditions in the year.

Expenses were in line with the prior year despite average Advisory headcount growing from 51 to 58 staff. 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.

Year in review

Financial position

Statutory total assets amounted to $2,246.2 million (2021: $872.9 million) with net assets of $409.6 million (2021: $370.0 million) at the year ended 31 December 2022.

The statutory consolidated statement of financial position includes the consolidation of two credit funds managed by the Group, two specialist lending securitisation trusts and three mortgage securitisation trusts associated with the MA Money business. 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 FY22 results presentation.

	31 Dec 2022 Statutory $'000	31 Dec 2021 Statutory $'000	31 Dec 2022 Operating $'000	31 Dec 2021 Operating $'000
Assets				
Cash	144,589	242,861	98,803	237,170
Loans receivable	855,482	342,449	8,959	50,530
Contract assets	607,232	-	35,866	-
Investments	287,898	190,232	210,549	171,289
Goodwill and other intangibles	185,018	27,895	185,018	27,895
Right-of-use assets	61,773	9,874	61,773	9,874
Other assets	104,242	59,561	73,660	61,329
Total assets	**2,246,234**	**872,872**	**674,628**	**558,087**
Liabilities				
Borrowings	371,505	120,030	95,030	95,030
Contract liabilities	571,365	-	-	-
Fund preferred units	568,584	286,290	-	-
Other financial liabilities	116,419	-	-	-
Other liabilities	208,774	96,519	170,011	93,024
Total liabilities	**1,836,647**	**502,839**	**265,041**	**188,054**
Net assets	**409,587**	**370,033**	**409,587**	**370,033**
Net tangible assets	**240,108**	**343,418**	**240,108**	**343,418**

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 acquisitions, with a particular focus on the Lending & Technology division's acquisition of Finsure and MA Money with a combined consideration of approximately $160.0 million. These acquisitions were funded predominantly through a capital raise of $100.0 million in December 2021, and the associated share purchase plan of $20.0 million in January 2022.

Net tangible assets decreased during the year as a result of the utilisation of cash to fund the acquisition of MA Money and Finsure, 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, excluding the acquisition of Finsure and MA Money, the re-investment of some $115.0 million into new and existing strategic initiatives.

Year in review

Financial position

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

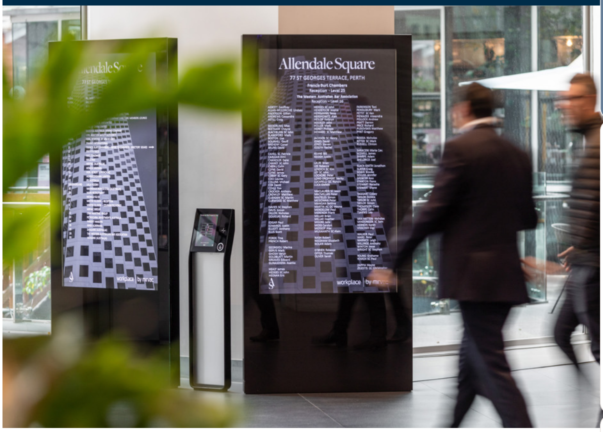
	31 Dec 2022 Operating $'000	31 Dec 2021 Operating $'000
Cash	98,803	237,170
Lending (MA Money & Specialty Invested Capital)	8,167	43,060
Co-investments	72,940	43,706
Priority Income Funds (PIF)	77,909	49,442
Redcape Hotel Group (RDC)	57,086	84,339
Other equity investments	3,406	1,272
Total investments	**318,311**	**458,989**

Key movements related to:

- The utilisation of cash to fund the acquisition of Finsure and MA Money
- The refinance of disbursement loan receivables of $32.0 million to provide additional credit product for Asset Management investors and improve Group returns on invested capital
- The continued co-investment in the PIF strategies, acquiring a further $32.0 million of "first loss" B units
- $30.0 million realisation of the investment in Redcape Hotel Group following the successful delisting in 2021
- The provision of $30.0 million of seed capital for the new and existing funds including the MA Sustainable Future Fund.

Year in review

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 (2021: 5 cents). Subsequent to year end the Directors have resolved to pay a final dividend of 14 cents per share for the FY22 year (2021: 12 cents), an 18% increase in full year dividends over FY21.

The Group successfully raised $100.0 million from the issue of 12.9 million ordinary shares through an institutional placement in December 2021. The associated Share Purchase Plan closed in January 2022 with a further 2.6 million ordinary shares issued, raising an additional $20.0 million.

In September 2022, the Group successfully refinanced $25.0 million of maturing notes through the issue of a new $25.0 million fixed coupon note program maturing in 2027. This increased tenor and fixed coupon adds to the conservative positioning of the balance sheet. Furthermore, during the year the Group entered into a new $40.0 million revolving working capital facility with a major domestic bank. The facility was undrawn at 31 December 2022 and will provide further flexibility and firepower for the Group into the future.

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.

Financial position

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, and in the Sustainability report.

As a financial services provider, the Group is mindful of the importance of trust with counterparts and preserving a strong reputation to enable the business achieve its strategic goals. We are mindful of this in all risk contexts and in our decisions and actions.

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 financial loss, the disclosure or loss of personal and confidential information, disruption to operations, poor client service, regulatory sanctions and reputational damage. The volume and sophistication of cyber threats facing businesses in Australia has grown in recent years.

The Group maintains an experienced corporate technology team which manages its core technology infrastructure and supports our operations, including by assessing new systems and software. The team engages in continual improvement of the maturity of the Group's cybersecurity controls which includes continual threat monitoring and penetration testing by third-party experts. 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.

Regulatory change

The Group is subject to regulatory obligations in relation to the activities that it undertakes. There is a general risk that new or changed regulations could require significant spending on compliance, contribute to higher risk of non-compliance or impact on the profitability of certain lines of business.

The Group recognises specific risks in relation to the current Australian government review of immigration policy inclusive of its Significant Investor Visa program (SIV). The Group manages investment funds for SIV applicants via its Asset Management division. The Group has made submissions to government as part of the review and, as set out in the Market Update published on 12 September 2022, has engaged in careful analysis of this risk and contingency planning.

Another current source of focus is discussion regarding reform of gaming regulations in New South Wales. The Group manages and operates some assets with exposure to gaming in NSW (via the Redcape Hotel Group). A move to 'cashless gaming', for example, would require investment in the development and deployment of technology. Our hotel operator, MA Hotel Management, has a strong track record in the responsible operation of hotel and gaming facilities. It will continue to monitor developments and respond constructively to regulatory change as it emerges.

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 and portfolio management. Client reporting puts investment returns in context and explains the outlook.

Retaining talent

The Group has invested significantly in recruiting, developing and retaining its people. Across divisions and business units, talented people are a source of competitive advantage and play an important role in delivering long term, sustainable value to shareholders and clients. The Group operates in a competitive market for talent and counters the risk of staff attrition through a comprehensive focus on culture and people and a competitive remuneration structure, which is discussed elsewhere in this Annual Report.

Volatility in levels of business activity

Some of the Group's lines of business are subject to inherently more revenue volatility. In particular, our Corporate Advisory and 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 is therefore less dependent on inherently volatile revenues.

02 Sustainability report

Sustainability report

At MA Financial we believe building a sustainable business generates better outcomes for all stakeholders including shareholders, employees, clients, investors, and the communities in which we operate. Sustainability is about making decisions for the long term and, as significant owners in the business, management places a long-term lens on decision making and strategy.

Sustainability scorecard 2022 - the highlights

Disclosed emissions of 1,673 t CO_2-e and committed to Net Zero by 2050 for direct operations

Launched MA Academy Lecture Series and training modules

Achieved 33% female representation on MA Financial Board

Formed an MA Foundation Employee Advisory Committee

Launched MA Sustainable Future Fund

Asset Management Division becomes signatory to UNPRI

ESG Steering Committee established

In 2022, considerable progress was made to our sustainability framework and reporting, particularly in assessing the most material aspects of sustainability to our business and our stakeholders.

This report highlights sustainability procedures and practices within the business and outlines focus points for future development. MA Financial reports with reference to the Global Reporting Initiative (GRI) Standards to create the framework and define its approach to sustainability.

Sustainability report

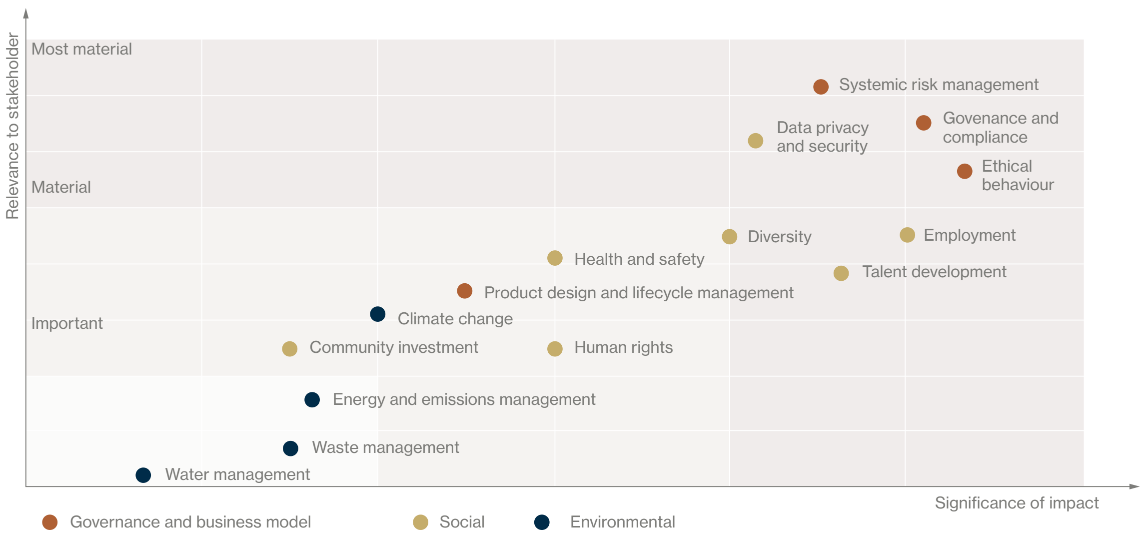
Materiality assessment

We report on material topics relevant to our business and environmental impact. In 2021 we defined our materiality process to identify and validate our sustainability material topics. We analysed the material topics with reference to:

- sector and peer reporting
- expectations expressed in global ESG frameworks and standards including GRI, Sustainability Accounting Standards Board (SASB) and Task Force on Climate related Financial Disclosures (TCFD)
- standards applied by leading ESG rating agencies.

The analysis considered our business nature as a diversified financial services group specialising in Asset Management, Lending & Technology, Corporate Advisory & Equities and the strategies within. We then considered the sustainability topics identified to determine their overall materiality to us. The topics and their prioritisation were reviewed and endorsed by the Board. Topics were prioritised based on their materiality level as set out in our Materiality Matrix below:

MATERIALITY MATRIX



Industry Associations and Memberships

MA Financial is a member of and supports the following organisations. Our involvement is designed to contribute to long term value creation for our stakeholders and communities.

Sustainability report

Position on Climate

MA Financial's environmental, social and governance (ESG) practices continue to evolve as the Group increases in scale and broadens its business interests. Minimising the impact our firm has on the environment is important to us. By acting in a thoughtful and responsible way, and in line with Government guidelines, MA Financial aims 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 achieve our Scope 1 and 2 emission reductions for our direct operations, we will progress the development of a Climate Change Action Plan by the end of 2023.

For our Asset Management division, MA Financial is a signatory to the UN Principles for Responsible Investment and is working through associated implementation plans. We expect to include an update on our progress in our 2023 Sustainability report.

Stakeholder engagement

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 our key stakeholders through a range of channels. The main groups and their areas of focus are outlined here.

Stakeholder	Engagement approach	Areas of focus
Shareholders	Annual General Meeting Full and Half Year results One-on-one engagement meetings Engagement with proxy advisors	Governance Climate change management Remuneration Framework
Employees	Annual employee engagement survey Monthly CEO updates MA Academy Employee Intranet	Culture Diversity Wellbeing Employee development Best practice retention and attraction Remuneration
Fund Investors and Intermediaries	Regular monthly and quarterly Fund reporting Access to online investor portal Access to Fund materials One-on-one engagement meetings MA Financial website Access to dedicated Client Services team Technical Education	Governance Responsible investing Consistent sustainable returns Product sustainability
Clients	Conferences and Events One-on-one engagement meetings	Governance Responsible investing Quality advice Trusted relationships
Investee Companies and their communities	Investment decisioning Regular management engagement and reporting Board representation	Governance Responsible investing Trusted relationships Product sustainability Community trust and relationships
Industry Groups	Industry memberships and participation Roundtables Conferences Joint submissions to policy-makers	Industry partnership and collaboration Government and policy maker engagement
Governments and Regulators	Meetings with policy makers Industry memberships and participation	Governance Community trust and engagement

As our business evolves, we will ensure our channels of stakeholder engagement continue to facilitate relevant insights and help us validate the Group's sustainability approach, and shape new perspectives.

Sustainability report

Sustainability framework

Our sustainability framework contains six pillars and illustrates our approach to sustainability.

Talent development and wellbeing

- Attracting, retaining, motivating, engaging and developing our workforce
- Supporting the health, safety and well-being of our people

Strong governance and ethical behaviour

- 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

Sustainable business model

- Incorporating sustainability factors into our businesses, operations, products and financial services offerings

Diversity and inclusion

- Promoting and maintaining a diverse and inclusive workplace

Environmental impact

- Understanding the impact of climate change
- Minimising our environmental footprint focusing on energy and emissions, waste, and water management

Socially Responsible Behaviour

- 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.

Talent development and wellbeing

Our people

It is our people that makes us unique – both in delivering excellence in performance and shaping the Group's reputation. Our people provide a competitive advantage and determine our unique culture which encourages an 'owner's mentality' to business building and problem solving. These attributes, combined with specialised sector knowledge and expertise, are critical to our overall performance. In achieving our vision, the Group's values of Growth, Cohesion, Innovation and Accountability guide our behaviours.

At MA Financial there are 600 direct employees and approximately 4,700 employees working in the companies and funds we manage or invest in.

> It's our people that make us unique and provide a competitive advantage.

Culture and belonging

The Group is committed to providing a work environment where employees feel recognised, motivated, and have a strong sense of belonging. In 2022, employees[1] participated in the annual culture review designed to provide insights into the Group's culture and identify strengths, challenges, and opportunities. Completion rate exceeded 60% and identified key strengths of our culture as:

- Innovation and entrepreneurship
- Strengths in collegiality, respect and teamwork
- Commitment to growth

Areas for focus included:

- Optimise the organisation structure to effectively manage growth, while realising business objectives
- Building leadership capability to ensure consistency in our emerging leaders

Insights were assessed by the Board and management and incorporated into our people strategy, which includes a continuous improvement plan to address identified gaps and reinforcement mechanisms on the areas of strength. Enhancing and protecting our culture remains a key priority as we grow.

1 Employees who work for wholly owned businesses which have been with the Group for more than two years.

Supporting our employees

Ensuring we have attractive initiatives and benefits to support our employees is important to us. The range of benefits on offer to applicable employees[1] are summarised below:

- 24/7 access to health advice via Sonder Wellbeing
- Paid parental leave
- Childcare Assistance Program
- Access to community sports and cultural events
- 2 X Wellbeing days each year
- Comprehensive health checks
- Annual flu vaccines
- Employee Assistance Program

Our new state of the art offices in Melbourne (opened December 2021) and our head office in Sydney (opened January 2022) are designed for collaboration, health, wellbeing, connectivity, and sustainability and the investment in our amenities reflect the value we place on our people.

We offer a variety of quiet rooms and larger open areas to connect and collaborate. We invested significantly in video conferencing facilities to allow integration of remote clients and to enable flexible working for employees. The offices are designed to maximise natural light and fresh air and provide gyms, wellness rooms and end-of-trip facilities with touchless entry points throughout to help prevent the spread of illness.

In 2022, we were proud to be receive the Best Interior Fit-Out Award at the prestigious Master Builders Association of NSW Excellence in Construction Awards.

Developing our employees

We believe providing practical and broad opportunities and direct exposure to our most experienced leaders is the best way to develop a high performing team and help our people realise their full potential. The MA Academy is the umbrella of learning that encompasses all training and development of the workforce. It is a structured way to pass the baton of learning from one generation to the next. The Academy's curriculum is broad and encompasses onboarding, technical, personal and leadership growth and development.

In 2022, select employees had the opportunity to participate in modules on leadership coaching, talent recruitment, interview skills and mentoring. Firm wide lectures on industry topics were also offered to employees.

We remain committed to fostering strong links with the student community. Our internship and graduate placements provide rewarding opportunities for university students from a range of backgrounds and faculties. Supplementary to the MA Academy, select employees[2] completed an average of 10 hours of individual training in 2022 on topics including financial services, cyber security and data protection, and key policies. Division specific learning is also provided.

Select senior executives underwent an average of 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 Employees who work for wholly owned businesses which have been with the Group for more than two years.
2 Refers to eligible employees from core business divisions Corporate Advisory, Securities, Asset Management and Lending & Technology.

Strong governance and ethical behaviour

MA Financial is focused on delivering long term value to our shareholders. Strong corporate governance practices and policies instil a culture of acting honestly, ethically, and responsibly in support of organisational goals and values and are a fundamental pillar for our sustainable development. Our approach to governance and ethical behaviour is described below.

The Board and Committees

The Board retains ultimate responsibility for promoting the long term interests of the Group and overseeing the activities of management and governance of the Group. The Board comprises of six Non-Executive Directors and three Executive Directors. In 2022, the Board welcomed Independent Non-Executive Director Nikki Warburton as the ninth board member. Ms Warburton has 30 years' experience in brand and marketing in the automotive, advertising and media sectors.

Each director is qualified with the appropriate skills, expertise and experience to perform their responsibilities. Two permanent standing committees assist the Board in key areas of oversight: the Audit and Risk Committee and the Nomination and Remuneration Committee. Both committees are chaired by an Independent Director and comprise a majority of Independent Directors. The Company also has a Continuous Disclosure Committee to manage its continous disclosure obligations.

More information on MA Financial's Board and committees, including roles and responsibilities, is available on the website and is outlined in the Corporate Governance Statement 2022.

Code of Conduct

The Code of Conduct 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. Employees annually confirm 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 bring the expected behaviour to life by having senior leaders' model and positively reinforce our values. A comprehensive framework of additional policies and procedures that supplement and support the Code of Conduct can be found on the website.

How we govern ESG

MA Financial Group Limited Board
Oversees the management of environmental, social and governance (ESG) risks and opportunities

Impact	Policy	Risk Management	Disclosure
Oversees the management of the company, including environmental and social impact	Approves ESG-related policies	Approves approach to risk management, including ESG risks	Inaugural Sustainability Report incorporated within 2021 Annual Report

Board Committees will engage on ESG topics relevant to 5 respective 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

Asset Management ESG Steering Committee	People and Investment Committee	Senior Executive Risk Committee	MA Group Investment Committee

Risk governance

Risk management is a fundamental aspect of good governance and a regulatory responsibility, and it includes managing the risks and opportunities related to sustainability.

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 assisted by its Audit & Risk Committee, which reports annually whether it is satisfied that the risk management framework is appropriate.

MA Financial's Heads of Business 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 developing awareness of risk management across the Group. The Senior Executive Risk Committee meets to discuss key risk themes and champions positive risk culture.

Sustainability report

Sustainable business model

Building and maintaining a sustainable business model will enable our success. The Group operates as a diversified financial services company specialising in managing alternative assets, lending, corporate advisory and equities.

The Group has operational expertise in managing real estate, hospitality and credit assets on behalf of MA Financial managed funds. We understand that without incorporating ESG considerations diversification alone has limitations in terms of increasing our resilience and further reducing our vulnerability to short medium and long term risks. Diversification also means we must assess each of our businesses individually, and as a portfolio, to gain greater visibility of potential risks and opportunities that could affect the value, performance and our reputation. Our goal is deliver sustainable outcomes for our stakeholders.

In 2022, our Asset Management Division established an ESG Steering Committee whose members meet quarterly to oversee the ESG integration across investment activities. As part of our commitment to integrating ESG, in June 2022 our Asset Management business became a signatory to the United Nations Principles for Responsible Investment (UNPRI) and produced the Responsible Investment Policy outlining the division's approach to ESG. Given the varying nature of the asset classes we manage, the geographies in which different companies or entities operate in, and the size of our holdings, we also commenced development of a Responsible Investment Policy for each asset class to capture the nuances in approach to ESG by each investment team and aim to finalise these in 2023 for implementation thereafter.

In August 2022 we successfully launched the MA Sustainable Future Fund. The fund provides capital, in the form of secured loans and hybrid credit instruments, to established growth-stage companies with a positive sustainability impact.

To increase employee understanding of incorporating ESG, in 2022 select employees in Asset Management completed the PRI Academy training course 'Understanding Responsible Investing' and continue to have access to regular webinars to enhance knowledge. We also hosted and participated in Seventeen X. This event was designed to engage and educate the business community on UN Sustainable Development Goals.

Looking ahead, we aim to assess our approach to incorporating ESG into other parts of our business, including lending, broking and advisory. For our hospitality and real estate venues, we are working to develop effective and efficient engagement with our tenants and collect quantitative information in relation to our environmental footprint and climate change risk. Our Hospitality platform operates several hospitality venues, offering a range of entertainment options including gambling services. The provision of this type of entertainment is a government regulated offering and we work closely with the relevant regulators to ensure all venues operate in a socially responsible manner.

Supplier Code of Conduct

To ensure sustainability of our business from the supply chain perspective, our Supplier Code of Conduct describes the expectations we have for our supply chain. Our suppliers, whether directly or through their operations and supply chain, must comply with applicable laws and regulations, and have procedures to identify, prevent, mitigate, and account for material risks, including health & safety, ethical business practices, cyber security and privacy, modern slavery, and other human rights impacts. Suppliers are responsible for the development, implementation, and testing of business continuity and disaster recovery plans for operations supporting our business. The Group seeks to safeguard people and the environment from harm through its emergency preparedness plans, while focusing on the continuation of key business operations.

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.

Diversity and inclusion

We value diversity as a critical enabler of innovation and growth. 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. Key initiatives to assist with the achievement of our diversity objectives including a focus on our recruitment processes, an annual gender remuneration gap review process, accountability for senior employees and leadership to support our diversity culture through non-financial metrics, key employee benefits comprising paid parental leave above minimum legislative requirements, and financial support for female staff returning to work from parental leave. In 2021, we set new measurable gender and CALD diversity objectives towards our commitment of a diverse workplace and include 2022 figures in the table below.

Senior leaders Julian Biggins, Chris Wyke and Jill Shapiro mark R U OK Day to promote mental health awareness in the workplace.

Objective/Quantitative targets	Baseline (2021)	2022
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	48% female/52% male
Achieve and retain a 30% female representation in senior executive[1]	23% female/77% male	28% female/72% male
Achieve a Culturally and Linguistically Diverse (CALD) status of 40%	CALD = 35%	CALD = 34%[2]

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

1 Senior executives include all employees with a title of Vice-President, Executive Director, Managing Director or functional equivalent
2 Reflected in the 2022 Culture Survey completed by select parts of the business. Figure is not representative of the entire employee base. New processes are in place to capture data across the business in 2023.

Sustainability report

Level	Gender	2020	2021	2022	YOY change
Workforce	Female	33%	48%	48%	↔
	Male	67%	52%	52%	↔
Senior executives	Female	24%	25%	28%	↑ 3%
	Male	76%	75%	72%	↓ 3%
Board	Female	29%	25%	33%	↑ 8%
	Male	71%	75%	67%	↓ 8%

MA Financial recognises more work is needed by the financial services sector to attract females to careers in finance. As members of Women in Banking and Finance (WiBF), we aim to contribute to improved gender diversity and inclusive leadership practices across the sector. In 2022, 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. The People, Inclusion and Investment Committee, established in 2021, continued its mandate in 2022 to support the professional and personal goals of all employees and ensure a consistent approach across the firm.

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 Loss Time Due to Injury and can report zero reportable incidences in 2022.

> We recognise more work is needed by the financial services sector to attract females to a career in finance, and we aim to contribute by focusing on increased representation across all levels.

MA Financial Group | 2022 Annual Report

Environmental impact

In 2022, MA Financial completed, for the first time, a measurement of the emissions for which it is directly responsible. We are pleased to be able to disclose the results: 1,673 t CO_2-e (0.88 t CO_2-e Scope 1 and 2 Emissions per employee). This estimate was produced in respect of calendar year 2022 and will serve as a baseline for future years.

By acting in a thoughtful and responsible way, and in line with Government guidelines, MA Financial aims 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 achieve our Scope 1 and 2 emission reductions for our direct operations, we will progress the development of a Climate Change Action Plan by the end of 2023. For our Asset Management division, MA Financial is a signatory to the UN Principles for Responsible Investment and is working through associated implementation plans. We expect to include an update on our progress in our 2023 Sustainability report.

Approach to emissions measurement

- This estimate was produced in respect of calendar year 2022 and will serve as a baseline for future years.
- The estimate does not include all possible components, in particular for some Scope 3 emissions. The detail of the estimate is outlined in the disclosure document.
- Estimates for future years will build on this work and will become more comprehensive, while still enabling year-on-year comparisons.
- For some sources of emissions, we have had to use estimates to bridge gaps in data, for example: where separate electricity metering is not available, estimates have been made.
- The emissions ‘footprint’ relates to MA Financial’s direct operations. This organisational boundary includes the Group’s wholly owned entities. However, it does not extend to the assets held by investment funds, or take account of the projects financed by our credit businesses.

As noted in the introduction, MA Financial aims 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 achieve our Scope 1 and 2 emission reductions for our direct operations, we will progress the development of a Climate Change Action Plan by the end of 2023.
- Changing electricity supply to certified providers of energy from renewable sources.
- Identifying and realising opportunities to reduce energy intensity of operations

We will assess our operations to identify and achieve other reductions in sources of emissions. In parallel, we intend to align our disclosures and reporting to the recommendations of the TCFD, referencing the International Sustainability Standards Board and, in Australia, the regulator ASIC, and the federal government.

TCFD incoming mandatory reporting

The Group acknowledges the introduction of mandatory climate reporting and is preparing for increased data and disclosure requirements. We intend to align our disclosures and reporting to the recommendations of the TCFD, referencing the International Sustainability Standards Board and, in Australia, the regulator ASIC, and the federal government.

Below is our roadmap outlining our future steps to understanding the potential impacts of climate change and embedding appropriate management practices in line with the TCFD pillars.

TCFD pillars	Our focus
Governance	Identify relevant Group wide employees to receive climate-related awareness training.
Strategy	Develop a CCAP to achieve Scope 1 and 2 emission reductions for direct operations.
Risk Management	Assess and agree approach for incorporating ESG in our Risk Management Framework.
Metrics and targets	Continue to identify metrics in relation to Scope 3 emissions not yet included in emissions boundary

We are developing processes and systems to collect quantitative information in relation to our energy consumption, to enable continued data analysis and better understanding of our footprint. This will allow for better decision-making on appropriate management practices to be implemented. Moreover, this will help us in understanding the greenhouse gas emissions associated with our operations which are essential metrics related to climate change and the TCFD framework.

Sustainability report

Socially responsible behaviour

MA Financial recognises the impact we have on the communities we operate in and other external parties. Assessing our ESG impact ensures we continue to have socially responsible business practices.

Privacy

The Group respects data privacy and recognise 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.

To be effective in managing data privacy, our policies and processes must be paired with a culture where all employees understand the importance of privacy and operate with a high level of vigilance in handling data. The Board is responsible for ensuring that cyber resilience is an element of the broader risk framework and that exposures are recognised and assessed for impacts based on clearly defined metrics.

Human rights

MA Financial 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 Modern Slavery Statement on the website. Tier 1 risk assessments of the Group's supply chain conducted in 2022 has not identified any instances of modern slavery or significant areas of concern. All objectives set out in MA Financial's Modern Slavery Statement for 2022 were met, which included a risk assessment for new acquisitions for Finsure and MA Money, and engagement with high and medium risk suppliers to develop a deeper understanding of their business and their supply chains. This included completion of questionnaires and/or written assurances on management of modern slavery risk.

In 2023, MA Financial will expand its diligence focus across the supply chains on a risk assessed basis for those suppliers assessed in medium and high-risk categories.

Community investment

At MA Financial fairness and generosity are fundamental to our ethos. The MA Foundation was established in 2018 to support community initiatives that align with the culture and community interests of the Group. The vision of the Foundation and our community investment approach is based on impactful partnerships, high staff engagement and alignment with the broader ESG agenda of the Group. To date, the Foundation has donated over $7.7 million to 35 charities.

The Foundation has three Community Partners, GO Foundation, Beyond Blue and Mirabel Foundation.

In 2022, several initiatives were completed to help increase the reach and engagement of the Foundation with our growing workforce. These included an employee survey to provide greater insight into the types of organisations the firm would like to support; liaison with established and successful foundations to determine best practice for charity selection, and the establishment of the MA Foundation Committee, comprising of employees from the various business divisions. In 2023, the committee will present the MA Foundation Board with recommendations designed to enhance the MA Foundation and build further engagement with employees across the group.

Responsible gaming

Our Hospitality platform MA Hotel Management, which manages several hospitality funds including Redcape Hotel Group, recognises its responsibility to ensure customers enjoy safe and sociable venues, and responsibly enjoy the beverage and entertainment offerings.

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

On gaming reform, MA Financial welcomes evidence-based solutions that can help reduce harm and we will work with industry and government to implement when appropriate. MA Hotel Management's approach to problem gaming and harm minimisation is articulated in its Responsible Service Policy, available on the Redcape website.

MA Hospitality Management's approach to problem gaming and harm minimisation is articulated in its Responsible Service Policy, available on the Redcape website.

Looking forward

We are proud of the progress we have made in 2022, 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.

03

Directors' report

Directors' report

For the year ended 31 December 2022

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 2022.

The names of the Directors of the Group during or since the end of the year are:

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 (appointed 23 December 2022)
Kenneth Moelis	Non-Executive Director
Kate Pilcher Ciafone	Non-Executive Director
Julian Biggins	Joint Chief Executive Officer
Christopher Wyke	Joint Chief Executive Officer

The Directors have been in office since the start of the year to the date of this report unless otherwise noted.

Jeffrey Browne

Independent Chair and Non-Executive Director

Experience and expertise

Jeffrey was appointed to the Board in February 2017. He 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: 781,250

Andrew Pridham AO

Group Vice Chair

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

MA Academy sponsor
Director of MA Foundation (appointed November 2017)

Interests in the Company

Shares: Andrew holds 661,165 shares as well as a beneficial equity interest in 18,289,444 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 23,952,462 shares.
Restricted and Loan Funded shares: 254,209

Alexandra Goodfellow

Independent Non-Executive Director

Experience and expertise

Alexandra is Vice Chair of Korn Ferry Australasia and has 30 years' experience in executive search and human capital consulting. She advises clients at Board, CEO and C-suite level assisting with executive search, leadership succession and human capital advisory.

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 13 December 2022)

Interests in the Company

Shares: 32,371

Simon Kelly

Independent Non-Executive Director

Experience and expertise

Simon was appointed to the Board in April 2021 and has 30 years' experience in strategic, financial and general management in Australian listed and unlisted consumer businesses. He is Chief Executive Officer of NoahFace and has previously held C-suite roles at Ardent Leisure, Virgin Australia, Nine Entertainment Co., Artisocrat Leisure and Goodman Fielder.

Other directorships and appointments

Chief Executive Officer of NoahFace
Non-Executive Director of Altium Limited

Special responsibilities

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

Interests in the Company

Shares: 65,161

Nikki Warburton (appointed 23 December 2022)

Non-Executive Director

Experience and expertise

Nikki was appointed to the Board in 2022 and 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 is a Mentor for The Marketing Academy. Nikki will offer herself for election as a Director at the MA Financial Annual General Meeting in May 2023.

Other directorships and appointments

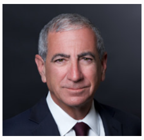
Non-Executive Director of Greater Western Sydney Giants Football Club
Non-Executive Director of Car Expert

Special responsibilities

None

Interests in the Company

None



Kenneth Moelis

Non-Executive Director

Experience and expertise

Ken has served as a Director of MA Financial Group since 2009. He is Chair and Chief Executive Officer of Moelis & Company and has over 40 years' experience as a banker and executive. Prior to founding Moelis & Company, Ken was President of UBS Investment Bank and previously Joint Global Head of Investment Banking. Ken holds a Bachelor of Science 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, Board of Trustees, University of Pennsylvania
Member, Wharton Board of Overseers
Member, Board of Advisors, Ronald Reagan UCLA Medical Center
Member, Business Roundtable
Member, The Business Council

Interests in the Company

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

Kate Pilcher Ciafone

Non-Executive Director

Experience and expertise

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

Other directorships and appointments

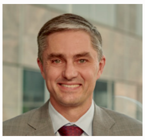
None

Special responsibilities

Member of the Nomination and Remuneration Committee (appointed August 2020)

Interests in the Company

None



Julian Biggins

Executive Director and

Joint Chief Executive Officer

Experience and expertise

Julian was appointed Joint Chief Executive Officer in February 2020 and has been a director of the Board since February 2017. Julian 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

None

Special responsibilities

Member of the Audit and Risk Committee (appointed February 2017, resigned 13 December 2022)

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.
Share rights: 28,866
Restricted and Loan Funded Shares: 987,506

Christopher Wyke

Executive Director and

Joint Chief Executive Officer

Experience and expertise

Chris was appointed Joint Chief Executive Officer in February 2020 and has been a director of the Board since March 2017. Chris 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

None

Special responsibilities

Director of MA Foundation (appointed November 2017)

Interests in the Company

Shares: Chris holds a beneficial equity interest in 5,328,170 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.
Share rights: 29,236
Restricted and Loan Funded Shares: 1,005,216

Company secretaries' qualifications and experience

Janna Robertson

Joint Company Secretary appointed 30 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 19 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' report

For the year ended 31 December 2022

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	7	7	9	9	5	5
Andrew Pridham	7	7	#	#	#	#
Alexandra Goodfellow	6	7	#	#	5	5
Simon Kelly	7	7	9	9	#	#
Nikki Warburton	0	0	#	#	#	#
Kenneth Moelis	7	7	#	#	#	#
Kate Pilcher Ciafone	7	7	#	#	5	5
Julian Biggins	7	7	9	9	#	#
Christopher Wyke	7	7	#	#	#	#

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

Principal activities

MA Financial Group is a financial services business with offices in Sydney, Melbourne, Hong Kong and Shanghai. The Group's principal activities are providing asset management, lending and technology, corporate advisory and equities services. During the year, the Group expanded its Lending & Technology segment by acquiring Finsure Holding Pty Ltd and its subsidiaries (Finsure), a leading Australian mortgage aggregator, and MA Money Financial Services Pty Ltd (formerly MKM NewCo Pty Ltd) and its subsidiaries (MA Money), a residential mortgage lender. 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 2022 and 31 December 2021 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 2022 was $45.8 million (2021: $48.1 million) and the profit after tax for the year ended 31 December 2022 was $44.9 million (2021: $32.0 million).

Management have considered the financial impact of the ongoing COVID-19 pandemic on the Group and, where applicable, relevant disclosures have been provided in the Financial Report.

Dividends

Subsequent to the year ended 31 December 2022, the Directors have resolved to pay a final dividend of 14 cents per share, fully franked, for the year ended 31 December 2022. The dividend is payable on 22 March 2023.

On 21 September 2022, the Company paid an interim dividend of $10.5 million (6.0 cents per share), fully franked, for the financial year ended 31 December 2022.

On 11 March 2022, the Company paid a final dividend of $20.5 million (12.0 cents per share), fully franked, for the financial year ended 31 December 2021.

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.

Directors' report

For the year ended 31 December 2022

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, retaining talent and volatility in levels of business activity.

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 2022 was $106.7 million (2021: $70.9 million) and $61.4 million (2021: $42.6 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.

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.

As announced on 9 June 2022, the Group amended the Underlying treatment of mark to market movements of investments by removing any unrealised gains or losses from Underlying revenue. The Underlying results for the year ended 31 December 2022 reflect this revised approach with comparatives restated accordingly.

EBITDA from Priority Income Fund (PIF) strategies have been reclassified from Lending & Technology to Asset Management given they are third-party managed funds. The Underlying results for the year ended 31 December 2022 reflect this revised approach with comparatives restated accordingly.

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 look to grow its lending operations, 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.

Directors' report

For the year ended 31 December 2022

Change in auditor

Effective 21 June 2022, following the outcome of an audit tender process, KPMG was appointed as auditor for the Company. In accordance with s.329(5) of the *Corporations Act 2001* (Cth) (the Act), the Company received the resignation of Deloitte Touche Tohmatsu following Australian Securities and Investments Commission (ASIC)'s consent to the resignation. In accordance with s.327C of the Act, the appointment of KPMG as auditors of the Company will be recommended by the Directors for shareholder approval at the Company's next Annual General Meeting.

Non-audit services

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

$0.6 million of non-audit services were provided prior to KPMG's appointment as the Group's auditor.

The Directors are of the opinion that the services as disclosed in note 41 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- 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, its controlled entities and certain investment portfolio vehicles 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.

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 of amounts

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Lead auditor's independence declaration

The lead 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 2022.

Signed in accordance with a resolution of the Directors.

Jeffrey Browne

Independent Chair and Non-Executive Director

Sydney
23 February 2023

Julian Biggins

Director and Joint Chief Executive Officer

Sydney
23 February 2023

Letter from the Chair of the Nomination and Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors of MA Financial Group and its subsidiaries, I am pleased to present the Remuneration Report for the year ended 31 December 2022.

The report summarises the Company's achievements and the associated remuneration for our Board, Chief Executive Officers and senior executives.

Year in Review

MA Financial experienced continued expansion in 2022, adding approximately 100 employees via organic growth, and an additional 102 employees following the successful acquisition of mortgage aggregator Finsure, and residential mortgage lender, MA Money.

People and culture

Successfully embedding culture while experiencing significant growth is a challenge. At MA Financial, this has been aided by the company's leadership team modelling the values of the Group and investing in a workplace environment designed for collaboration and innovation. These measures have enabled the company to build capability by attracting and developing key talent and creating an experienced and high-performing workforce.

Results from the 2022 Culture Survey highlighted the company's well-aligned culture with significant strengths in respect, teamwork and a shared commitment to growth.

Enhanced remuneration framework

Our remuneration structure has been designed to include significant deferred and share based components which vest progressively over five years. This, combined with an LTI instrument which rewards for dividends and share price growth only, aligns the Executive to deliver shareholder outcomes and encourages responsible business building.

In considering shareholder feedback, changes were made to the remuneration framework in 2022 including:

- The performance condition applied to LTI awards in 2022 is for 100% of the LTI award, with vesting after five years. Previously, 70% was subject to performance conditions and 30% subject to continued employment.
- The LTI Performance Condition which applies is an EPS hurdle on a sliding scale, between 7.5% and 12% per annum (same as in 2021). However, in 2022 the calculation of the EPS performance condition is based on compound annual growth rate (CAGR), replacing average EPS growth. This aligns us better with market practice and has the effect of increasing the required EPS growth to achieve the hurdle.
- During 2022, the company changed how Underlying earnings is determined, by excluding any unrealised gains or losses from Underlying earnings. This has flowed through 2021 and 2022 LTI performance measures. We consider this change to improve the alignment of Executives and Shareholders in the long term.

Remuneration outcomes

The performance of the Group in 2022 was strong and the ability to deliver another record result in 2022 is pleasing, particularly when we reflect on the macroeconomic and geopolitical influences which created complexity and uncertainty during the year.

The assessed performance of Executives against KPI measures in 2022 exceeded the final award of STI, reflecting the wider context, including the composition of earnings and macroeconomic environment.

The 2022 result underscores the value of a diversified Group and its intentional strategy to build a resilient business which can withstand cycles: allowing the Group to continue to invest in growing the business while delivering shareholder returns. The challenge is to ensure that remuneration rewards delivering current year results, while encouraging appropriate risk taking and investing in the future. We believe the remuneration framework achieves this.

Summary

On behalf of the Board, I would like to thank our shareholders for your support, and trust and recognise the continued hard work and dedication of our employees.

I invite you to review the full report, and we look forward to receiving your feedback at the Annual General Meeting.

Alexandra Goodfellow

Chair of the Nomination and Remuneration Committee

Remuneration report

1. Remuneration report overview

The Directors of MA Financial are pleased to present the Remuneration report (the Report) for the Group for the year ended 31 December 2022. This 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 2022 (FY22).

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	Appointed 23 December 2022
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
Graham Lello	Chief Financial Officer	Full financial year
Janna Robertson	Chief Operating Officer	Full financial year

Remuneration report

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, China and Hong Kong, over 600 employees, and has $7.8 billion of assets under management. Our investment expertise spans Real Estate, Hospitality, 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 financial services businesses, which we believe will 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, Hospitality 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 company.

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 during FY22 were:

- Alexandra Goodfellow – Independent Non-Executive Committee Chair (full year)
- Jeffrey Browne – Independent Non-Executive Committee Member (full year)
- Kate Pilcher Ciafone – Non-Independent Non-Executive Committee Member (full year)

Following a thorough review of compensation practices during the year ended 31 December 2021 (FY21), the FY22 year has focused on refinement of our approach, including incorporating stakeholder feedback, 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 long term, sustainable value to our shareholders, clients and people. The key objectives underpinning our purpose are embedded in the Group's remuneration principles, as summarised in the following diagram.

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. In 2022, this has resulted in the awarded STI outcomes being below the assessed performance against the KPI measures. We believe this prudent and disciplined approach is appropriate when considering the wider context, including the economic outlook and the composition of the financial result.

As the Executives of MA Financial 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.

As a whole, the Group's compensation philosophy seeks to maintain relatively low fixed salaries against market and offer higher at risk components, using a long term incentives (LTI) structure. The proportion of variable to fixed compensation increases with the level of seniority and the ability to influence the financial outcomes of the Company.

2. How remuneration is governed

OUR PURPOSE

- Partnering with clients who value strong alignment, complementary expertise and sustainable performance
- Empowering our people through a culture of growth, cohesion, innovation and accountability (Our Differentiating Values and Behaviours)
- Delivering a high standard of technical expertise in both fiduciary and advisor roles
- Being active 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 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 5-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:** • CAGR EPS growth on a sliding scale

2. How remuneration is governed

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 FY22.

After consultations with all stakeholders, the Board has made certain amendments to the remuneration structure introduced in 2021. The enhancements made relate to LTI are as follows:

- The Performance Condition applied to LTI award was previously 70% of the total LTI award (with 30% being subject to a service condition). In 2022, 100% of the LTI award will be subject to a Performance Condition, with vesting after 5 years.
- The Performance Condition which applies is an EPS hurdle on a sliding scale, of between 7.5% and 12% per annum (which is unchanged from 2021). However, the calculation of the EPS performance condition in 2022 will be based on compound annual growth rate (CAGR), whereas in 2021 average EPS growth was applied. This better aligns our practice with market practices and increases the required performance to achieve the hurdle.

During 2022 MA Financial made changes to how Underlying Earnings are determined, by excluding unrealised gains from Underlying Earnings (refer to ASX Announcement 9 June 2022). As we consider it appropriate to align Executives to reported earnings, consistent amendments were made to the KPIs set at the commencement of 2022.

In order that the FY21 LTI Performance Condition can be assessed against reported results, we propose to calculate FY21 LTI Performance Condition applying the Underlying Earnings definition consistent with the reporting practices adopted in mid-2022.

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

Type	Structure	FY22	FY23	FY24	FY25	FY26
Fixed Remuneration	Base salary, compulsory superannuation and non-monetary benefits	Cash paid throughout the year				
Short Term Incentive (at risk) (STI)	At risk, with 65% paid as cash, with 35% deferred into shares vesting over 3 years		STI cash component paid in Q1 FY23	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 5-year vesting period)	Opportunity range is set as a % of base salary Subject to a 5-year performance period measured against Underlying EPS CAGR between 7.5% and 12% per annum				

Legends: Award (subject to appropriate approvals) Share vesting

The above diagram illustrates the phasing of remuneration opportunity across a five year period. 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 in our view encourages measured and responsible business building and growth.

3. Executive remuneration policy and practices

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 20% 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
FAR	100%	-	-	-	-
STI	-	65%	12%	12%	11%
LTI	-	-	-	-	100%

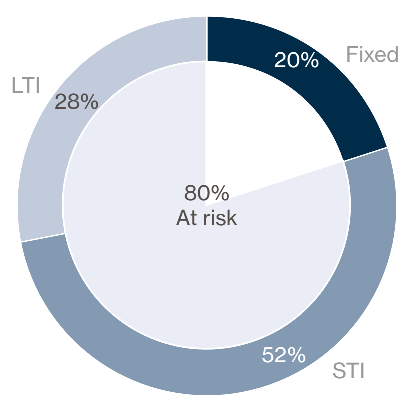
TIMING OF FY22 REMUNERATION OPPORTUNITY[1]

	FY22	FY23	FY24	FY25	FY26
Total	**20%**	**34%**	**6%**	**6%**	**34%**
Cumulative Total	**20%**	**54%**	**60%**	**66%**	**100%**

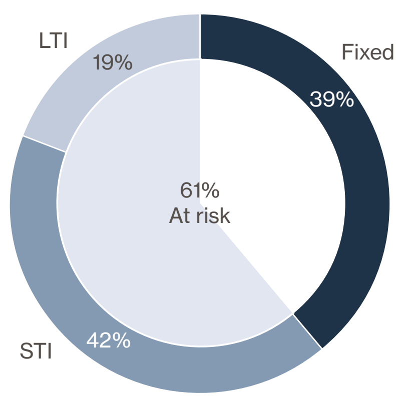
1 Based on FY22 Joint CEO remuneration award

Remuneration mix

JOINT CEOs



KMP



The graph above shows the remuneration mix for the Joint CEOs and KMP based on the remuneration outcomes for FY22 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 61–80% 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

3. Executive remuneration policy and practices

3.1 Fixed Annual Remuneration (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 peers 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.

Following the FY21 remuneration structure review, a review of FAR for Senior Executives and the Managing Director cohort was conducted in FY22 for the first time since the Group's inception in 2009. This followed a review of Joint CEO salaries. The review considered the appropriate mix of fixed and at risk compensation but has not led to an increase in total compensation awarded in FY22.

As a consequence of the review, the Board agreed an increase to fixed salaries in FY22 for the following KMP: Andrew Pridham (Vice Chair), Janna Robertson (COO) and Graham Lello (CFO).

The FAR of the relevant KMPs increased during FY22 is:

	FAR (revised)	FAR (pre review)	Effective date	FAR % increase in FY22
Andrew Pridham	$600,000	$450,000	15 Feb 22	29%
Janna Robertson	$500,000	$450,000	1 Apr 22	8%
Graham Lello	$500,000	$450,000	1 Apr 22	8%

3. Executive remuneration policy and practices

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 wealth, 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 2022 to 31 December 2022).
How much can the Executive earn?	In FY22, 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 (eg revenue generation) are not subject to an upper limit. Other KMP had a target STI opportunity of 90–110% of FAR, with the ability to earn above the target range for significant outperformance, based on Board discretion. 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 FY22, 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%	

	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 FY22, including commentary on performance assessment and outcomes. During FY22, MA Financial made changes to how Underlying EBITDA (and consequently, Underlying EPS) is determined. The KPI measures for FY22 were adjusted to align with the reported Underlying EPS.
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 31 December 2022, less the dividend to be paid following the results announcement. 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.

3. Executive remuneration policy and practices

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. Any discretion applied will be disclosed and explained in the Remuneration Report.

3.3 Long Term Incentive (LTI) plan

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 five-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 for FY22 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.

3. Executive remuneration policy and practices

How often are awards made?	LTI awards are granted on an annual basis to eligible participants. The Board has absolute discretion to determine the frequency and timing of grants under the LTI plan.
How much can the Executive earn?	FY22 target LTI opportunities are as follows: Joint CEOs: 125–175% of fixed remuneration at target Outperformance may lead to an award in excess of the target range, subject to Board discretion.
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 volume weighted average price (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?	5-year performance period of 1 January 2022 to 31 December 2026.
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 FY22 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%.
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 • Average EPS growth has been replaced with CAGR to better align our practices to market; and • The 30% service condition has been removed and the LTI is now 100% subject to a performance hurdle, with vesting after 5 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: $\text{Compound Annual Growth Rate (CAGR) \%} = \left(\frac{26EPS}{21EPS}\right)^{\left(\frac{1}{N}\right)} - 1$ Where: 21EPS = Underlying EPS as at 31/12/21 26EPS = Underlying EPS as at 31/12/26 N = number of years (being 5 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

3. Executive remuneration policy and practices

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.
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?	Yes. 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. Any discretion applied will be disclosed and explained in the Remuneration Report.

Remuneration report

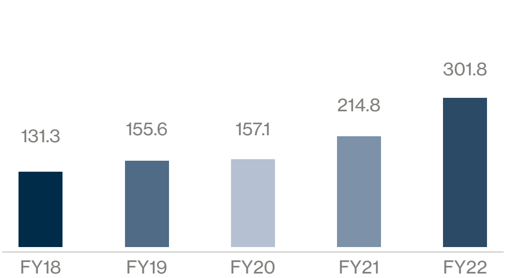
4. Executive remuneration outcomes in FY22

4.1 Company performance

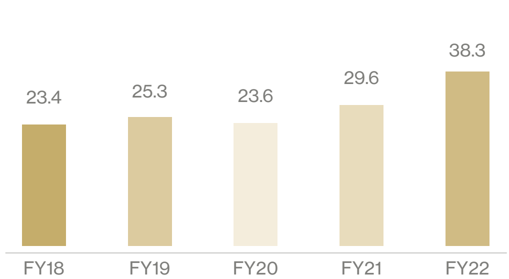
FY22 financial performance

The graphs below provide a summary of the Group's financial performance over the past five financial years (including FY22) 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:

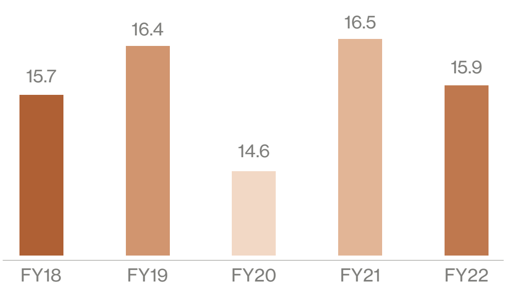
UNDERLYING REVENUE ($'M)



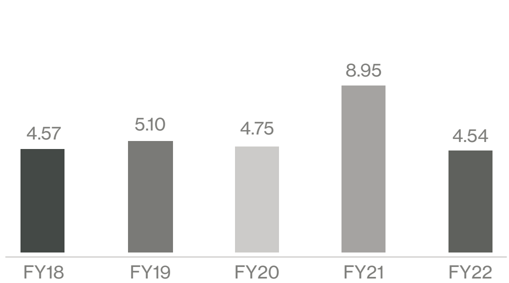
UNDERLYING EPS (CENTS)



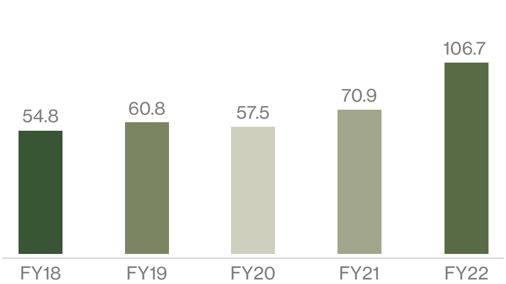
UNDERLYING RETURN ON EQUITY (%)



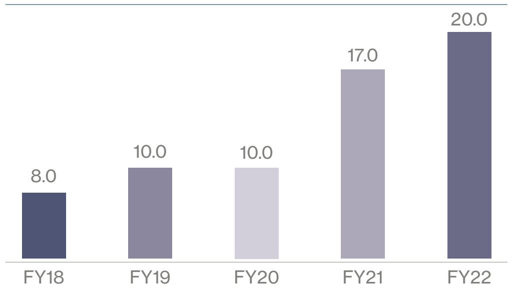
SHARE PRICE ($)



UNDERLYING EBITDA ($'M)



DIVIDEND (CENTS)



Remuneration report

4. Executive remuneration outcomes in FY22

4.1 Company performance (continued)

The Board provides the following commentary regarding the Group's Underlying financial performance for FY22. Further commentary on performance is set out in the Year in Review section.

FY22 was another strong performance year and maintaining growth rates of the order experienced in that year was not expected in all parts of the Group. The pleasing FY22 performance shows the strength of a diversified Group.

We call out the following key highlights in the FY22 result:

- Revenue increased by 41%, with Asset Management organic growth and performance fees a significant contributor and the addition of Finsure to our Lending platform
- Underlying EBITDA increased by 51%.
- Underlying EPS increased by 29% to 38.3 cents per share and statutory EPS grew by 26%
- Underlying Return on Equity was 15.9% compared to 16.5% in the prior year
- Full year dividend up 18%, representing a payout ratio of 52%

This strong result reflects the benefits of a diversified business. Whilst not all parts of the business have enjoyed equal growth, being diversified has enabled the business to continue to grow and invest where opportunities present.

Despite the positive momentum in the business, the share price, along with equity markets, has fallen during 2023. We continue to align Executives to delivering share price growth through the structure of our remuneration practices and remain confident of future growth as the business continues to perform well.

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 FY22 objectives.

The FY22 STI objectives for the Joint CEOs, with commentary on achievements, are provided in Tables 1 and 2, respectively. The STI award percentages and payments to Executives are presented in Table 3 and 4.

In the case of each of the Joint CEOs, the assessed performance against KPI measures exceeded 90%. The final STI awarded was less than 90%. In relation to other KMPs, assessed performance against KPI measures also exceeded the final STI award. This reflects our judgement that prudence is appropriate in light of the composition of the earnings result and in the current macroeconomic environment.

4. Executive remuneration outcomes in FY22

TABLE 1 – JOINT CEO JULIAN BIGGINS FY22 PERFORMANCE OBJECTIVES & OUTCOMES

Category	Measure	Rationale for measure	Commentary on performance
Corporate Objectives (50% – 25% per objective)			
Shareholder Return	Underlying EPS attributable to shareholders.	Provides alignment to shareholders	Underlying EPS of 38.3cps which is 0.7cps (2%) below the EPS target of 39.0cps
Investment Performance	Underlying Return on Equity (ROE) Metrics focused on maintenance of a strong and conservative balance sheet position.	Delivering long term competitive investment returns for our investors is core to our offering	Underlying ROE of 15.9% exceeded ROE target of 15.0%
Personal Objectives (50%)			
Business Growth	Strategic growth and leadership of the Group's Real Estate and Hospitality strategies.	Provides alignment to the Group's financial performance.	Revenue and growth performance in Hospitality has been very strong and Real Estate has performed well, transacting on key initiatives notwithstanding a more challenged macroeconomic environment during FY22. Strategic initiatives include acquisitions of 25 Grenfell Street, Adelaide and Allendale Square, Perth office assets, and the acquisition of the Brunswick Hotel. Strong leadership of culture, including relocation of our Head Office to Brookfield Place to deliver a unique client and employee experience, reflecting our core belief that when our people are valued, nurtured and developed, they thrive. Led the FY22 growth in our employees and successfully strengthened our culture. The 2022 Culture Survey highlighted a strong, well-aligned culture with significant strengths in respect, teamwork and a shared commitment to growth. The Survey also highlighted progress made in the areas of talent development and diversity and inclusion. Led the progression of our ESG strategy, including a strong personal passion and leadership of our social stance, via giving and the activities of the MA Foundation. Oversaw seamless leadership transition in Hospitality and building out of Corporate capability in the areas of Communications and Marketing following the renaming of the business in FY21.
Strategic Initiatives	Metrics focusing on strong leadership of the business, including promoting leadership cohesion and cross business collaboration. Lead the progression of the group strategic approach to ESG. Drive and elevate the MA Financial brand strategy, internal and external communications and brand.	Maintaining collaboration between the various divisions is considered fundamental to the performance of the Group. ESG strategy will be a critical element of long term and sustained success. The profile of the Group will be critical for the next phase of growth and for attracting aligned, high calibre talent.	
Employee Engagement	Metrics focusing on strong leadership of the business, assessed against employee belonging and alignment to the Group's culture and values., including actively reinforcing a strong risk culture, promoting MA Foundation and MA Academy as strategic pillars of our culture.	Providing a motivating workplace and maintaining an 'owner's mentality' environment to drive continued business outcomes for investors and shareholders. Fostering the development of our people so that they are able to realise their potential.	
Risk	Metrics focusing on reinforcing a strong risk culture and managing strategic and operational risk within Board approved risk appetite. Adherence to the Group's risk culture underpins the entire short term incentive award.	It is critical for our senior management to have a high degree of ownership of risk management	
Overall performance			>90%

4. Executive remuneration outcomes in FY22

TABLE 2 – JOINT CEO CHRISTOPHER WYKE FY22 PERFORMANCE OBJECTIVES & OUTCOMES

Category	Measure	Rationale for measure	Commentary on performance
Corporate Objectives (50% – 25% per objective)			
Shareholder Return	Underlying EPS attributable to shareholders.	Provides alignment to shareholders	Underlying EPS of 38.3cps which is 0.7cps (2%) below the EPS target of 39.0cps
Investment Performance	Underlying Return on Equity (ROE) Metrics focused on maintenance of a strong and conservative balance sheet position.	Delivering long term competitive investment returns for our investors is core to our offering	Underlying ROE of 15.9% exceeded ROE target of 15.0%
Personal Objectives (50%)			
Business Growth	Driving the strategy and growth for the Group's and residential mortgage lending platforms, including acquisition integration. Metrics focused on promoting and driving innovation, as well as delivery of agreed Lending & Technology milestones.	Provides alignment to the Group's financial performance	Revenue and growth performance in Lending & Technology and Credit activities has been very strong and met budgeted growth targets. Led the successful acquisition and integration of Finsure and MA Money as well as the continued investment in lending and technology platform innovation. Led the FY22 growth in our employees and successfully strengthened our culture The 2022 Culture Survey highlighted a strong, well-aligned culture with significant strengths in respect, teamwork and a shared commitment to growth. The Survey also highlighted progress made in the areas of talent development and diversity and inclusion. Leadership in culture and integration of new employees, including leading MA Academy lecture series and promoting a strong culture of risk identification and appropriate risk taking. Successful ongoing sponsorship of key strategic projects relating to business transformation and risk. Advanced our risk culture and systems via oversight of the Risk Management Framework and Cyber Security priorities delivered in FY22.
Strategic Initiatives	Leading internal innovation and technology adoption to enable our businesses and promote a culture of innovation. Metrics focusing on strong leadership of the business, including promoting leadership cohesion and cross business collaboration.	Maintaining collaboration between the various business divisions is considered fundamental to the performance of the Group	
Employee Engagement	Metrics focusing on strong leadership of the business, assessed against employee belonging and alignment to the Group's culture and values.	Providing a motivating workplace and maintaining a 'owner's mentality' environment to drive continued business outcomes for investors and shareholders Fostering the development of our people so that they are able to realise their potential	
Risk	Metrics focusing on reinforcing a strong risk culture, and promoting MA Foundation and MA Academy as strategic pillars of our culture	It is critical for our senior management to have a high degree of ownership of risk management As the organization broadens and grows, ensuring consistency of risk approach and measurement via a well designed group wide enterprise risk management framework, measurement and training	
Overall performance			>90%

5. Executive contracts

TABLE 3 – STI OPPORTUNITY FOR EXECUTIVE KMP IN FY22

	Target STI opportunity	Maximum STI opportunity	STI outcome	% of target STI awarded[1]	% of maximum STI awarded
Julian Biggins	$1,800,000	$1,950,000	$1,600,000	89%	82%
Christopher Wyke	$1,800,000	$1,950,000	$1,600,000	89%	82%
Andrew Pridham	N/A	N/A	$900,000	N/A	N/A
Graham Lello	$450,000	N/A	$375,000	83%	N/A
Janna Robertson	$500,000	N/A	$425,000	85%	N/A

1 The assessed performance of each of the Joint CEOs, Graham Lello and Janna Robertson met or exceeded the percentage of STI awarded.

At the request of the KMP, certain amounts of STI Award has been foregone in favour of a donation to the MA Foundation. The amounts which have been foregone are outlined in the table below.

TABLE 4 – STI AWARDED TO EXECUTIVE KMP IN FY22

	Achieved STI Amount	Amount Foregone as Donation	STI Amount Awards	STI Outcome (Cash)	STI Outcome (Deferred)[1]
Julian Biggins	$1,600,000	$150,000	$1,450,000	$942,500	$507,500
Christopher Wyke	$1,600,000	-	$1,600,000	$1,040,000	$560,000
Andrew Pridham[2]	$900,000	-	$900,000	$585,000	$315,000
Graham Lello	$375,000	-	$375,000	$243,750	$131,250
Janna Robertson	$425,000	$10,000	$415,000	$269,750	$145,250

1 With the exception of Mr Pridham, 35% of the STI amount awarded will take the form of restricted shares. Refer to further information regarding Mr Pridham's deferred STI in footnote 2 below.

2 In relation to Mr Pridham, the Board has exercised discretion to award the 2022 deferred STI as a deferred cash amount. Given Mr Pridham's substantial equity holdings, he would be subject to adverse tax outcomes were he to receive the deferred component in the form of deferred shares. This amount will be paid in line with the vesting schedule for the restricted shares provided to other KMP. In making this decision, the Board had regard to Mr Pridham's substantial shareholdings in the Group and considers that he continues to have significant alignment with shareholders.

All of the statutory remuneration tables set out in this remuneration report are shown in accordance with amounts received or to be received by each KMP and accordingly, exclude the donation amounts foregone as set out in Table 4 unless otherwise footnoted.

Remuneration report

5. Executive contracts

TABLE 5 – LTI AWARDS FOR EXECUTIVE KMP RELATING TO FY22

	Target LTI opportunity (% of FAR)	LTI opportunity granted ($)	LTI awarded (% of FAR)
Julian Biggins	125–175%	$850,000	142%
Christopher Wyke	125–175%	$850,000	142%
Andrew Pridham	60–120%	$500,000	83%
Graham Lello	Up to 50%	$75,000	15%
Janna Robertson	Up to $50%	$200,000	40%

The LTI outcomes are calculated in accordance with the methodology outlined in section 3.5 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.

The remuneration award to Executive KMP compared with prior year is set out below.

TABLE 6 – COMPARISON OF VARIABLE COMPENSATION AWARD TO PRIOR YEAR

Executive	STI outcome[1]			Awarded LTI			Awarded Total Remuneration[2]		
	FY21	FY22	%	FY21	FY22	%	FY21	FY22	%
Julian Biggins	1,950,000	1,600,000	-18%	1,000,000	850,000	-15%	3,450,000	3,050,000	-12%
Christopher Wyke	1,950,000	1,600,000	-18%	1,000,000	850,000	-15%	3,450,000	3,050,000	-12%
Andrew Pridham	1,200,000	900,000	-25%	225,000	500,000	122%	1,875,000	1,981,250	6%
Graham Lello	450,000	375,000	-17%	225,000	75,000	-67%	1,125,000	937,500	-17%
Janna Robertson	585,000	425,000	-27%	225,000	200,000	-11%	1,260,000	1,112,500	-12%

1. STI outcome is the award of STI before any donation amounts nominated by the Executive is deducted.
2. Awarded Total Remuneration includes FAR paid in FY21 and FY22..

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 7 – 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.
Graham Lello	Ongoing	6 months	6 months	
Janna Robertson	Ongoing	3 months	3 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.

Termination payments

The Group did not make any termination payments to KMP during FY22. All contractual termination benefits comply with the provisions of the Act.

6. Executive remuneration tables

6.1 Executive cash value of remuneration realised in FY22

The cash value of remuneration realised by the Executive in FY22 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 FY22 and may differ from the disclosure of statutory remuneration in Table 8.

TABLE 8 – EXECUTIVE VALUE OF REMUNERATION IN FY22

Executive	Fixed remuneration	FY22 Annual STI bonus[1]			Fixed remuneration	Variable remuneration	
	Salary including superannuation $	Cash component $	Deferred equity[2] $	Shares	Salary including superannuation %	Cash bonus %	Deferred equity %
Julian Biggins	600,000	942,500	507,500	117,880	29%	46%	25%
Christopher Wyke	600,000	1,040,000	560,000	130,075	27%	47%	26%
Andrew Pridham	581,250	900,000	-	-	39%	61%	-
Graham Lello	487,500	243,750	131,250	30,486	57%	28%	15%
Janna Robertson	487,500	269,750	145,250	33,738	54%	30%	16%

1 FY22 annual bonus amounts are net of voluntary donations, see section 4.

2 Amounts disclosed represent the accounting value of the award that will vest in three annual and equal instalments commencing 2024 and ending in 2026. The maximum value of the award would be the number of restricted shares at the Company's share price at the time of vesting. The minimum total value of the award may be $0 in the event that the service condition attached to the award is not met.

6. Executive remuneration tables

6.2 Statutory executive remuneration in FY22

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

TABLE 9 – STATUTORY EXECUTIVE REMUNERATION TABLE

		Short term employee benefits					Long term benefits				Equity-based benefits				
Executive		Cash salary $	Bonus (cash component)[1] $	Annual leave $	Non-monetary $	Total short term benefits $	Superannuation $	Long service leave $	Bonus (deferred cash component) $	Total long term benefits $	Restricted shares $	Options & rights $	Total equity-based benefits $	Total remuneration $	Performance related %
Julian Biggins[2]	**FY22**	**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%**
	FY21	500,000	1,105,000	67,499	-	1,672,499	22,631	43,974	-	66,605	408,569	149,359	557,928	2,297,032	75%
Christopher Wyke[2]	**FY22**	**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%**
	FY21	500,000	1,235,000	51,594	-	1,786,594	22,631	43,703	-	66,334	434,465	153,237	587,702	2,440,630	77%
Andrew Pridham[2]	**FY22**	**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%**
	FY21	450,000	780,000	(15,165)	12,894	1,227,729	22,631	8,183	420,000	450,814	84,798	22,462	107,260	1,785,803	74%
Graham Lello	**FY22**	**463,070**	**243,750**	**4,678**	**-**	**711,498**	**24,430**	**18,988**	**-**	**43,418**	**152,473**	**112,701**	**265,174**	**1,020,090**	**51%**
	FY21	450,000	289,250	30,976	-	770,226	22,631	11,646	-	34,277	134,576	78,623	213,199	1,017,702	52%
Janna Robertson	**FY22**	**463,070**	**269,750**	**(1,000)**	**-**	**731,820**	**24,430**	**5,642**	**-**	**30,072**	**183,066**	**145,604**	**328,670**	**1,090,562**	**57%**
	FY21	450,000	364,000	27,760	-	841,760	22,631	3,864	-	26,495	109,754	85,577	195,331	1,063,586	55%
Total	**FY22**	**2,634,100**	**3,081,000**	**129,325**	**40,822**	**5,885,247**	**122,150**	**94,331**	**315,000**	**531,481**	**1,661,099**	**1,438,037**	**3,099,136**	**9,515,864**	
	FY21	2,350,000	3,773,250	162,664	12,894	6,298,808	113,155	111,370	420,000	644,525	1,172,162	489,258	1,661,420	8,604,753	

1 The cash component of bonuses received in respect of FY22 is expected to be paid in March 2023.

2 Reflects the amortisation of unvested deferred equity granted to the Executive including share rights, restricted shares and loan funded shares. The expense is based on grant date fair value, amortised on a straight line basis over the vesting period.

Remuneration report

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.

There were no changes to NED fees during FY22, however, the Board Committee Chair fees have been reviewed for FY23.

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

TABLE 10 – NED FEE STRUCTURE

	Role	FY22	FY21		Role	FY22	FY21
Board fees	Chair	280,000	150,000	Committee fees	Chair	20,000	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 11 – STATUTORY NED REMUNERATION

	Short term employee be-nefits	
Non-Executive Director	Cash salary and fees including superannuation $	
	FY22	FY21
Jeffrey Browne	**280,000**	160,833
Kenneth Moelis	**-**	-
Alexandra Goodfellow	**140,000**	140,000
Kate Pilcher Ciafone	**-**	-
Simon Kelly	**140,000**	97,222
Nikki Warburton[1]	**2,959**	-
Total	**562,959**	398,055

1 Fees paid to Nikki Warburton are reported from commencement of term as Non-Executive Director on 23 December 2022.

Remuneration report

8. Equity instrument reporting

8.1 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 section 3).

The LTI granted for FY21 is subject to an Underlying EPS performance condition. As announced on 9 June 2022, the Group amended the Underlying treatment of mark to market movements of investments by removing any unrealised gains or losses from Underlying revenue and, as a result, amended the definition of Underlying earnings. As a consequence of this change, the FY21 LTI performance condition will be tested applying the amended Underlying earnings definition. On this basis, the FY20 Underlying EPS (which provides the baseline for the EPS performance condition calculation) is 23.6 cps, as compared with 25.1 cps if applying the previous Underlying earnings methodology.

TABLE 12 – LOAN FUNDED SHARES – LTI PLAN

	Balance at 1 Jan 22	Granted as remuneration	Vested	Lapsed	Balance at 31 Dec 22
Julian Biggins[1]	250,000	515,900	-	-	765,900
Christopher Wyke[1]	250,000	515,900	-	-	765,900
Andrew Pridham[1]	100,000	116,077	-	-	216,077
Graham Lello	400,000	94,840	-	-	494,840
Janna Robertson	500,000	94,840	-	-	594,840

8.2 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 12 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 13 – 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	5,667,523	-	184,904	-	(524,257)	5,328,170
	Share rights	111,021	-	(82,155)	-	-	28,866
	Restricted shares	255,549	68,806	(102,749)	-	-	221,606
Christopher Wyke	Ordinary shares	5,556,504	-	195,347	-	(423,681)	5,328,170
	Share rights	117,778	-	(88,542)	-	-	29,236
	Restricted shares	269,220	76,901	(106,805)	-	-	239,316
Andrew Pridham	Ordinary shares	18,981,133	-	20,219	137,075	(187,818)	18,950,609
	Restricted shares	57,198	-	(19,066)	-	-	38,132
	Salary Sacrifice Shares	1,153	-	(1,153)	-	-	-
Graham Lello	Ordinary shares	223,957	-	63,595	8,500	(20,914)	275,138
	Share rights	44,581	-	(44,581)	-	-	-
	Restricted shares	47,791	18,011	(19,014)	-	-	46,788
Janna Robertson	Ordinary shares	66,693	-	26,275	-	-	92,968
	Restricted shares	68,676	22,665	(25,122)	-	-	66,219
	Salary Sacrifice Shares	1,153		(1,153)	-	-	-

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 Only includes restricted shares to be granted as part of the FY22 short term incentive award in March 2023.

8. Equity instrument reporting

8.3 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 14 – EQUITY HOLDINGS OF NON-EXECUTIVE DIRECTORS

Executive	Equity instrument	Number at start of year	Granted during the year	Exercised	Purchased	Lapsed or sold	Number at reporting date
Jeffrey Browne	Ordinary shares	781,250	-	-	-	-	781,250
Kenneth Moelis	Ordinary shares	-	-	-	-	-	-
Alexandra Goodfellow	Ordinary shares	21,500	-	-	10,871	-	32,371
Kate Pilcher Ciafone	Ordinary shares	-	-	-	-	-	-
Simon Kelly	Ordinary shares	10,000	-	-	55,161	-	65,161
Nikki Warburton	Ordinary shares	-	-	-	-	-	-

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 reporting period with the Group and subsidiaries, joint ventures and associates of the Group are described below.

During the year ended 31 December 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 FY22 amounted to $69,352 and $15,506 respectively.

Auditor's independence declaration

For the year ended 31 December 2022

KPMG

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 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Shaun Kendrigan
Partner

Sydney
23 February 2023

04 Financial Statements

Contents

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Fee and commission income	4	700,752	201,969
Fee and commission expense	5	(443,509)	(20,502)
Net fee and commission income		**257,243**	**181,467**
Share of net profits from associates	23	1,389	3,187
Interest income	6	58,633	30,621
Investment income	7	6,873	7,579
Other income	8	8,804	5,881
Total income		**332,942**	**228,735**
Employee expenses	9	167,047	129,585
Marketing and business development		11,323	5,589
Information, technology and data		10,071	5,984
Depreciation and amortisation	21,22,24	17,241	8,952
Finance costs	10	40,694	14,520
Credit loss allowance	16	1,887	1,222
Other expenses	11	23,710	14,173
Total expenses		**271,973**	**180,025**
Profit before tax		**60,969**	**48,710**
Income tax expense	12	(16,114)	(16,669)
Profit after income tax		**44,855**	**32,041**
Other comprehensive income, net of income tax			
Items that will not be classified subsequently to profit or loss:			
Fair value (loss)/gain on investments in equity instruments designated at FVTOCI		(920)	7,462
Share of other comprehensive income from associates		1,608	8,562
Foreign exchange movements on translation		211	-
Total other comprehensive income		**899**	**16,024**
Total comprehensive income		**45,754**	**48,065**
Earnings per share			
From continuing operations			
Basic (cents per share)	31	28.0	22.3
Diluted (cents per share)	31	26.9	21.2

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

Consolidated statement of financial position

For the year ended 31 December 2022

	Note	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Assets			
Current assets			
Cash and cash equivalents	13	144,589	242,861
Receivables	14	88,483	36,505
Loans receivable	15	319,802	169,156
Other assets	17	9,086	14,321
Contract assets	18	139,280	-
Other financial assets	20	167,100	3,805
Total current assets		**868,340**	**466,648**
Non-current assets			
Restricted cash	19	700	6,700
Loans receivable	15	535,680	173,293
Contract assets	18	467,952	-
Other financial assets	20	29,212	66,034
Property, plant and equipment	21	5,973	2,035
Right-of-use assets	22	61,773	9,874
Investments in associates and joint ventures	23	91,586	120,393
Intangible assets	24	56,849	13,885
Goodwill	24	128,169	14,010
Total non-current assets		**1,377,894**	**406,224**
Total assets		**2,246,234**	**872,872**
Liabilities			
Current liabilities			
Trade and other payables	25	77,565	33,978
Other financial liabilities	20	116,419	-
Borrowings	26	246,505	55,030
Contract liabilities	18	131,061	-
Lease liabilities	27	6,219	6,598
Provisions	28	45,005	42,461
Income tax payable	12	3,849	7,047
Total current liabilities		**626,623**	**145,114**
Non-current liabilities			
Trade and other payables	25	240	229
Borrowings	26	693,584	351,290
Contract liabilities	18	440,304	-
Lease liabilities	27	58,733	3,687
Provisions	28	1,624	1,239
Deferred tax liabilities	12	15,539	1,280
Total non-current liabilities		**1,210,024**	**357,725**
Total liabilities		**1,836,647**	**502,839**
Net assets		**409,587**	**370,033**
Equity			
Contributed equity	30	275,087	254,990
Reserves	33	54,011	48,491
Retained earnings		80,489	66,552
Total shareholders equity		**409,587**	**370,033**

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

Consolidated statement of changes in equity

For the year ended 31 December 2022

Consolidated	Note	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 January 2021		**154,579**	**25,141**	**57,137**	**236,857**
Profit after income tax		-	-	32,041	32,041
Other comprehensive income, net of tax		-	16,024	-	16,024
Total comprehensive income		**-**	**16,024**	**32,041**	**48,065**
Payment of dividends	32	-	-	(22,626)	(22,626)
Issue of ordinary shares	30	124,180	-	-	124,180
Treasury shares		(22,147)	-	-	(22,147)
Equity transaction costs		(1,622)	-	-	(1,622)
Share-based payments	34	-	7,326	-	7,326
		100,411	**7,326**	**(22,626)**	**85,111**
Balance as at 31 December 2021		**254,990**	**48,491**	**66,552**	**370,033**
Balance as at 1 January 2022		**254,990**	**48,491**	**66,552**	**370,033**
Profit after income tax		-	-	44,855	44,855
Other comprehensive income, net of tax		-	688	-	688
Foreign currency translation	33	-	211	-	211
Total comprehensive income		**-**	**899**	**44,855**	**45,754**
Payment of dividends	32	-	-	(30,918)	(30,918)
Issue of ordinary shares	30	47,114	-	-	47,114
Share buy-back		(4,104)	-	-	(4,104)
Treasury shares		(22,782)	-	-	(22,782)
Equity transaction costs		(131)	-	-	(131)
Share-based payments	34	-	4,621	-	4,621
		20,097	**4,621**	**(30,918)**	**(6,200)**
Balance as at 31 December 2022		**275,087**	**54,011**	**80,489**	**409,587**

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

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Cash flows from operating activities			
Receipts from customers		572,259	228,062
Payments to suppliers and employees		(519,092)	(146,917)
Amounts advanced to third parties		(334,774)	(119,017)
Interest received		54,247	27,529
Interest paid		(35,189)	(14,201)
Income taxes paid		(21,249)	(20,231)
Net cash used in operating activities	13	**(283,798)**	**(44,775)**
Cash flows from investing activities			
Net proceeds from sale of financial investments		(376)	(5,818)
Distributions received from investments		8,393	2,228
Payments for employee loans		(1,388)	(384)
Net proceeds/(payments) from the acquisition and sale of shares in associates		25,784	(35,467)
Payments to acquire subsidiaries, net of cash acquired	37	(146,910)	(10,870)
Payments to acquire property, plant and equipment and intangible assets		(12,866)	(2,207)
Net cash used in investing activities		**(127,363)**	**(52,518)**
Cash flows from financing activities			
Net proceeds from the issue of shares		19,297	97,205
Purchase of treasury shares		(6,734)	(4,915)
Share buy-back		(4,104)	-
Proceeds from exercise of share options		536	585
Cash transferred from/(to) restricted cash accounts		5,999	(4,200)
Payments of lease liabilities		(5,948)	(2,931)
Interest on lease liabilities		(3,513)	(250)
Proceeds from borrowings		336,667	138,750
Dividends paid to shareholders	32	(30,918)	(22,626)
Net cash generated by financing activities		**311,282**	**201,618**
Net (decrease)/increase in cash and cash equivalents		**(99,879)**	**104,325**
Cash and cash equivalents at the beginning of the year		242,861	138,004
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,607	532
Cash and cash equivalents at the end of the year	13	**144,589**	**242,861**

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

Notes to the consolidated financial statements

For the year ended 31 December 2022

1 Significant accounting policies

a Basis of preparation

The Financial Report is a General Purpose Financial Report which has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth) (the Act). 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. MA Financial Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of this Financial Report and that of the previous financial year are set out below. These policies have been consistently applied to all the financial years presented and are applicable to both MA Financial Group Limited and its subsidiaries (Group) as well as to MA Financial Group Limited (Company), unless otherwise stated.

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 38.

The Financial Report was authorised for issue in accordance with a resolution of the Directors on 23 February 2023.

Compliance with International Financial Reporting Standards

Compliance with Australian Accounting Standards ensures that the Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

Basis of measurement

Unless otherwise stated, amounts in this Financial Report are presented in Australian dollars, which is the Company's functional currency, and have been prepared on a historical cost basis, except for financial assets which are measured at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

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. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting estimates and significant judgements

The preparation of the Financial Report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the consolidated financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group such as:

- determination of control of subsidiaries (note 1(b) and 37).
- determination of significant influence over associates and joint control over joint ventures (note 1(j) and 23).
- the impairment of goodwill (note 1(m) and 24).
- recognition and measurement of employee benefits including share based payments (note 1(q) and 34).
- recognition of fees subject to performance criteria and other conditions, including conditions outside of the Group's control (note 1(c)).
- valuation of contract assets and liabilities (note 1(g) and note 18).
- acquisition accounting, including the recognition and measurement of intangible assets and residual goodwill, of the acquired subsidiaries (note 1(n) and note 37).

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

b Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all those entities controlled by the Company. Control is achieved when the Company:

- 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 Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee. The Company

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

1 Significant accounting policies (continued)

b Basis of consolidation (continued)

considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it control, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

c Revenue recognition

The Group accounts for revenue under AASB 15 *Revenue from contracts with customers* (AASB 15). Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring services to its customers. If the Group performs a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. The Group's significant income streams under AASB 15 include:

(i) Fees and commission income

Fee and commission income includes fees from fund management, brokerage, corporate advisory, underwriting and property management. Where fee and commission income are subject to clawback or meeting certain performance hurdles, they are recognised as income when it is highly probable those conditions will not significantly affect the outcome. Fee and commission income that is calculated using the effective interest rate method on a financial asset is capitalised and income is recognised in the income statement over the expected life of the instrument.

Management fees

Management fees are fees from the provision of asset management services per underlying investment agreements. The fees are recognised over time as performance obligations are met.

Performance fees

Performance fees are fees from managed funds and are recognised when it is highly probable that a significant reversal of the fee will not occur. Factors that are taken into consideration for performance fees 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.

Lending upfront commission income

The Group receives upfront origination commission on the settlement of loans originated by authorised brokers. Upfront commissions are recognised upon the loans being settled and are recognised net of clawbacks. The Group remits 100% of commissions net of any aggregation service fees to authorised brokers.

Lending trail commission income and expense

The Group receives trail commission income from lenders on loans they have settled that were originated by authorised brokers. The trail commissions are received over the life of the loans based on the individual loan balance outstanding. The Group remits trail commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding (and in accordance separate agreements entered into with authorised brokers).

Service fees

The Group earns Software as a Service (SaaS) income for subscription to its proprietary loan origination platform, Infynity, and also provides compliance and licensing services to its brokers. The Group charges a fee for both of these services, with revenue recognised over time as the services are provided.

1 Significant accounting policies (continued)

c Revenue recognition (continued)

(ii) Interest income

Interest income is calculated using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments 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.

(iii) Dividend and distribution income

Dividends and distributions are recognised as income when the Group becomes entitled to the dividend or distribution.

The following table, summarises the main services provided by the Group, and provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies:

At a point in time revenue recognition:

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy	Judgements used to identify performance obligations
Advisory success fees	Fees from corporate advisory contracts arise from providing services relating to mergers and acquisitions, restructurings, capital fund raising and other advisory services. Each service has identifiable performance obligations – being completion of the merger and acquisition, restructuring, or capital fund raising. Amounts assigned to each identifiable performance obligation are based on the standalone selling price of each individual performance obligation.	Revenue is only recognised on completion of the performance obligations specified in the contracts including any necessary regulatory and shareholder approvals. No amounts are recognised if the performance obligations are not met in full. For contracts that have key milestones defined, each key milestone represents a separate performance obligation.	The Group reviews its revenue history to assess the following: (1) the determination of the type of fees; (2) the timing of when revenue was recognised and when invoices were raised; and (3) the key milestones that were met and not met. The Group considers that control of the services are only passed to the customer when the transaction has completed, and does not create an asset with alternative use and the benefits provided are consumed at completion of the transaction. As such Advisory success fees are recognised at a point in time.
Equities commission and brokerage income	The Group is remunerated for the provision of security trading services. Fees are defined within the customer contracts.	Revenue, net of any rebates, is recognised on trade date.	As the customer can only benefit at the completion of the trade, the Group recognises the brokerage revenue at the point in time when the brokerage services are provided.
Lending upfront commission income	The Group receives upfront origination commission on the settlement of loans originated by authorised brokers. Upfront commissions are recognised upon the loans being settled and are recognised net of clawbacks. The Group remits 100% of commissions net of any aggregation service fees to authorised brokers.	Recognised upon the loans being settled net of estimated clawbacks.	Estimates are made using historical data for upfront commissions that may be clawed back by lenders in accordance with individual contracts.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

1 Significant accounting policies (continued)

c Revenue recognition (continued)

At a point in time revenue recognition (continued)

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy	Judgements used to identify performance obligations
Lending trail commission income	The Group receives trail commission income from lenders on loans they have settled that were originated by authorised brokers. The trail commissions are received over the life of the loans based on the individual loan balance outstanding. The Group remits trail commission payments to authorised mortgage originators (brokers) based on the individual loan balance outstanding (and in accordance separate agreements entered into with authorised brokers).	On initial recognition, trail commission income and receivables are recognised at the transaction price using the expected value approach, being the expected future trail commission receivables discounted to their net present value. In addition, an associated payable and expense to the relevant brokers are also recognised, calculated as the fair value of the future trail commission payable to brokers discounted to their net present value.	The recognition of the contract asset represents an estimate of the commission income to be received from lenders on settled loans. The use of the expected value approach of estimating 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.
Facilitation and transaction fees from asset management services	The Group earns fees for successful transactions relating to assets and funds managed by the Group such as the acquisition and disposal of assets. These fees can only be invoiced on completion of the transaction. The fee is based on a percentage of the transaction and payable as per the terms within the underlying agreements.	Revenue recognised at the time the transaction is completed.	As the benefits of the transaction will only be observable on completion, transaction fees are recognised at a point in time.
Over time revenue recognition			
Advisory retainer fees	Fees for on-going performance obligations as specified in each contract. Retainer fees are generally pre-defined within the contract. Invoices are issued on a monthly basis for ongoing work.	Revenue is recognised over time as the Group provides services.	As the Group performs its obligations, the revenue is recognised over time on a straight-line basis in accordance with the underlying contract. Services are provided in equal amounts through the course of the year.
Performance and distribution fees relating to asset management services	Fees are earned for asset management services when the fund is managed such that it exceeds performance benchmarks. The benchmarks and associated distribution fee are defined within each trust agreement.	The Group recognises distribution fees and performance fees to the extent that it is highly probable that a significant reversal of revenue will not occur in subsequent periods.	The customer benefits as the Group provides asset management services, thus the Group recognises the performance and distribution fees over time. Performance fees are based on returns in excess of a specified benchmark market return, over the contract period. In determining the amount to be recognised, the Group considers past performance across its portfolio of assets and closely monitors for any potential signs of adverse impact on the fees.

1 Significant accounting policies (continued)

c Revenue recognition (continued)

Over time revenue recognition (continued)

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy	Judgements used to identify performance obligations
Management, administrative and trustee fees from asset management services	The provision of asset management services per investment agreements. The amounts charged for the separate performance obligations are determined based on the relevant clauses of the investment management contracts.	The performance obligations represent a series of distinct services. Revenue is recognised as performance obligations are met based on standalone selling price of the performance obligation.	The Group considers the performance of these management and trustee services as a series of distinct services that have similar pattern of transfer. As such, the Group has determined that recognising the revenue over time on a straight-line basis throughout the year is the most appropriate depiction of the transfer of services.
Management fees relating to property management services	Fees for providing hotel and retail property management services. The amounts charged for the separate performance obligations are determined based on the relevant clauses of the underlying contracts.	The performance obligations represent a series of distinct services that have similar pattern of transfer. As such, revenue is recognised over time on a straight-line basis throughout the year.	The Group considers the performance of these management services as a series of distinct services that have similar pattern of transfer. As such, recognising the revenue over time on a straight-line basis throughout the year is the most appropriate depiction of the transfer of services.
Service fees	The Group earns Software as a Service income for subscription to its proprietary loan origination platform "Infynity" and also provides compliance and licensing services to its brokers.	The performance obligations represent a series of distinct services that have similar pattern of transfer. As such, revenue is recognised over time throughout the year.	The Group considers the performance of these services as a series of distinct services that have similar pattern of transfer. As such, recognising the revenue over time throughout the year is the most appropriate depiction of the transfer of services.

d Cash and cash equivalents

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.

e Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

f Loans receivable

Loans receivable are recognised on settlement date, when cash is advanced to the borrower. A credit loss allowance for expected credit losses on loans receivable is recognised upon inception of a loan. Please refer to note 16 for further information.

g Contract assets and liabilities

The Group's trail commission receivables, on initial recognition, are recognised at transaction price using the expected value method as a contract asset under AASB 15, being the expected future trail commission receivables discounted to their net present value. In addition, an associated payable and expense to the relevant brokers are also recognised, initially measured at fair value being the future trail commission payable to relevant brokers discounted to their net present value. These calculations

1 Significant accounting policies (continued)

g Contract assets and liabilities (continued)

require the use of assumptions which are determined by management using a variety of inputs including external actuarial analysis of historical information. Key assumptions underlying the calculation include the expected loan run-off rate and the discount rate. Refer to note 18 for details on these key assumptions.

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 as income or expense in the profit or loss.

h Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and 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 depreciation periods 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.

i Leases

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

Right-of-use 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 consolidated statement of profit or loss.

The Group applies AASB 136 *Impairment of Assets* (AASB 136) to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in accordance with note 1(l).

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

1 Significant accounting policies (continued)

i Leases (continued)

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.

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.

j Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

k 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 (cash-generating units). Intangible assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1 Significant accounting policies (continued)

k Intangible assets (continued)

Costs incurred in acquiring and developing software, that is not cloud based (SaaS), 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 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.

l Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

m 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 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 cash-generating unit 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 rata 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 cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

n Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

1 Significant accounting policies (continued)

n Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the date of acquisition.

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, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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 *Financial Instruments* (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.

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.

o Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities 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) 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 fair value through profit or loss are recognised immediately in profit or loss.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

1 Significant accounting policies (continued)

o Financial instruments (continued)

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.

Financial assets

Financial assets are classified into the following categories:

- amortised cost;
- equity instruments 'at fair value through other comprehensive income' (FVTOCI); and
- financial assets 'at fair value through profit or loss' (FVTPL).

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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.

A debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- 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.

The Group holds no debt instruments measured at FVTOCI.

All other financial assets are measured at FVTPL.

However, the Group may make the following irrevocable election/designation 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.

Financial assets carried at amortised cost

The amortised cost of a financial asset is:

- 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.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument to the gross carrying amount of the debt instrument on initial recognition.

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. 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. Interest income is recognised in profit or loss and is included in the investment income line item.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1 Significant accounting policies (continued)

o Financial instruments (continued)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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.

Financial assets carried at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI on the basis that they are held for strategic purposes. Designation at FVTOCI is not permitted if the equity investment is held for trading.

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.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Gains and losses relating to these financial assets will be recognised in other comprehensive income. Dividends from such investments are recognised as 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 carried at FVTPL
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 as FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.
- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Net gains and losses, including any interest or dividend income earned on the financial asset, are recognised in profit or loss in the 'other gains and losses' line item. Fair value is determined in the manner described in note 29.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI and loan commitments. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group has elected to use the simplified approach and has determined the loss allowance based off the lifetime 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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Group has provided for commitments that are both drawn and undrawn. The undrawn commitment is contingent on the counterparty achieving contractual milestones. Once they

1 Significant accounting policies (continued)

o Financial instruments (continued)

Impairment of financial assets (continued)

are achieved, the amount can be drawn upon and expected to be met within 12 months. The Group has included a loss allowance on the entire commitments based on the 12 month ECL for these commitments.

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

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information. As part of the forward looking assessment, the Group has considered economic indicators such as economic forecast and outlook, GDP growth, inflation, unemployment rates and interest rates.

The Group determines a significant increase in credit risk based on the number of days past due. A non-trade receivable loan is assessed to have increased in credit risk when the number of days past due is over 90 days. This is based on historical data.

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.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the borrower has a strong capacity to meeting its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments, the date that the Group has become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

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. Trade 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.

Measurement and recognition of credit losses

ECL 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 the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The components used in measuring the ECL include:

(i) probability of default (PD): represents the possibility of a default over the next 12 months;

1 Significant accounting policies (continued)

o Financial instruments (continued)

(ii) loss given default (LGD): expected loss if a default occurs, taking into consideration the mitigating effect of collateral assets and time value of money;

(iii) exposure at default (EAD): the total exposure at time of default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

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 has applied the three stage model based on the change in credit risk since initial recognition to determine the loss allowance of its financial assets.

Stage 1: 12 month ECL

At initial recognition, ECL is collectively assessed and measured by classes of financial assets with the same level of credit risk as a product of the PD within the next 12 months and LGDs with consideration to forward looking economic indicators. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Stage 2: Lifetime ECL

When the Group determines that there has been a significant increase in credit risk since initial recognition but not considered to be credit impaired, the Group recognises a lifetime ECL calculated as a product of the PD for the remaining lifetime of the financial asset and LGD, with consideration to forward looking economic indicators. Similar to Stage 1, loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Stage 3: Lifetime ECL – credit impaired

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For financial assets that have been assessed as credit impaired, a lifetime ECL is recognised as a collective or individually assessed (specific) provision, and interest revenue is calculated by applying the effective interest rate to the amortised cost instead of the carrying amount.

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, as well as on loan commitments. No impairment loss is recognised for investments in equity interests. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been 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 3 years adjusted for the Group's forward looking expectations based off economic indicators. The Group performed the calculations of ECL rates separately for receivables arising from the advisory business and other asset management fees as asset management fees have historically been received in full.

Financial liabilities and equity instruments

Classification as debt or equity

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.

Equity instruments

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

Financial liabilities that are not designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and

1 Significant accounting policies (continued)

o Financial instruments (continued)

of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Other financial liabilities

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.

p Provisions

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Company will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at 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.

q Employee benefits

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.

r Taxation

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. 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 entered into a tax funding agreement and a tax sharing agreement with the head entity. Under the terms of the tax funding agreement, the Company and its subsidiaries have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for the period as noted above. The amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the Tax Group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

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 consolidated statement of profit or loss 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.

1 Significant accounting policies (continued)

r Taxation (continued)

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.

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.

s 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.

t Share-based payment transactions

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. Details regarding the determination of fair value of equity-settled share-based transactions are set out in note 34.

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 equity 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.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

1 Significant accounting policies (continued)

t Share-based payment transactions (continued)

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.

u Earnings per share

Basic earnings per share is calculated by dividing the Group's profit after income tax 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 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.

v Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

w 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.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Foreign exchange differences arising on translation are recognised in profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not re-translated.

Foreign operations

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into Australian dollars as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of comprehensive income item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Foreign currency differences are recognised in other comprehensive income. When an international operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss or to non-controlling interest as part of the profit or loss on disposal.

x Comparatives

Comparatives in the Financial Report have been realigned to the current year presentation. For clearer presentation, the Group has realigned/reclassified the revenue and expense categories disclosed in the condensed consolidated statement of profit or loss and other comprehensive income and reclassified cashflow movements in distributions from investments and amounts advanced to third parties from investing activities to operating activities in the condensed consolidated statement of cash flows. There has been no effect on the comparative year results, net assets or equity due to the reclassification.

y Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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 2022, including:

- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2)*

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 consolidated 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 2020–1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2023	31 December 2023
AASB 2021–2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	31 December 2023
AASB 2021–5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023	31 December 2023
AASB 2022–1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*	1 January 2023	31 December 2023
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 consolidated financial statements (continued)

For the year ended 31 December 2022

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 and 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.

The Lending & Technology segment includes the provision of Lending Platforms for loan funding, residential mortgages and Financial Technology being mortgage aggregation services. During the year, the Group expanded its Lending & Technology segment by acquiring Finsure Holding Pty Ltd and its subsidiaries (Finsure), a leading Australian mortgage aggregator, and MA Money Financial Services Pty Ltd and its subsidiaries (MA Money), a residential mortgage lender. MA Money was formerly known as MKM NewCo Pty Ltd.

The Corporate Advisory and 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.

As announced on 9 June 2022, the Group amended the Underlying treatment of mark to market movements of investments by removing any unrealised gains or losses from Underlying revenue. The Underlying results for the year ended 31 December 2022 reflect this revised approach with comparatives restated accordingly.

EBITDA from Priority Income Fund (PIF) strategies have been reclassified from Lending & Technology to Asset Management given they are third-party managed funds. The Underlying results for the year ended 31 December 2022 reflect this revised approach with comparatives restated accordingly.

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 2022							
Revenue[1]	197,790	41,096	61,550	1,363	301,799	31,143	332,942
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)	(7,949)	(46,991)
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**
31 December 2021							
Revenue[1]	132,261	13,515	68,637	375	214,788	13,947	228,735
Staff costs	(60,065)	(4,008)	(40,650)	(15,292)	(120,015)	(9,570)	(129,585)
Non-staff costs	(14,068)	(1,690)	(6,038)	(2,073)	(23,869)	(3,099)	(26,968)
EBITDA[2]	**58,128**	**7,817**	**21,949**	**(16,990)**	**70,904**	**1,278**	**72,182**
Depreciation and amortisation	-	-	-	-	(4,710)	(4,242)	(8,952)
Interest expense[3]	-	-	-	-	(5,297)	(9,223)	(14,520)
Profit before tax	**-**	**-**	**-**	**-**	**60,897**	**(12,187)**	**48,710**
Income tax expense	-	-	-	-	(18,269)	1,600	(16,669)
Net profit after income tax	**-**	**-**	**-**	**-**	**42,628**	**(10,587)**	**32,041**
Other comprehensive income	-	-	-	-	-	16,024	16,024
Total comprehensive income	**-**	**-**	**-**	**-**	**42,628**	**5,437**	**48,065**

1 Revenue refers to total income on the consolidated 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.
4 Refer to the reconciliation of the Underlying segment to statutory measures.

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 2022		**332,942**	**118,904**	**44,855**	**45,754**
Differences in measurement					
Business acquisition adjustments	(a)	-	3,716	9,836	9,836
Net gains/(losses) on investments	(c)	(149)	(149)	(149)	2,623
Adjustments relating to associates	(d)	14,773	14,773	14,773	12,569
Credit investments	(e)	(2,255)	(353)	(353)	(353)
Software development adjustments	(f)	-	3,162	3,162	3,162
Differences in classification					
Adjustments relating to Lending Trusts[1]	(g)	(33,494)	(32,183)	-	-
Interest income	(h)	(1,150)	(1,150)	-	-
Expense allocations	(i)	(8,868)	-	-	-
Tax on adjustments		-	-	(10,688)	(12,155)
Total adjustments		**(31,143)**	**(12,184)**	**16,581**	**15,682**
Underlying results for the year ended 31 December 2022		**301,799**	**106,720**	**61,436**	**61,436**
Statutory result for the year ended 31 December 2021		**228,735**	**72,182**	**32,041**	**48,065**
Differences in measurement					
Business acquisition adjustments	(a)	-	7,943	12,109	12,109
Equity issued to staff	(b)	-	(1,946)	(1,946)	(1,946)
Net gains/(losses) on investments	(c)	2,831	2,831	2,831	(10,411)
Adjustments relating to associates	(d)	622	622	622	(11,609)
Credit investments	(e)	(2,651)	(1,429)	(1,429)	(1,429)
Differences in classification					
Adjustments relating to Lending Trusts[2]	(g)	(9,346)	(9,213)	-	-
Interest income	(h)	(86)	(86)	-	-
Expense allocations	(i)	(5,317)	-	-	-
Tax on adjustments		-	-	(1,600)	7,849
Total adjustments		**(13,947)**	**(1,278)**	**10,587**	**(5,437)**
Underlying results for the year ended 31 December 2021		**214,788**	**70,904**	**42,628**	**42,628**

1 Revenue refers to total income on the condensed consolidated statement of profit or loss and other comprehensive income.
2 Lending Trusts refers to three residential mortgage-backed securitisation trusts, two specialty lending trusts and two credit funds in the Priority Income Fund strategies that the Group manages and consolidates.

3 Segment information (continued)

3.2 Segment results (continued)

Differences in measurement

(a) The acquisition of Armada Funds Management in 2017, RetPro in 2021 and Finsure on 7 February 2022 for cash and shares gives rise to noncash IFRS expenditure relating to the amortisation of intangible assets of $6.1 million (31 December 2021: $4.2 million) and share-based payment expenses to vendors, who are now employees of the Group, of $2.3 million (31 December 2021: $6.2 million). Furthermore, one-off costs of $1.4 million (31 December 2021: $1.8 million) associated with the Group's acquisition of Finsure have been excluded from the Underlying result.

(b) Since IPO in 2017 the Underlying measure included the expensing of the full value of the share-based payment equity awards issued to staff as part of the annual bonus awards in the year of grant as opposed to over the vesting period (up to 5 years) per IFRS. Following the completion of a full vesting cycle, in 2022 this adjustment was removed in order to align to the Statutory treatment.

(c) Following a change in approach announced on 9 June 2022, the Underlying treatment no longer includes unrealised gains and losses on financial investments. Instead, only realised gains or losses on disposal of financial investments are recognised in Underlying revenue. During the year, unrealised losses on financial investments of $2.6 million have been excluded for the Underlying result (31 December 2021: $10.4 million gain). The adjustment also removes the foreign currency translation gain for the Group's offshore entities of $0.2 million (31 December 2021: nil).

(d) 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.

(e) The Underlying approach only recognises the ECL provision for all Lending & Technology division and PIF strategy receivables and specific provisions individually assessed against non-Lending & Technology division receivables.

(f) Following a change in IFRS accounting standards, the Underlying treatment capitalises and amortises certain software development costs that would previously have been capitalised prior to the accounting standard change.

Differences in classification

(g) 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.

(h) Interest income on cash and bank balances of $1.2 million (31 December 2021: $0.1 million) is reclassified to Underlying net interest expense.

(i) The Underlying adjustment reclassifies expenses that are fully recoverable against revenue to reflect the net nil impact to the Group. These costs include RetPro direct site management expenses and Finsure sponsorship expenses.

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:

Revenue type	Operating Segment	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Fee and commission income			
Management fees	Asset Management	85,155	73,570
Distribution fees	Asset Management	5,988	5,693
Transaction fees	Asset Management	34,466	28,807
Performance fees	Asset Management	56,132	24,951
Upfront commission income	Lending & Technology	198,072	-
Trail commission income	Lending & Technology	236,028	-
Service fees	Lending & Technology	14,970	-
Corporate advisory services	CA&E	64,232	60,717
Equity services	CA&E	5,709	8,231
Total fee and commission income		**700,752**	**201,969**

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 2022. In 2021, two funds managed by the Group contributed more than 10% to Group revenue with fees of $27.3 million and $25.7 million respectively.

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
4 Fee and commission income		
Fee and commission income is accounted for in accordance with AASB 15		
Timing of revenue recognition		
At a point in time		
Advisory success fees	58,480	57,891
Lending upfront commission income	198,072	-
Lending trail commission income	234,145	-
Lending other commission income	1,883	-
Equities commission and brokerage income	5,709	8,231
Facilitation and transaction fees	34,466	28,807
Total revenue earned at a point in time	**532,755**	**94,929**
Over time		
Advisory retainer fees	5,752	2,826
Service fees	14,970	-
Performance fees	56,132	24,951
Distribution fees	5,988	5,693
Management fees	85,155	73,570
Total revenue earned over time	**167,997**	**107,040**
Total fee and commission income	**700,752**	**201,969**
Fee and commission income by segment		
At a point in time		
Asset Management	34,466	28,807
Lending & Technology	434,100	-
Corporate Advisory and Equities	64,189	66,122
Total revenue earned at a point in time	**532,755**	**94,929**
Over time		
Asset Management	147,275	104,214
Lending & Technology	14,970	-
Corporate Advisory and Equities	5,752	2,826
Total revenue earned over time	**167,997**	**107,040**
Total fee and commission income	**700,752**	**201,969**
5 Fee and commission expense		
Lending fee and commission expense	(417,305)	-
Other fee and commission expense	(26,204)	(20,502)
Total fee and commission expense	**(443,509)**	**(20,502)**
6 Interest income		
Interest income on cash and bank balances	1,808	86
Interest income on loans receivable – effective interest rate method	56,508	30,488
Interest income on loans receivable held at FVTPL	270	47
Interest income on leases	47	-
Total interest income	**58,633**	**30,621**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
7 Investment income		
Dividends and distributions from investments	1,155	1,009
Realised gains from disposal of investments	6,748	2,500
Net (loss)/gain from financial instruments held at fair value	(1,030)	4,070
Total investment income	**6,873**	**7,579**
8 Other income		
Other income	489	32
Outgoings recovery	6,919	5,317
Net foreign exchange gains	1,396	532
Total other income	**8,804**	**5,881**
9 Employee expenses		
Salary, superannuation and bonuses	132,913	99,193
Termination benefits	1,506	716
Amortisation of share-based payments (refer to note 34)	15,722	14,937
Other employment expenses[1]	16,906	14,739
Total employee expenses	**167,047**	**129,585**

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

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
10 Finance costs		
Interest on unsecured notes[1]	7,766	5,205
Interest on mortgage trust warehouse notes[1]	6,456	-
Fund preferred unit distribution[1]	22,803	8,946
Interest on lease liabilities	3,513	250
Other finance costs	156	119
Total finance costs	**40,694**	**14,520**

1 Refer to note 26 for more detail on the unsecured note program, fund preferred units and mortgage trust notes.

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
11 Other expenses		
Professional services	9,252	5,892
Insurance	2,704	2,487
Fund administration and operational costs	2,912	1,023
Charitable donations	453	787
Occupancy and office expenses	1,925	1,821
Other expenses	6,464	2,163
Total other expenses	**23,710**	**14,173**

The charitable donations paid by the Group in 2022 and 2021 were principally made to the MA Foundation, a registered charity, and were made in response to staff elections.

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
12 Income tax expense		
12.1 Income tax expense		
Current tax expense	(17,575)	(22,380)
Deferred tax benefit	1,461	5,711
Total income tax expense	**(16,114)**	**(16,669)**
12.2 Reconciliation of income tax expense to prima facie tax payable		
Profit before tax from continuing operations	**60,969**	**48,710**
Prima facie income tax expense at the Australian corporate tax rate of 30%	(18,291)	(14,613)
Effect of income that is subject to/(exempt from) tax	1,127	(2,459)
Non-deductible expenses	(670)	(719)
Prior year over adjustment	2,211	1,116
Foreign tax – controlled entities	(493)	-
Foreign Income Tax Offset	2	6
Total income tax expense	**(16,114)**	**(16,669)**
12.3 Income tax benefit/(expense) recognised in other comprehensive income		
Deferred Tax		
Fair value remeasurement of investments	1,583	(5,842)
Share of revaluations in associates	(1,532)	(3,669)
Income tax benefit/(expense) in other comprehensive income	**51**	**(9,511)**
12.4 Current tax assets and liabilities		
Current tax liabilities		
Income tax payable	3,849	7,047
	3,849	**7,047**
12.5 Deferred tax balances		
Net deferred tax liability	15,539	1,280
	15,539	**1,280**

12 Income tax expense (continued)

	Opening balance $'000	Opening balance adjustments $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised in equity $'000	Acquisitions/ disposals $'000	Closing balance $'000
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)**
31 December 2021							
Temporary differences							
Property, plant and equipment	(352)	-	(204)	-	-	-	(556)
Financial assets	5,561	-	98	(5,842)	-	-	(183)
Investments in associates and joint ventures	(149)	-	1,145	(3,669)	-	-	(2,673)
Deferred revenue	(4,548)	-	1,296	-	-	-	(3,252)
Provisions	1,682	-	738	-	-	-	2,420
Loss allowance	579	-	133	-	-	-	712
Expense accruals	1,409	-	578	-	-	-	1,987
Intangible assets	(2,756)	-	1,273	-	-	(2,002)	(3,485)
Share-based payments	1,673	-	1,210	-	-	-	2,883
Other	806	-	(556)	-	617	-	867
Total	**3,905**	**-**	**5,711**	**(9,511)**	**617**	**(2,002)**	**(1,280)**

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000

13 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year are reflected in the related items in the statement of financial position as follows:

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Cash and bank balances	144,589	242,861
Cash and cash equivalents at the end of the financial year	**144,589**	**242,861**

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

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Profit after income tax	**44,855**	**32,041**
Adjustments to profit after income tax:		
Income tax expense recognised in profit or loss	16,114	16,669
Share-based payments	15,721	14,865
Non-cash interest and investment income	-	(52)
Share of profit of associates	(1,389)	(3,187)
Net foreign exchange gains	(1,396)	(532)
Net losses/(gains) from financial instruments held at fair value	1,030	(4,070)
Realised gains from disposal of investments	(6,748)	(2,500)
Loss allowance expense	1,887	1,222
Loss on disposal of fixed assets	38	70
Interest expense on leases	3,513	250
Intangible amortisation	7,353	5,170
Amortisation of right-of-use assets	8,073	2,805
Depreciation of non-current assets	1,815	975
Total adjustments to profit after income tax	**46,011**	**31,685**
Changes in assets and liabilities:		
Change in trade and other receivables	(28,826)	12,624
Change in loans receivable	(334,310)	(119,017)
Change in other assets	6,890	(7,686)
Change in contract assets and contract liabilities	(11,456)	-
Change in trade and other payables	14,612	11,730
Change in provisions	(325)	14,079
Total changes in assets and liabilities	**(353,415)**	**(88,270)**
Cash generated from operations	**(262,549)**	**(24,544)**
Income taxes paid	(21,249)	(20,231)
Net cash used in operating activities	**(283,798)**	**(44,775)**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
14 Receivables		
Accounts receivable	11,461	9,106
Performance fees receivable	28,048	10,716
Management fees receivable	7,089	7,535
Commissions receivable	31,950	-
Interest receivable	2,176	780
Receivables from associates	5,468	5,590
Other receivables	3,436	3,732
Loss allowance on receivables (note 16)	(1,145)	(954)
Total receivables	**88,483**	**36,505**

Fees receivable disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised a loss allowance because the amounts are still considered recoverable. See below table for an aged analysis of receivables.

14.1 Ageing of receivables

		Past due					
$'000	**Not past due**	**60 – 90 days**	**90+ days**	**Total past due**	**Total Receivables**	**Loss allowance on receivables**	**Total receivables net of loss allowance**
31 December 2021							
Accounts receivable	8,920	40	146	**186**	9,106	(11)	**9,095**
Performance fees receivable	10,716	-	-	**-**	10,716	-	**10,716**
Management fees receivable	7,370	-	165	**165**	7,535	-	**7,535**
Interest receivable	780	-	-	**-**	780	-	**780**
Receivables from associates	2,925	-	2,665	**2,665**	5,590	(775)	**4,815**
Other receivables	3,396	-	336	**336**	3,732	(168)	**3,564**
Total receivables	**34,107**	**40**	**3,312**	**3,352**	**37,459**	**(954)**	**36,505**
31 December 2022							
Accounts receivable	10,167	96	1,198	**1,294**	11,461	(138)	**11,323**
Performance fees receivable	25,749	-	2,299	**2,299**	28,048	-	**28,048**
Management fees receivable	7,030	-	59	**59**	7,089	-	**7,089**
Commission receivable	31,950	-	-	**-**	31,950	-	**31,950**
Interest receivable	2,176	-	-	**-**	2,176	-	**2,176**
Receivables from associates	3,103	-	2,365	**2,365**	5,468	(710)	**4,758**
Other receivables	3,059	-	377	**377**	3,436	(297)	**3,139**
Total receivables	**83,234**	**96**	**6,298**	**6,394**	**89,628**	**(1,145)**	**88,483**

Accounts receivable, performance and management fees receivable and receivables from associates aged 90+ days primarily relate to fees receivable from funds managed by the Group.

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
15 Loans receivable		
Current		
Commercial loans[1]	320,486	157,277
Loans to associates	-	12,393
Loss allowance (note 16)	(684)	(514)
Total loans receivable – current	**319,802**	**169,156**
Non-current		
Commercial loans[1]	296,451	170,070
Residential mortgages[2]	241,046	-
Loans to associates	-	4,318
Loans to employees	2,211	823
Loss allowance (note 16)	(4,028)	(1,918)
Total loans receivable – non-current	**535,680**	**173,293**
Total loans receivable	**855,482**	**342,449**

1 Commercial loans are provided to Australian corporates. The loans have terms of between three months and ten years and are either fully or partially secured against the assets of the borrowers.

2 Residential mortgages were acquired as part of the Group's acquisition of MA Money.

15.1 Loans receivable by industry

Consolidated	Loans receivable $'000	Loss allowance $'000	Total $'000
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**
	860,194	**(4,712)**	**855,482**
31 December 2021			
Financial services	218,559	(939)	**217,620**
Professional services	107,764	(747)	**107,017**
Other	18,558	(746)	**17,812**
	344,881	**(2,432)**	**342,449**

16 Loss allowance

For receivables and loans receivable, the Group bears the risk that the future circumstances of customers might change, including their ability to repay their loans in part or in full. The Group periodically assesses exposures to determine whether the credit risk of a receivable or loan receivable has increased significantly since initial recognition. The assessment, which requires judgement, considers both quantitative and qualitative information that is based on the Group's historical experience and informed credit assessment including forward-looking information, such as economic forecast and outlook, GDP growth, unemployment rates and interest rates.

At the reporting date the Group undertook a review of its receivables, loans receivable and expected credit losses. The review considered the macroeconomic outlook, counterparty credit quality, the type of collateral held and exposure at default as at the reporting date as well as considering the ongoing impacts of COVID-19. No significant changes were made to the model inputs and forward-looking information from the previous reporting period and the accounting policies of the Group remained consistent with prior periods. 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.

16 Loss allowance (continued)

The table below presents the gross exposure and related ECL allowance for assets subject to impairment requirements of AASB 9.

Consolidated	Gross exposure for asset $'000	Loss allowance $'000	Total $'000
31 December 2022			
Receivables	89,628	(1,145)	**88,483**
Loans receivable	860,194	(4,712)	**855,482**
	949,822	**(5,857)**	**943,965**
31 December 2021			
Receivables	37,459	(954)	**36,505**
Loans to associates	16,711	(458)	**16,253**
Loans receivable	328,170	(1,974)	**326,196**
	382,340	**(3,386)**	**378,954**

16.1 Movement in credit loss allowance by asset category

	Receivables $'000	Loans to associates $'000	Loans receivable $'000	Total $'000
Balance as at 1 January 2021	**(963)**	**(275)**	**(1,029)**	**(2,267)**
Credit loss allowance recognised in the statement of profit or loss	(94)	(183)	(945)	**(1,222)**
Amounts recovered	103	-	-	**103**
Balance as at 31 December 2021	**(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)**

16.2 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 2021	**(2,267)**	**-**	**-**	**(2,267)**
Net credit impairment charges	(1,222)	-	-	**(1,222)**
Amounts recovered	103	-	-	**103**
Balance as at 31 December 2021	**(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)**

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
17 Other assets		
Prepayments	3,442	1,510
Deposits	5,027	3,537
Leasehold improvements in progress	521	7,245
Other	96	2,029
Total other assets	**9,086**	**14,321**
18 Contract assets and liabilities		
Contract assets		
Trail commission receivable – current	139,280	-
Trail commission receivable – non-current	467,952	-
Total contract assets	**607,232**	**-**
Contract liabilities		
Trail commission payable – current	131,061	-
Trail commission payable – non-current	440,304	-
Total contract liabilities	**571,365**	-
Net contract assets	**35,867**	**-**

Through its mortgage aggregation platform, Finsure, the Group receives trail commissions from lenders on loans that have settled and were originated by the Group. The Group also makes trail commission payments to authorised brokers. The carrying amount of the trail commission receivable (contract asset) and trail commission payable (contract liability) 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 as income or expense in the profit or loss.

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 2022 Consolidated $'000
Discount rate	4.75%
Run-off rates[1]	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. Comparatives have not been presented as Finsure was acquired during the financial year.

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
19 Restricted cash		
Equities clearing collateral	700	700
Rental bank guarantees	-	5,380
Other collateral	-	620
Total restricted cash	**700**	**6,700**

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
20 Other financial assets and liabilities		
Financial assets – current		
Financial assets held at FVTPL (equity securities)	640	605
Financial assets held at FVTOCI (equity securities)	11,600	3,200
Consolidated managed fund investments[1]	154,860	-
Total financial assets – current	**167,100**	**3,805**
Financial assets – non-current		
Financial assets held at FVTPL (non-equity securities)	15,479	23,992
Financial assets held at FVTOCI (equity securities)	13,733	42,042
Total financial assets – non-current	**29,212**	**66,034**
Total financial assets	**196,312**	**69,839**
Financial liabilities – current		
Consolidated managed fund investments[1]	116,419	-
Total financial liabilities – current	**116,419**	**-**
Total financial liabilities	**116,419**	**-**

1 Net consolidated managed fund investments of $38.4 million at 31 December 2022 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 37.2.

Refer to note 29.6 for further details regarding the fair value of financial assets and financial liabilities.

21 Property, plant and equipment

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

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Office equipment – at cost	5,269	3,605
Less accumulated depreciation	(2,419)	(2,520)
Total office equipment	**2,850**	**1,085**
Furniture and fixtures – at cost	1,840	1,114
Less accumulated depreciation	(468)	(306)
Total furniture and fixtures	**1,372**	**808**
Lease improvements – at cost	3,673	1,695
Less accumulated depreciation	(1,922)	(1,553)
Total leasehold improvements	**1,751**	**142**
Total property, plant and equipment	**5,973**	**2,035**

21 Property, plant and equipment (continued)

21.1 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 2021	540	529	381	**1,450**
Additions	1,052	349	159	**1,560**
Depreciation expense	(507)	(70)	(398)	**(975)**
Balance as at 31 December 2021	**1,085**	**808**	**142**	**2,035**
Additions	3,117	575	1,973	**5,665**
Additions through business combinations (note 37)	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**

22 Right-of-use assets

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Right-of-use assets – at cost	71,038	17,287
Less accumulated amortisation	(9,265)	(7,413)
Total right-of-use assets	**61,773**	**9,874**
Balance at the beginning of the year	**9,874**	**5,338**
Additions	60,263	7,341
Additions through business combinations (note 37)	990	-
Lease modification	(1,281)	-
Amortisation expense	(8,073)	(2,805)
Balance at the end of the year	**61,773**	**9,874**

A commercial lease commenced during the year for the rental of office premises in Sydney. The lease term is 7 years with renewal terms included in the contract. Renewal is at the specific option of the Group.

23 Investments in associates and joint ventures

BE ES I LLC	22,415	19,401
BE OLD I LLC	8,274	2,068
MA Kincare Fund[1]	-	7,594
Redcape Hotel Group	57,086	84,339
Other associates[2]	3,811	6,991
	91,586	**120,393**

1 During the year, the Group obtained control of the MA Kincare Fund resulting in the derecognition of the investment as an associate.
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. As at 31 December 2021 other associates included the Group's investment in MA Money. During the year, the Group acquired 100% of MA Money resulting in the derecognition of the investment as an associate.

23 Investments in associates and joint ventures (continued)

Impairment of investments in associates

In line with the Group's accounting policies, after application of the equity method of accounting, the Group's investments in associates were assessed for impairment at the reporting date. The Group performs an assessment to determine whether there is any objective evidence that its investments in associates is impaired. The main indicators of impairment are significant financial difficulty of the investee, significant changes in the technological, market, economic or legal environment and a significant or prolonged decline in fair value below cost.

Further information on the Group's material investments in associates is provided below.

23.1 Details of ownership interest

			Proportion of ownership interest and voting power held by the Group	
Material associates	**Place of incorporation**	**Principal activity**	**2022**	**2021**
BE ES I LLC	United States of America	Specialty finance	49.6%	49.7%
BE OLD I LLC	United States of America	Specialty finance	49.9%	50.0%
MA Kincare Fund	Australia	Credit funds management	-	25.5%
Redcape Hotel Group	Australia	Owner and operator of hotels	10.8%	14.9%

23.2 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 2021	**-**	**-**	**9,037**	**58,232**	**8,020**	**75,289**
Acquisition	19,142	2,068	-	22,568	-	**43,778**
Disposal and capital returns	-	-	(1,434)	(6,500)	(377)	**(8,311)**
Share of profit/(loss)	388	-	1,275	1,841	(317)	**3,187**
Share of other comprehensive income	-	-	-	12,232	-	**12,232**
Less dividends/distributions received	(130)	-	(1,283)	(4,034)	(335)	**(5,782)**
Closing balance as at 31 December 2021	**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**

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 2022 is $2.2 million (2021: $1.8 million).

23 Investments in associates and joint ventures (continued)

23.3 Summarised financial information for the Group's material associates

$'000	BE ES I LLC	BE OLD I LLC	MA Kincare Fund	Redcape Hotel Group	Other associates
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	**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 for the year	**5,030**	**700**	**-**	**26,761**	**(3,181)**
31 December 2021					
Assets and liabilities					
Current assets	3,329	-	130	31,172	90,387
Non-current assets	32,404	-	31,380	1,276,554	677,227
Current liabilities	(3,213)	-	(1,702)	(80,343)	(830,647)
Non-current liabilities	-	-	-	(668,624)	(9,099)
Net assets	**32,520**	**-**	**29,808**	**558,759**	**(72,132)**
The above net assets include the following:					
Cash and cash equivalents	2,630	-	19	18,802	69,988
Revenue, expenses and results					
Revenue	1,389	-	3,949	145,068	109,984
Profit/(loss) for the year	1,315	-	3,909	1,332	(25,662)
Other comprehensive income for the year	-	-	-	82,074	-
Total comprehensive income for the year	**1,315**	**-**	**3,909**	**83,406**	**(25,662)**

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

Details of investment in BE ES I LLC and BE OLD I LLC

At 31 December 2022, the Group owns 49.6% of BE ES I LLC and 49.9% of BE OLD I LLC. Both entities are special purpose vehicles established for the purposes of facilitating credit investments in North America. The Group is considered to have significant influence over these investments as a result of its participation in the financial and operating policy decisions.

Details of investment in Redcape Hotel Group

At 31 December 2022, the Group has a 10.8% direct equity investment in Redcape Hotel Group (Redcape) and funds managed by the Group own a further 28.2% of Redcape. During the year, the Group sold 19.5 million of units in Redcape for $30.1 million. 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 roles as responsible entity, asset manager and hotel operator.

23 Investments in associates and joint ventures (continued)

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

Details of investment in Redcape Hotel Group (continued)

Redcape owns or operates 35 hotels in New South Wales and Queensland. Redcape assessed their assets for impairment at 31 December 2022, including considering the impact of COVID-19 on their operations. 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 2022, of which the Group's share of the decrease has been equity accounted.

24 Intangible assets

		Intangible assets			
	Goodwill $'000	Customer relationships, brand names and trademarks $'000	Management rights and agreements $'000	Software $'000	Total $'000
31 December 2022					
Cost					
Balance at 1 January 2022	**14,010**	**-**	**22,939**	**4,182**	**41,131**
Additions through business combinations (note 37)	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 the 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**
31 December 2021					
Cost					
Balance at 1 January 2021	**9,827**	**-**	**16,263**	**3,595**	**29,685**
Additions	-	-	-	587	**587**
Additions through business combinations	4,183	-	6,676	-	**10,859**
Balance at 31 December 2021	**14,010**	**-**	**22,939**	**4,182**	**41,131**
Amortisation and impairment losses					
Balance at 1 January 2021	-	-	(7,077)	(989)	**(8,066)**
Amortisation expense for year	-	-	(4,241)	(929)	**(5,170)**
Balance at 31 December 2021	**-**	**-**	**(11,318)**	**(1,918)**	**(13,236)**
Carrying amount at 31 December 2021	**14,010**	**-**	**11,621**	**2,264**	**27,895**

24 Intangible assets (continued)

During the year, as a result of the acquisitions of Finsure and MA Money, goodwill of $114.2 million, customer relationships of $27.0 million, brand names of $17.0 million and software of $2.3 million was recognised. Refer to note 37 for further details of the acquisitions.

Included in the deferred tax liability of the Group as at 31 December 2022 is an amount of $13.9 million (31 Dec 2021: $1.8 million) relating to the intangible assets recognised from the acquisition of subsidiaries.

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 cash-generating units (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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	Terminal growth rates		Pre-tax discount rates		$'000	$'000
Asset management	11.5%	11.5%	12.5%	12.5%	12,684	12,684
Lending & Technology	12.0%	-	13.0%	-	114,159	-
CA&E	10.0%	10.0%	11.0%	11.0%	1,326	1,326
Total					**128,169**	**14,010**

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.

Amortisation of intangible assets

Goodwill is allocated to cash-generating units (CGUs) and is 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
- Brand names: indefinite useful life

Useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
25 Trade and other payables		
Current		
Accounts payable and accrued expenses	26,187	21,053
Accrued commissions	37,541	2,824
Other liabilities	11,674	8,723
GST payable	2,163	1,378
Total trade and other payables – current	**77,565**	**33,978**
Non-current		
Other liabilities	240	229
Total trade and other payables – non-current	**240**	**229**
Total trade and other payables	**77,805**	**34,207**
26 Borrowings		
Current		
Unsecured notes	-	25,000
Unsecured notes – limited recourse	30,030	30,030
Mortgage trust notes	216,475	-
Total borrowings – current	**246,505**	**55,030**
Non-current		
Unsecured notes	65,000	40,000
Unsecured notes – limited recourse	60,000	25,000
Fund preferred units	568,584	286,290
Total borrowings – non-current	**693,584**	**351,290**
Total borrowings	**940,089**	**406,320**

During the year, the Group entered into a $40.0 million working capital facility with a major domestic bank. At 31 December 2022, the undrawn facility amount was $40.0 million.

Information about the Group's exposure to interest rate and liquidity risk is included in notes 29.3.2 and 29.5.

(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.

(i) Unsecured notes

	MA Bond IV	MA Bond VI
Classification	Non-current	Non-current
Issue	2020	2022
Maturity date	Sep 2024	Aug 2027
Amount ($m)	40.0	25.0
Interest rate per annum	5.85%	5.75%
Issue costs ($'000)	9.0	9.3

During the year the Group raised $25.0 million through the issue of a new unsecured note (MA Bond VI). The proceeds were used to repay MA Bond II that matured in September 2022.

26 Borrowings (continued)

(ii) Unsecured notes – limited recourse

	MACI Bond	MACPI Bond
Classification	Current	Non-current
Issue	2019	2021
Maturity date	May 2024	Dec 2027
Amount ($m)	30.0	60.0
Interest rate per annum	RBA + 4.35%	RBA + 4.00%
Issue costs ($'000)	10.5	9.4

The 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 Group.

MACI Bond

The MACI Bond 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. No redemptions of the MACI Bond has occurred during the year ended 31 December 2022 (2021: nil).

MACPI Bond

The MACPI Bond 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. An additional $35.0 million was raised during the year (2021: $25.0 million). The MACPI Bond facilitates investments for note investors with assets ringfenced for the benefit of those investors.

(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 and MA USD Master 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 2022 ($m)	544.8	23.8
31 December 2021 ($m)	279.8	6.5
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 2022 ($m)	54.5	2.4
31 December 2021 ($m)	28.0	2.0

1 Secured Overnight Financing Rate

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

26 Borrowings (continued)

(c) Mortgage trust notes

Mortgage trust notes were acquired as part of the Group's acquisition of MA Money during the year. MA Money originates loans to customers across Australia which are funded via mortgage trust notes in warehouse trusts. The notes are collaterised by residential mortgages, advances and cash residing in the warehouse trusts. If the facilities under which the mortgage trust notes are issued are not renewed, or should there be a default under the existing terms and conditions, the funders of the mortgage trust notes will not have a right of recourse against the Group.

As at 31 December 2022, the unutilised mortgage trust note facilities is $208.5 million.

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
27 Lease liabilities		
Current		
Lease liabilities	6,219	6,598
Total lease liabilities – current	**6,219**	**6,598**
Non-current		
Lease liabilities	58,733	3,687
Total lease liabilities – non-current	**58,733**	**3,687**
Total lease liabilities	**64,952**	**10,285**
27.1 Movement in lease liabilities		
Opening balance at the beginning of the year	**10,285**	**5,874**
Interest on lease liabilities	3,513	250
Payment of lease liabilities	(8,895)	(3,184)
Additions through business combinations (note 37)	1,633	-
Lease modification	(1,578)	-
Additions[1]	59,994	7,345
Closing balance at the end of the year	**64,952**	**10,285**

1 Additions in the current year is made up of the new office lease in Sydney.

27.2 Lease liabilities maturity analysis – contractual undiscounted cashflows

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Less than one year	10,266	2,236
One to five years	46,563	7,540
More than five years	27,384	3,452
Total undiscounted lease liabilities at the end of the year	**84,213**	**13,228**

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
28 Provisions		
Current		
Salaries and wages	33,817	34,257
Provision for annual leave	7,661	5,790
Provision for long service leave	3,527	2,414
Total provisions – current	**45,005**	**42,461**
Non-current		
Provision for long service leave	1,624	1,239
Total provisions – non-current	**1,624**	**1,239**
Total provisions	**46,629**	**43,700**

29 Financial instruments

29.1 Financial risk management objectives

The Group's activities expose it to a variety of financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risks (the latter of which includes currency risk, interest rate risk and equity 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 maintaining the Group's exposure within the parameters set out in its Risk Appetite Statement.

The practical management of financial risks typically takes place within the Group's business units, led by senior managers, with oversight and support from the Group's Finance function. This is carried out with reference to various operational policies and procedures.

The Group's overall risk management framework is summarised in its Corporate Governance Statement, available on the Group's website, and in the Sustainability Report. These documents outline the role of the Board, the Audit and Risk Committee, 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.

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

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Financial assets		
Cash and cash equivalents	144,589	242,861
Restricted cash	700	6,700
Receivables	88,483	36,505
Loans receivable	855,482	342,449
Listed and unlisted equity securities	196,312	69,839
Investments in associates and joint ventures	91,586	120,393
Deposits	5,027	3,537
Total financial assets	**1,382,179**	**822,284**
Financial liabilities		
Trade and other payables	77,805	34,207
Other financial liabilities	116,419	-
Unsecured notes	155,030	120,030
Mortgage trust notes	216,475	-
Fund preferred units	568,584	286,290
Lease liabilities	64,952	10,285
Total financial liabilities	**1,199,265**	**450,812**

29 Financial instruments (continued)

29.2 Capital management

The capital structure of the Group consists of net cash (cash and bank balances offset by the unsecured notes detailed in note 26) 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 2021.

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 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 entered into a $40.0 million revolving working capital facility with a major domestic bank. The facility was undrawn at 31 December 2022. In accordance with the terms of the Group's corporate debt facility, the Group is required to comply with certain covenants. During the year ended to 31 December 2022, the Group was compliant with these covenants.

The Group's borrowings comprise unsecured notes of $155.0 million (2021: $120.0 million), mortgage trust notes $216.5 million (2021: nil) and fund preferred units $568.6 million (2021: $286.3 million).

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 MACI Bond note can be redeemed at the option of noteholders subject to a minimum 12 month holding period and are treated as current borrowings. The MACPI Bond cannot be redeemed at the option of the note holders and must be held to maturity.

Notes	Maturity date	31 Dec 2022 $'000	31 Dec 2021 $'000
Unsecured notes			
Current			
MA Bond II	14 September 2022	-	25,000
Non-current			
MA Bond IV	30 September 2024	40,000	40,000
MA Bond VI	8 August 2027	25,000	-
Unsecured notes – limited recourse			
Current			
MACI Bond	16 May 2024	30,030	30,030
Non-current			
MACPI Bond	1 December 2027	60,000	25,000
Total unsecured notes		**155,030**	**120,030**

29 Financial instruments (continued)

29.3 Market risk

29.3.1 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.

The net carrying amounts of the Group's foreign currency denominated financial assets and liabilities at the end of the year are set out below:

	Assets		Liabilities	
	31 Dec 2022 $'000	31 Dec 2021 $'000	31 Dec 2022 $'000	31 Dec 2021 $'000
Currency				
United States Dollar	37,241	4,450	36,117	7,405
Chinese Yuan	218	242	43	34
Great British Pound	3,906	882	43	80
Hong Kong Dollar	1,216	670	109	66
Total	**42,581**	**6,244**	**36,312**	**7,585**

Foreign currency sensitivity analysis

The Group's exposure to foreign exchange risk is measured using sensitivity analysis. The following table summarises the sensitivity on the Group's profit before tax from a reasonably possible change in foreign exchange rates against the Australian dollar at the year end. The sensitivity is assessed against the foreign currencies that have the most impact on the Group.

	Sensitivity	31 Dec 2022 $'000 +/-	31 Dec 2021 $'000 +/-
Currency			
United States Dollar	+/-10%	112/(112)	(296)/296
Chinese Yuan	+/-10%	18/(18)	21/(21)
Great British Pound	+/-10%	386/(386)	80/(80)
Hong Kong Dollar	+/-10%	111/(111)	60/(60)
Total		**627/(627)**	**(135)/135**

29 Financial instruments (continued)

29.3 Market risk (continued)

29.3.2 Interest rate risk

Interest rate risk is the risk to the Group's earnings and capital from changes in market interest rates. The financial instruments held that are predominately impacted by interest rate risk consists of cash, loans receivable and borrowings. The Group's exposure to interest rate risk for the financial assets and liabilities is set out as follows:

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
31 December 2022				
Financial assets				
Cash and cash equivalents	144,589	-	-	**144,589**
Restricted cash	700	-	-	**700**
Receivables	-	-	88,483	**88,483**
Loans receivable	698,259	155,049	2,174	**855,482**
Listed and unlisted equity securities	-	-	196,312	**196,312**
Investments in associates and joint ventures	-	-	91,586	**91,586**
Deposits	-	-	5,027	**5,027**
Total financial assets	**843,548**	**155,049**	**383,582**	**1,382,179**
Financial liabilities				
Trade and other payables	-	-	77,805	**77,805**
Other financial liabilities	-	-	116,419	**116,419**
Unsecured notes	90,030	65,000	-	**155,030**
Mortgage trust notes	216,475	-	-	**216,475**
Fund preferred units	568,584	-	-	**568,584**
Lease liabilities	-	64,952	-	**64,952**
Total financial liabilities	**875,089**	**129,952**	**194,224**	**1,199,265**
31 December 2021				
Financial assets				
Cash and cash equivalents	242,861	-	-	**242,861**
Restricted cash	6,700	-	-	**6,700**
Receivables	-	-	36,505	**36,505**
Loans receivable	212,279	126,895	3,275	**342,449**
Listed and unlisted equity securities	-	-	69,839	**69,839**
Investments in associates and joint ventures	-	-	120,393	**120,393**
Deposits	-	-	3,537	**3,537**
Total financial assets	**461,840**	**126,895**	**233,549**	**822,284**
Financial liabilities				
Trade and other payables	-	-	34,207	**34,207**
Unsecured notes	55,030	65,000	-	**120,030**
Fund preferred units	286,290	-	-	**286,290**
Lease liabilities	-	10,285	-	**10,285**
Total financial liabilities	**341,320**	**75,285**	**34,207**	**450,812**

29 Financial instruments (continued)

29.3 Market risk (continued)

29.3.2 Interest rate risk (continued)

Interest rate sensitivity analysis

The table below demonstrates the impact of a 1% change in interest rates, with all other variables held constant, on the profit for the year.

	Change in interest rates	31 Dec 2022 $'000 +/-	31 Dec 2021 $'000 +/-
Impact on profit before tax for the year	+/-1%	(315)/315	1,357/(1,357)

29.3.3 Equity price risk

Equity 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 table below demonstrates the sensitivity of the Group's profit before tax and other comprehensive income for the year to a reasonably possible change in market prices:

	Change in market prices	31 Dec 2022 $'000 +/-	31 Dec 2021 $'000 +/-
Impact on profit before tax for the year	+/-5%	806/(806)	1,230/(1,230)
Impact on other comprehensive income for the year	+/-5%	1,267/(1,267)	2,262/(2,262)

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from the prior year.

29.4 Credit risk management

Credit risk refers to the risk that a counterparty to a financial instrument will fail to meet its contractual obligations resulting in financial loss to the Group. The Group's primary credit risk exposures relate to its lending activities.

The Group mitigates its credit risk by ensuring cash deposits are held with high credit quality financial institutions. The Group assesses the creditworthiness of counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. For all commercial loans receivable, the Group only transacts with counterparties that the Group considers to have an acceptable level of credit risk through a shadow rating process using publicly available financial information. The Group's exposure and the shadow credit ratings of its counterparties are continuously monitored.

Maximum exposure to credit risk

The carrying amount of the Group's financial assets and contract assets represents the maximum credit exposure. The table below shows the Group's maximum exposure to credit risk at the reporting date.

	Note	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Cash and cash equivalents	13	144,589	242,861
Restricted cash	19	700	6,700
Receivables	14	88,483	36,505
Loans receivable	15	855,482	342,449
Contract assets	18	607,232	-
Listed and unlisted equity securities	20	196,312	69,839
Investments in associates and joint ventures	23	91,586	120,393
Deposits	17	5,027	3,537
Total		**1,989,411**	**822,284**

29 Financial instruments (continued)

29.4 Credit risk management (continued)

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.

Loans receivable

The Group provides commercial loans which are secured by charges over the assets of the borrowers.

Credit risk analysis is focused on ensuring that risks have been fully identified and that the downside risk is properly understood and acceptable. Prior to providing lending facilities to counterparties, each loan is subjected to approval from the relevant Fund or Group, which assess the credit risks of the borrower and determines whether the lending is aligned with the Group's lending strategy. The detailed due diligence performed on the counterparty includes an assessment of:

- borrower's experience in the industry;
- borrower's credit policy to ascertain their underwriting practices;
- internal shadow rating calculations using public market comparable transactions and financial information of the borrower;
- historical loan performance, nature of risk and yield;
- alignment to the Group's risk appetite; and
- securitisation of assets and undertakings.

To mitigate the Group's exposure to loan defaults, securitisation and collateral are negotiated and documented in executed loan agreements to protect the interests of the Group. Monthly monitoring of all borrowers' financial performance (including arrears balances, ageing of arrears and losses incurred) is performed and any exceptions reported to senior management. Senior management use the information collated 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 the Group's 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 credit risk arising from residential loans by obtaining security over residential mortgage 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 its exposure to credit risk.

Under the Group's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted at the latest when the exposure becomes 30 days past due.

29 Financial instruments (continued)

29.4 Credit risk management (continued)

The table below provides an analysis of the gross carrying amount of loans receivable by past due status that are over 30 days past due.

	Gross carrying amount Consolidated $'000	Loss allowance Consolidated $'000	Credit impaired
31 December 2022			
Current (not past due)	839,980	(4,294)	No
1 – 30 days past due	12,232	(37)	No
31 – 60 days past due	4,914	(330)	No
61 – 90 days past due	60	-	No
More than 90 days past due	3,008	(51)	Yes
Total loans receivable	**860,194**	**(4,712)**	
31 December 2021			
Current (not past due)	344,881	(2,432)	No
Total loans receivable	**344,881**	**(2,432)**	

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 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**
31 December 2021				
Loans receivable	344,881	-	-	**344,881**
Loss allowance	(2,432)	-	-	**(2,432)**
Total	**342,449**	**-**	**-**	**342,449**

29 Financial instruments (continued)

29.5 Liquidity management

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. Consideration is given to the cash flow requirements over the next 12 months, regulatory obligations such as Australian Financial Services Licence requirements and financial covenants attached to any relevant contractual obligations of the Group.

The following table details the Group's remaining contractual maturity for its non-derivative financial assets and financial liabilities. The table reflects the undiscounted cash flows of financial assets and 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.

Financial liabilities $'000	Less than 1 month	1–3 months	3–12 months	1–5 years	5+ years	Total
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	541	1,256	4,422	33,556	25,177	**64,952**
Total financial liabilities	**73,767**	**5,595**	**120,841**	**757,410**	**25,177**	**982,790**
31 December 2021						
Trade and other payables	31,831	2,147	-	229	-	**34,207**
Unsecured notes	-	-	55,030	40,000	25,000	**120,030**
Fund preferred units	-	-	-	286,290	-	**286,290**
Lease liabilities	325	316	868	7,181	1,595	**10,285**
Total financial liabilities	**32,156**	**2,463**	**55,898**	**333,700**	**26,595**	**450,812**

The amounts included above for variable interest rate instruments for both non-derivative financial assets and 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.

29.6 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. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes is determined on such a basis except for measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

29 Financial instruments (continued)

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

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.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table summarises the levels of the fair value hierarchy and provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

	Mandatorily at FVTPL	FVTOCI-equity instruments	Total	Level 1 (a)	Level 2 (b)	Level 3 (c)	Total
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**
Financial assets measured at fair value	**22,342**	**180,193**	**202,535**	**528**	**180,855**	**21,152**	**202,535**
31 December 2021							
Loans receivable	5,482	-	**5,482**	-	-	5,482	**5,482**
Non-equity securities	23,992	-	**23,992**	-	315	23,677	**23,992**
Equity securities	605	45,242	**45,847**	1,004	44,843	-	**45,847**
Financial assets measured at fair value	**30,079**	**45,242**	**75,321**	**1,004**	**45,158**	**29,159**	**75,321**

Valuation techniques and key inputs

(a) Quoted bid prices in an active market.

(b) Inputs other than quoted prices, that are observable, such as unit prices or based on recent transactions.

(c) Short term held assets or valued using a discounted cash flow valuation technique with inputs that are not based on observable market data (unobservable inputs) but are based on assumptions by reference to historical company and industry experience.

Level 3 assets consist of loans receivable classified as 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.

The carrying amount of the Group's financial assets (cash and cash equivalents, restricted cash, trade receivables, loans receivable at amortised cost, receivables and contract assets) and financial liabilities (unsecured notes, fund preferred units, trade payables and contract liabilities) is assumed to approximate their fair value at the current and prior reporting date and are not presented in the table above.

The Group reviewed its valuation techniques and key inputs for its level 2 and level 3 assets on the estimated fair values, including a consideration of the ongoing impact of COVID-19. 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 at the end of the year.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

29 Financial instruments (continued)

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

Reconciliation of balances in level 3 of the fair value hierarchy

During the period 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 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Balance at the beginning of the year	**29,159**	**10,752**
Purchase, issuances and other additions	3,053	25,172
Sales, settlements and repayments	(11,057)	(6,689)
Fair value movements recognised in profit or loss	(3)	(76)
Closing balance at the end of the year	**21,152**	**29,159**

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets, total liabilities or total equity. There are no equity investments classified at Level 3 (2021: nil) and no gains and losses are reported in other comprehensive income.

30 Contributed equity

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Ordinary share capital	354,057	311,178
Treasury shares	(78,970)	(56,188)
Total contributed equity	**275,087**	**254,990**

	Contributed equity			
	31 Dec 2022 Number of shares	31 Dec 2021 Number of shares	31 Dec 2022 $'000	31 Dec 2021 $'000
Ordinary share capital				
Balance at the beginning of the year	**169,591,372**	**151,141,070**	**311,178**	**188,620**
Ordinary shares issued	6,376,921	18,450,302	44,188	123,756
Share buy-back and cancellation	(894,360)	-	(4,104)	-
Equity transaction costs	-	-	(131)	(1,622)
Transfer from share-based payment reserve on vesting of awards	-	-	2,926	424
Balance at the end of the year	**175,073,933**	**169,591,372**	**354,057**	**311,178**
Treasury shares				
Balance at the beginning of the year	**(13,066,811)**	**(8,606,109)**	**(56,188)**	**(34,041)**
Ordinary shares issued for staff equity awards	(2,668,356)	(5,367,928)	(19,417)	(25,637)
On market purchases of shares	(1,496,448)	(577,006)	(9,920)	(2,560)
Off market purchases of shares	-	(512,858)	-	(2,355)
Shares allocated upon exercise of options	16,666	406,458	103	1,219
Shares allocated under employee share plans	1,868,944	1,590,632	6,452	7,186
Balance at the end of the year	**(15,346,005)**	**(13,066,811)**	**(78,970)**	**(56,188)**
Contributed equity at the end of the year	**159,727,928**	**156,524,561**	**275,087**	**254,990**

30 Contributed equity (continued)

The Company had authorised share capital amounting to 175,073,933 ordinary shares at 31 December 2022 (2021: 169,591,372). 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.

Institutional Placement and Share Purchase Plan

On 15 December 2021, the Group announced an Institutional Placement (Placement) to raise approximately $100.0 million and a Share Purchase Plan (SPP) of $20.0 million. On the 21 December 2021, the Group issued 12,903,226 new shares under the Placement at a share price of $7.75 per share. On 28 January 2022, the Group closed its SPP and issued 2,581,679 new shares on 4 February 2022 at an issue price of $7.75 per share.

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 will end on 3 November 2023. During the year, the Company purchased 894,360 shares at an average price of $4.59 per share. Shares acquired under the buy-back were subsequently cancelled resulting in a reduction of the paid-up share capital of the Company.

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

During the year, the Company purchased 1,000,000 shares on-market (2021: 577,006 shares) and 496,448 shares from its employees during a staff trading window (2021: 512,858 shares) in order to meet the Group's shared based payment awards. The average price of all share purchases during the year was $6.63 (2021: $4.51).

Shares issued under a Long Term Incentive Plan

During the year, the Company issued 2,668,356 (year ended 31 Dec 2021: 4,285,000) 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 $7.28 (year ended 31 Dec 2021: $4.38). 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 note 34.5 for further details.

31 Earnings per share

	31 Dec 2022 Consolidated Cents	31 Dec 2021 Consolidated Cents
Basic earnings per share	28.0	22.3
Diluted earnings per share	26.9	21.2

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

	31 Dec 2022	31 Dec 2021
Weighted average number of ordinary shares (net of treasury shares) used in calculating basic earnings per share	160,413,092	143,846,347
Potential equity shares[1]		
Share options	2,899,198	4,010,697
Share rights	341,964	971,164
Restricted shares	2,857,404	2,634,796
Salary sacrifice shares	21,967	16,143
Total potential equity shares	**6,120,533**	**7,632,800**
Total weighted average number of ordinary shares (net of treasury shares) and potential equity shares used in calculating diluted earnings per share	166,533,625	151,479,148

1 Refer to note 34 for detail of the terms and conditions of plans impacting diluted earnings per share.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2022

32 Dividends

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Details of the Group's fully franked dividend payments:		
2020 final dividend (10 cents per share paid 3 March 2021)	-	14,907
2021 interim dividend (5 cents per share paid on 22 September 2021)	-	7,719
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	-
Dividends paid	**30,918**	**22,626**

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 22 March 2023. 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 $24.6 million. This amount has been estimated based on the number of shares eligible to participate as at 31 December 2022.

Franking credits		
Franking credits available for the subsequent financial year[1]	55,255	47,881

1 Calculated at a corporate tax rate of 30% (2021: 30%)

33 Reserves

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Share-based payment reserve (refer to note 34)	38,974	34,353
Associates OCI reserve	21,424	19,815
FVTOCI reserve	(6,598)	(5,677)
Foreign currency translation reserve	211	-
Total reserves	**54,011**	**48,491**
Associates OCI reserve		
Balance at the beginning of the year	**19,815**	**11,253**
Share of other comprehensive income of associates	3,141	12,231
Income tax relating to the revaluation of associates	(1,532)	(3,669)
Balance at the end of the year	**21,424**	**19,815**
FVTOCI reserve		
Balance at the beginning of the year	**(5,677)**	**(13,139)**
Net (gain)/loss arising on revaluation of financial assets	(2,504)	13,304
Income tax relating to loss/(gain) arising on revaluation of financial assets	1,583	(5,842)
Balance at the end of the year	**(6,598)**	**(5,677)**
FCTR reserve		
Balance at the beginning of the year	-	-
Foreign exchange movement on translation of foreign operations	211	-
Balance at the end of the year	**211**	**-**

34 Share-based payments

	31 Dec 2022 Consolidated $'000	31 Dec 2021 Consolidated $'000
Share-based payment reserve		
Balance at the beginning of the year	**34,353**	**27,027**
Amortisation of share options	59	107
Amortisation of share rights	1,044	1,249
Amortisation of restricted shares	8,641	7,907
Amortisation of loan funded shares	3,963	2,802
Amortisation of share appreciation rights	1,215	596
Amortisation of deferred remuneration on business acquisitions	800	2,200
Vesting of share-based payments	(11,101)	(7,535)
Balance at the end of the year	**38,974**	**34,353**

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 2022 was $3.5 million (2021: $2.5 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.

34.1 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at the beginning of the year	**2,875,391**	**3,851,450**	**3.41**	**3.22**
Granted during the year	-	250,000	-	4.34
Forfeited during the year	(16,668)	(98,334)	3.35	3.25
Exercised during the year	(872,310)	(1,127,725)	3.14	3.00
Balance at the end of the year	**1,986,413**	**2,875,391**	**3.53**	**3.41**

No share options were issued, forfeited or exercised since the end of the reporting period. 351,747 employee share options were exercisable as at year end.

Chair options

On 18 February 2021, the Chair and Non-Executive Director, Mr Jeffrey Browne exercised 390,625 options at an exercise price of $3.00 per option. No further options are held by Mr Browne.

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.

34 Share-based payments (continued)

34.1 Employee share options (continued)

2017 share options (continued)

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
72,749	Employees	$2.35	$3.00	$0.03	8/04/2021	7/04/2022	-	72,749	-
1,151,308	Employees	$2.35	$3.15	$0.03	8/04/2022	7/04/2023	-	799,561	351,747
1,151,334	Employees	$2.35	$3.35	$0.01	8/04/2023	7/04/2024	16,668	-	1,134,666
2,375,391							**16,668**	**872,310**	**1,486,413**

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.

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 20%, 25% and 30% of share options are forfeited for tranches 1, 2 and 3 respectively.

34 Share-based payments (continued)

34.1 Employee share options (continued)

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.

34.2 Share rights

Share rights awarded include those granted to staff on commencement of employment and as part of the bonus incentive scheme, the vesting of which are subject to continuous employment conditions. The value of these grants are amortised over the vesting period, on the basis that employees do not leave prior to vesting. The value of the grant has been determined by reference to the trading in the Company's shares. 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 executives 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 senior executive starts their employment.

Share rights granted as part of the annual bonus incentive scheme

Share rights have been granted to employees in connection with their 2017 and 2018 annual bonus 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.

In 2022, promotion-based awards were issued to selected employees in the form of performance rights to better align their interests with shareholders. The number of performance rights granted was determined by dividing the face value of the performance based equity opportunity by the 5-day 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.

34 Share-based payments (continued)

34.2 Share rights (continued)

The table below sets out the movement in share rights during the year:

	Number of share rights		Grant date fair value $'000	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at the beginning of the year	**971,164**	**2,060,394**	**4,625**	**9,339**
Granted during the year	179,784	-	2,735	-
Forfeited during the year	(5,474)	(4,459)	(64)	(23)
Vested during the year	(803,510)	(1,084,771)	(3,612)	(4,691)
Balance at the end of the year	**341,964**	**971,164**	**3,684**	**4,625**

34.3 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).

	Number of restricted shares		Grant date fair value $'000	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at the beginning of the year	**2,634,796**	**1,354,739**	**12,763**	**6,748**
Granted during the year	1,310,986	1,762,090	10,675	8,416
Forfeited during the year	(42,696)	-	(305)	-
Vested during the year	(1,045,682)	(482,033)	(5,116)	(2,401)
Balance at the end of the year	**2,857,404**	**2,634,796**	**18,017**	**12,763**

Restricted shares – 2022 staff bonus incentive scheme

As at 31 December 2022, the Group has estimated short term incentive component of the expected 2022 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 2022 was $2.4 million (2021: $2.5 million). The estimate of the cost of the restricted share awards could change up until the grant date is achieved.

34.4 Loan funded share plan (LFSP)

During 2020 and 2021 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 that 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 period in respect of the retention LFSP awards and LTI LFSP awards was $4.0 million (2021: $2.9 million).

34 Share-based payments (continued)

34.4 Loan funded share plan (LFSP) (continued)

	Number of loan funded shares		Grant date fair value $'000	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at the beginning of the year	**7,915,184**	**3,480,000**	**37,253**	**17,333**
Granted during the year	2,668,356	4,435,184	19,417	19,920
Forfeited during the year	(109,100)	-	(451)	-
Balance at the end of the year	**10,474,440**	**7,915,184**	**56,219**	**37,253**

Retention LFSP awards

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

During 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	**Grant**
Vesting period	5 years
Share price at grant date	$7.91
Expected volatility[1]	40.71%
Risk-free rate	2.73%
Fair value per security	$0.02
Performance hurdle (total shareholder return)	7.5% – 12.0%
Forfeiture assumptions	20.0%

1 Based on historical MAF share price volatility over the expected term of the plan.

34 Share-based payments (continued)

34.4 Loan funded share plan (LFSP) (continued)

2023 LTI LFSP awards

The 2023 LTI LFSP awards are expected to be granted in March 2023 and will be based on a 5-day VWAP up to and including the grant date. The accounting standards require the value of the plan to be determined when there is a shared understanding of the terms and conditions of the plan. As at 31 December 2022, the Group has estimated the cost of the 2023 LTI LFSP awards using a Black-Scholes model adjusted for the likelihood of the EPS performance condition and service condition being met at the conclusion of the vesting period. The profit or loss impact (after tax) for the year ended 31 December 2022 was $0.7 million (2021: $0.9 million). The estimate of the cost of the 2023 LTI LFSP awards could change up until the grant date is achieved.

34.5 Share appreciation rights plan

During 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 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at the beginning of the year	-	-	-	-
Granted during the year	1,757,411	-	13,883	-
Forfeited during the year	(34,278)	-	(271)	-
Vested during the year	-	-	-	-
Balance at the end of the year	**1,723,133**	-	**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	Grant
Vesting period	5 years
Share price at grant date	$7.91
Expected volatility[1]	40.71%
Risk-free rate	2.73%
Dividend yield	2.15%
Forfeiture assumptions – Service condition	20.0%

1 Based on historical MAF share price volatility over the expected term of the plan.

2023 LTI SAR awards

The 2023 LTI SAR awards are expected to be granted in March 2023 and will be based on a 5-day VWAP up to and including the grant date. The accounting standards require the value of the plan to be determined when there is a shared understanding of the terms and conditions of the plan. As at 31 December 2022, the Group has estimated the cost of the 2023 LTI SAR using a Black-Scholes model adjusted for the likelihood of the service condition being met at the conclusion of the vesting period. The profit or loss impact (after tax) for the year ended 31 December 2022 was $0.4 million (2021: $0.4 million). The estimate of the cost of the plan could change up until the grant date is achieved.

34.6 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. 25,576 shares were issued under the 2022 arrangement, priced at $7.908, being the 5-day VWAP of the Company's shares on grant date (2021: 17,296 shares at $4.3389). 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.

34 Share-based payments (continued)

34.6 Salary sacrifice share plan (continued)

	Number of salary sacrifice shares		Grant date fair value $'000	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Balance at the beginning of the year	**16,143**	**22,675**	**69**	**91**
Granted during the year	25,576	17,296	202	75
Vested during the year	(19,752)	(23,828)	(99)	(97)
Balance at the end of the year	**21,967**	**16,143**	**172**	**69**

35 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 11 KMP in 2022 (2021: 10 KMP).

	31 Dec 2022 $	31 Dec 2021 $
Short-term benefits	6,318,881	6,954,199
Share-based payments	3,099,136	1,661,420
Annual leave	129,325	162,664
Long service leave	94,331	111,370
Total key management personnel compensation	**9,641,673**	**8,889,653**

36 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.

36.1 Loans to related parties

	31 Dec 2022 $	31 Dec 2021 $
Loans to employees	2,211,317	823,140

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.

36.2 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 2022 amounted to $69,352 and $15,506 respectively (2021: $69,542 and $15,506 respectively).

36.3 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.

36.4 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 entry price paid or committed for the relevant investment in accordance with AASB 124 *Related Party Disclosures* and have not been adjusted for subsequent valuation changes.

36 Related party transactions (continued)

36.4 Transactions with associates (continued)

Related party investments in associates

	KMP 31 Dec 2022 $'000	Group 31 Dec 2022 $'000	KMP 31 Dec 2021 $'000	Group 31 Dec 2021 $'000
BE ES I LLC	-	22,415	-	19,401
BE OLD I LLC	-	8,274	-	2,068
MA Kincare Fund	-	-	400	7,594
Redcape Hotel Group	7,757	57,086	7,376	84,339
Other associates	7,808	3,811	7,808	6,991
	15,565	**91,586**	**15,884**	**120,393**

Related party fees from associates

	31 Dec 2022 $'000	31 Dec 2021 $'000
Trustee and management fees	6,884	5,836
Performance fees	43,925	6,040
	50,809	**11,876**

Receivables from associates

Current		
Accounts receivable and fees receivable from associates	5,468	5,590

37 Acquisitions and disposals of subsidiaries

37.1 Business acquisitions

On 7 February 2022, the Group acquired 100% of the issued share capital of Finsure Holding Pty Ltd and its subsidiaries (Finsure) for a consideration of $152.2 million, obtaining control of Finsure. Finsure is a leading Australian mortgage aggregator.

The Group acquired 47.5% of MA Money in October 2020. The Group acquired the remaining 52.5% interest of MA Money on 1 March 2022 for cash consideration of $11.3 million, obtaining control of MA Money.

Finsure and MA Money qualify as businesses as defined in AASB 3 Business Combinations.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Since the last reporting period, the Group remeasured the fair value of the acquired net assets in Finsure. The below remeasurements were made which subsequently resulted in a $0.5 million decrease to goodwill.

- decrease to receivables of $0.7m;
- increase to the fair value of contract assets by $8.5 million;
- increase to payables by $4.4 million;
- increase to contract liabilities by $3.3 million; and
- increase to deferred tax liabilities by $0.7 million.

37 Acquisitions and disposals of subsidiaries (continued)

37.1 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 2022.

	Finsure $'000	MA Money $'000	Total $'000
Fair value of net assets acquired			
Cash and cash equivalents	8,222	8,442	16,664
Receivables	24,125	237	24,362
Loans receivable	-	198,294	198,294
Contract assets	441,087	-	441,087
Fixed assets	126	-	126
Right-of-use assets	990	-	990
Identifiable intangible assets	46,300	-	46,300
Trade and other payables	(32,876)	(1,725)	(34,601)
Lease liabilities	(1,633)	-	(1,633)
Borrowings	-	(197,098)	(197,098)
Contract liabilities	(415,236)	-	(415,236)
Income tax payable	-	340	340
Provisions	(903)	(2,351)	(3,254)
Deferred tax assets/(liabilities)	(18,663)	1,126	(17,537)
Total fair value of net assets acquired	**51,539**	**7,265**	**58,804**
Consideration			
Cash	152,225	11,349	163,574
Settlement of loans	-	4,818	4,818
Investment as associate	-	4,571	4,571
Total consideration transferred	**152,225**	**20,738**	**172,963**
Goodwill recognised on acquisition	**100,686**	**13,473**	**114,159**
Net cash outflow arising on acquisition			
Cash consideration	152,225	11,349	163,574
Less: cash and cash equivalent balances acquired	8,222	8,442	16,664
Total net cash outflow arising on acquisition	**144,003**	**2,907**	**146,910**

Goodwill

The goodwill of $114.2 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 $3.0 million comprising legal fees and due diligence costs were included in the Group's consolidated statement of profit or loss (31 December 2022: $1.2 million and 31 December 2021: $1.8 million).

37 Acquisitions and disposals of subsidiaries (continued)

37.1 Business acquisitions (continued)

Contribution to the Group's results

Finsure contributed $30.1 million of revenue and $16.9 million to the Group's profit before tax for the period between the date of acquisition and the reporting date.

MA Money contributed $11.7 million of revenue and $5.5 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 Finsure and MA Money had occurred on 1 January 2022, Group revenue contribution for the year ended 31 December 2022 would have been $32.2 million and $13.4 million respectively, and Group profit before tax contribution would have been $17.5 million profit and $6.3 million loss respectively. 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 2022 and to provide a reference point for comparison in future years.

37.2 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 consolidated statement of financial position.

37.3 Subsidiaries

Details of the Group's material subsidiaries at the end of the financial year are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 2022	31 Dec 2021
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 Pty Ltd	Asset Management	Australia	100%	100%
RetPro Management Pty Ltd	Asset Management	Australia	100%	100%
Western Funds 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 Asset Management (Hong Kong) Ltd	Asset Management	Hong Kong	100%	100%
MAAM Commercial Consulting (Shanghai) Co Ltd	Asset Management	China	100%	100%
MA Eagle I LLC	Asset Management	USA	100%	100%
Finsure Holding Pty Ltd	Lending & Technology	Australia	100%	-

37 Acquisitions and disposals of subsidiaries (continued)

37.3 Subsidiaries (continued)

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group 31 Dec 2022	31 Dec 2021
Finsure Finance & Insurance Pty Ltd	Lending & Technology	Australia	100%	-
Beagle Finance Pty Ltd	Lending & Technology	Australia	100%	-
MAKM Holdings Pty Ltd	Lending & Technology	Australia	100%	-
MA Money Financial Services Pty Ltd (formerly MKM NewCo Pty Ltd)	Lending & Technology	Australia	100%	-
MKM Securitisation Trust No. 3	Lending & Technology	Australia	100%	-
MKM Securitisation Trust No. 5	Lending & Technology	Australia	100%	-
MOE Disbursement Trust	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%

38 Parent entity disclosures

As at, and throughout, the year ended 31 December 2022 the parent entity of the Group was MA Financial Group Limited.

	31 Dec 2022 Company $'000	31 Dec 2021 Company $'000
Results of the parent company		
Profit for the year	46,499	46,482
Total comprehensive income for the year	**46,499**	**46,482**
Financial position of the parent entity		
Current assets	160,938	275,520
Non-current assets	190,097	37,804
Total assets	**351,035**	**313,324**
Current liabilities	115	1,919
Total liabilities	**115**	**1,919**
Net assets	**350,920**	**311,405**
Total equity of the parent entity comprising of:		
Contributed equity	275,087	254,990
Reserves	36,348	32,153
Retained earnings	39,485	24,262
Total equity	**350,920**	**311,405**

The parent entity had no contingent liabilities, contractual commitments or guarantees with third parties as at 31 December 2022 (2021: nil) other than those already disclosed in the financial statements.

39 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, statement of 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

	31 Dec 2022 $'000
Fee and commission income	461,413
Fee and commission expense	(417,575)
Net fee and commission income	**43,838**
Investment income	75,638
Other income	58,735
Total income	**178,211**
Employee expenses	134,710
Marketing and business development	9,091
Information, technology and data	6,878
Depreciation and amortisation	13,456
Finance costs	3,390
Credit loss allowance	(255)
Other expenses	15,120
Total expenses	**182,390**
Loss before tax	**(4,179)**
Income tax benefit	1,236
Loss after income tax	**(2,943)**
Other comprehensive loss, net of income tax	
Items that will not be classified subsequently to profit or loss:	
Fair value loss on investments in equity instruments designated at FVTOCI	(93)
Total other comprehensive loss	**(93)**
Total comprehensive loss	**(3,036)**

39 Deed of cross guarantee (continued)

Statement of financial position

	31 Dec 2022 $'000
Assets	
Current assets	
Cash and cash equivalents	67,819
Receivables	43,106
Loans receivable	3,436
Other assets	4,015
Contract assets	139,279
Total current assets	**257,655**
Non-current assets	
Restricted cash	700
Loans receivable	2,174
Contract assets	467,954
Other financial assets	65,859
Property, plant and equipment	5,223
Right-of-use assets	60,881
Investments in associates and joint ventures	89,826
Intangible assets	45,638
Goodwill	98,829
Total non-current assets	**837,084**
Total assets	**1,094,739**
Liabilities	
Current liabilities	
Trade and other payables	156,695
Contract liabilities	131,061
Lease liabilities	5,512
Provisions	40,560
Total current liabilities	**333,828**
Non-current liabilities	
Contract liabilities	440,302
Lease liabilities	58,390
Provisions	1,298
Deferred tax liabilities	11,201
Total non-current liabilities	**511,191**
Total liabilities	**845,019**
Net assets	**249,720**
Equity	
Contributed equity	275,087
Reserves	39,231
Accumulated losses	(64,598)
Total equity	**249,720**

39 Deed of cross guarantee (continued)

Summary of movements in accumulated losses

	31 Dec 2022 $'000
Accumulated losses at beginning of the financial year	(61,655)
Loss for the year	(2,943)
Accumulated losses at end of the financial year	**(64,598)**

40 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 assesses at inception and at each reporting date, whether the structured entity should be consolidated based on the Group's consolidation accounting policy. 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 entity. The Group's interest includes investments held in securities or units issued by these entities and fees earned from management of the assets within these 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 2022					
Carrying value of assets					
Financial assets held at FVTOCI	837	3,040	3,754	5,453	13,084
Financial assets held at FVTPL	640	-	14,985	-	15,625
Total carrying value of assets	**1,477**	**3,040**	**18,739**	**5,453**	**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	640	-	14,985	-	15,625
Total maximum exposure to loss	**1,477**	**3,040**	**18,739**	**5,453**	**28,709**
31 December 2021					
Carrying value of assets					
Financial assets held at FVTOCI	668	3,117	31,399	7,850	43,034
Financial assets held at FVTPL	605	-	23,677	-	24,282
Total carrying value of assets	**1,273**	**3,117**	**55,076**	**7,850**	**67,316**
Maximum exposure to loss					
Financial assets held at FVTOCI	668	3,117	31,399	7,850	43,034
Financial assets held at FVTPL	605	-	23,677	-	24,282
Total maximum exposure to loss	**1,273**	**3,117**	**55,076**	**7,850**	**67,316**

40 Structured entities (continued)

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 $9.9 million (2021: $8.9 million) and gains or losses from revaluing financial assets held at FVTPL from interests held of $1.4 million (2021: $1.0 million).

41 Auditor's remuneration

	31 Dec 2022 Consolidated $	31 Dec 2021 Consolidated $
Audit and review services		
Auditors of the Group		
Audit and review of financial statements – Group	628,763	541,000
Audit and review of financial statements – controlled entities	343,645	62,000
	972,408	**603,000**
Other auditors		
Audit and review of financial statements – controlled entities	22,783	32,000
Total audit and review services	**995,191**	**635,000**
Assurance services		
Auditors of the Group		
Regulatory assurance services	100,913	-
Other assurance services	-	90,000
Total assurance services	**100,913**	**90,000**
Other services		
Auditors of the Group		
Advisory services	106,551	425,000
Taxation	618,537	-
Other services in relation to the Group	65,728	-
Total other services	**790,816**	**425,000**
Total auditor remuneration	**1,886,920**	**1,150,000**

Effective 21 June 2022, KPMG was appointed as auditor for the Company (2021: Deloitte Touche Tohmatsu). Comparative amounts shown in the table above relate to fees paid to the previous auditor Deloitte Touche Tohmatsu. During the year ended 31 December 2022, total other services paid or payable to KPMG included fees of $604,490 for engagements prior to KPMG's appointment as auditor of the Company.

42 Commitments

At 31 December 2022, the Group had undrawn loan commitments of $144.4 million (2021: $104.5 million). Subsequent to 31 December 2022, $28.0 million of this commitment was either cancelled or drawn upon.

At 31 December 2022, the Group has the following capital commitments:

- The Group has committed to a co-investment in class B units in MCT and USD MCT, consolidated entities of the Group. At 31 December 2022, $54.5 million (2021: $28.0 million) and $2.4 million (2021: $2.0m) has been invested by the Group in MCT and USD MCT respectively. Refer to note 26(b) for further information.

43 Contingent assets and liabilities

The Group has no contingent assets and liabilities at 31 December 2022 (2021: nil).

44 Events after the reporting date

There were no material events subsequent to 31 December 2022 and 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 2022

In the Directors' opinion:

(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 set out on pages 70 to 140 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 2022 and their performance for the financial year ended on that date.

Note 1 (a) includes a statement that the financial report complies with International Financial Reporting Standards.

The Directors have been given declarations by the joint CEO's and CFO required by section 295A of the *Corporations Act 2001* (Cth).

This declaration is made in accordance with a resolution of the Directors.

Jeffrey Browne
Independent Chair and Non-Executive Director

Sydney
23 February 2023

Julian Biggins
Director and Joint Chief Executive Officer

Sydney
23 February 2023

KPMG

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 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- consolidated statement of financial position as at 31 December 2022;
- consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- notes including a summary of significant accounting policies; and
- Directors' Declaration.

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

Basis for opinion

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

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

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditor's report (continued)

For the year ended 31 December 2022

KPMG

Key Audit Matters	
The ***Key Audit Matters*** we identified are: • Advisory success fees revenue recognition; • Acquisition accounting; 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 ($58.4m)

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 economic 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, 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 invoices issued to customers shortly prior to, and post, year-end, checking:
	  • the timing of fee revenue recorded against evidence of deal completion, the details of the service description on the customer invoice and signed customer contracts;
	  • the accuracy of the fee by comparing to the underlying contracts;
	• assessing the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

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KPMG

Acquisition accounting ($146.9m)	
Refer to Note 37 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

During the financial year, the Group acquired 100% of Finsure for consideration of $152.2m, and the remaining 52.5% interest in MKM for consideration of $11.3m, resulting in the recognition of contract assets and contract liabilities, customer contracts and other intangible assets, and goodwill.
 	
These acquisitions are considered to be a key audit matter due to the:
 	
• size of the acquisitions having a significant impact on the Group's financial statements;
 	
• Group's judgement and the inherent uncertainty relating to the determination of the fair values of assets and liabilities acquired in the transaction requiring significant audit effort. The Group engaged an external valuation expert to assess the fair value of certain assets and liabilities, including customer contracts and other intangible assets; and
 	
• complexity of the Group's valuation model used to determine the fair value of acquired intangibles assets.
 	
These factors drive additional audit effort, most notably on the feasibility of key assumptions.
 	
The key assumptions we focused on in the valuations of intangible assets included forecast earnings, discount rates and useful lives.
 	
We involved our valuation specialists to supplement our senior audit team members in assessing this key audit matter.
	Our procedures included:
	
	• evaluating the accounting treatment of the acquisitions by the Group against the requirements of AASB 3 *Business Combinations*;
	
	• inspecting the underlying transaction agreements to understand the terms of the acquisition and nature of the assets and liabilities acquired;
	
	• assessing the accuracy of the calculation and measurement of consideration paid to acquire Finsure and MKM based on the underlying transaction agreements and the Group's bank statements;
	
	• working with our valuation specialists, assessing the Group's external expert reports and:
	
	  • considering the objectivity, competence and scope of the Group's external valuation experts;
	
	  • evaluating the valuation methodology, used to determine the fair value of assets and liabilities acquired, against accounting standard requirements and observed industry practices;
	
	  • assessing the key assumptions in the Group's external valuation expert reports prepared in relation to the identification and valuation of customer contracts and other intangible assets, including:
	
	    • evaluating the reasonableness of forecast earnings through challenging and sensitising key assumptions and by checking for consistency with the Group's valuation model used as part of the pre-acquisition due diligence process;
	
	    • assessing key customer contracts, including their useful lives, by using

	our industry experience and knowledge of the terms and conditions of a sample of the underlying agreements; • independently developing a discount rate range considered comparable using publicly available market data for relevant entities, adjusted by risk factors specific to the Group and the industries in which it operates; • recalculating the goodwill balance recognised as a result of the transaction and compared it to the goodwill amount recorded by the Group; 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.

Trail commission ($35.9m)

Refer to Note 18 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Post-acquisition of the Finsure business, the Group recognised 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 the size of the contract assets and contract liabilities, and 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	Working with our valuation specialists, 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 lenders and 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 of the portfolio over time, which is subject to change. We involved our valuation specialists in assessing this key audit matter.	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; • challenging the run-off rate by comparing to historical internal information and 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 of the adequacy of disclosures against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in MA Financial Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information. The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Operating and Financial Review and Remuneration Report. The Messages from the Chair and Managing Director, Sustainability Report and Additional Shareholder Information are expected to be made available to us after the date of the Auditor's Report.

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; and

- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of the Group for the year ended 31 December 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 46 to 66 of the Directors' report for the year ended 31 December 2022.

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
23 February 2023

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05 Additional Information

Additional information

For the year ended 31 December 2022

Dividend details

MA Financial Group Limited aims to pay an interim and final dividend following its half-year and full-year financial results announcements respectively.

The payment date for the dividend following the announcement of the 2022 results is 22 March 2023.

Share registry details

The following information is correct as at 13 February 2023.

Registered holder	Number of ordinary shares held	% of ordinary shares
MOELIS & CO INTERNATIONAL HOLDINGS LLC	23,500,000	13.42%
MAGIC TT PTY LTD <ACCOUNT 1>	23,037,088	13.16%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,295,089	9.31%
MAGIC TT 2 PTY LTD <ACCOUNT 2>	14,850,000	8.48%
MAFG SHARE PLAN PTY LTD <LFSP A/C>	10,474,440	5.98%
NATIONAL NOMINEES LIMITED	10,327,388	5.90%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,060,986	4.60%
CITICORP NOMINEES PTY LIMITED	7,112,639	4.06%
TOUCHARD PTY LTD <MONAGHAN FAMILY NO 2 A/C>	3,359,077	1.92%
BNP PARIBAS NOMS PTY LTD <DRP>	3,324,472	1.90%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,595,624	1.48%
UBS NOMINEES PTY LTD	2,539,946	1.45%
MAFG SHARE PLAN PTY LTD <SHARE PLAN ALLOCATED A/C>	2,448,094	1.40%
MAFG SHARE PLAN PTY LTD <SHARE PLAN UNALLOCATED A/C>	1,829,853	1.05%
RICHARD GERMAIN AND NINA GERMAIN <GERMAIN FAMILY A/C>	1,724,677	0.99%
JILL ADORA PTY LTD	1,524,602	0.87%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,364,480	0.78%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,083,735	0.62%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,011,809	0.58%
MR PETER FREDERICK PHILLIPS & MRS ALICE SAU HAN PHILLIPS <PHILLIPS INVESTMENT ACCOUNT>	828,855	0.47%

Distribution of shareholders

Holding	Number of shareholders	Number of ordinary shares	% of ordinary shares
1 – 1,000	1,458	719,132	0.41%
1,001 – 5,000	1,892	5,006,912	2.86%
5,001 – 10,000	711	5,214,254	2.98%
10,001 – 100,000	681	16,910,317	9.66%
100,001 and over	64	147,223,318	84.09%

Additional information (continued)

For the year ended 31 December 2022

Unmarketable parcels

There were 115 shareholders (representing 2,794 shares) who held less than a marketable parcel.

Substantial shareholders

Name	Number of ordinary shares	% of ordinary shares
MA Financial Group Limited	52,639,475	30.07%
Moelis & Company International Holdings LLC	23,500,000	13.42%
Magic TT Pty Limited	23,037,088	13.16%
J P Morgan Nominees Australia Pty Ltd	16,312,415	9.32%
Magic TT 2 Pty Limited	14,850,000	8.48%
National Nominees Limited	10,327,388	5.90%

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.

Voting escrow shares

As at 13 February 2023, 11,666,666 shares were subject to voluntary escrow. The voluntary escrow period ends on the dates and for the amount of shares set out in the table below:

Date of release	Number of shares released from escrow
10 April 2023	11,666,666

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 13 February 2023:

Size of holding	Number of holders	Share Options
Under 5,000	5	17,136
5,001 – 10,000	7	60,002
10,001 – 100,000	13	414,204
100,001 and over	8	1,495,071
Total share options	34	1,986,413

Glossary

Term	Definition
AASB	Australian Accounting Standards Board
Act	Corporations Act 2001 (Cth)
AM	Asset Management
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
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
EAD	Exposure at default
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
ECM	Equity capital markets
Employees	Employees of the Group
Employee Share Trust	MA Employee Share Trust established by trust deed dated 15 March 2017
EPS	Earnings per share
Equity Incentive Plan	MA Financial Group Equity Incentive Plan
ESG	Environmental, Social and Governance
Existing Staff Trusts	Trusts established prior to the IPO 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
FY20	For the financial year ended 31 December 2020
FY21	For the financial year ended 31 December 2021

Glossary (continued)

Term	Definition
FY22	For the financial year ended 31 December 2022
GRI Standards	Global Reporting Initiative
Group	The Company and its subsidiaries
HNW	High Net Worth
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
KMP	Key management personnel
LGD	Loss given default
MA Financial Group	The Company and/or its subsidiaries as the context requires
Moelis & Company	Moelis & Company Group LP, listed on the New York Stock Exchange
NPAT	Net profit after tax
NYSE	New York Stock Exchange
PD	Probability of default
RBA	Reserve Bank of Australia
REIT	Real Estate Investment Trust
ROU	Right-of-use
Shareholder	The holder of a share
Shares	Fully paid ordinary shares of the Company
Share options	Options over unissued shares of the Company
Share rights	Rights to receive Shares at some point in the future
Small Cap	Any company outside of the ASX 100 and measured against the S&P/ASX Small Ordinaries Index
Staff Trustee	Magic TT Pty Ltd (ACN 143 275 138) and Magic TT 2 Pty Ltd (ACN 636 844 356) as trustees of the Existing Staff Trusts

Corporate directory

DIRECTORS

Jeffrey Browne (Chair)
Andrew Pridham (Group Vice Chair)
Alexandra Goodfellow
Kenneth Moelis
Kate Pilcher Ciafone
Simon Kelly
Nikki Warburton
Julian Biggins
Christopher Wyke

COMPANY SECRETARY

Janna Robertson
Rebecca Ong

REGISTERED OFFICE

Principal place of business
Level 27, Brookfield Place
10 Carrington Street
Sydney NSW 2000
Tel: + 61 2 8288 5555

Sydney

Level 27, Brookfield Place
10 Carrington Street
Sydney NSW 2000
Tel: + 61 2 8288 5555

Melbourne

Level 20, South Tower
80 Collins Street
Melbourne VIC 3000
Tel: +61 3 8650 8650

Hong Kong

Level 29, Two International Finance Centre
8 Finance Street
Hong Kong

Shanghai

Level 38, Park Place
1601 Nan Jing West Road
Jing An District 200040
Shanghai
Tel: +86 021 6137 3216

SHARE REGISTRY

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AUDITOR

KPMG
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WEBSITE

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MA Financial Group