

# ASX Announcement

29 May 2024



## MA Financial Group 2024 AGM Addresses

MA Financial Group Limited (“the Group”; ASX: MAF) provides the attached Chair and Joint Chief Executive Officer addresses to the 2024 Annual General Meeting that is to be held in Sydney today.

### Chair Address to 2024 Annual General Meeting

Mr. Jeffrey Browne, Chair, MA Financial Group Limited

Good morning shareholders. My name is Jeffrey Browne, and I am the Chair of your company.

I am extremely pleased with how MA Financial Group weathered a challenging year in 2023. A year characterised by rising interest rates, increased geopolitical tensions and volatile investment markets. Our business demonstrated its resilience and the benefits of a deliberate strategy to build and diversify our revenue streams.

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

I would like to take this opportunity to thank all our people for their effort and commitment in delivering continued growth in our business platform in the face of challenging operating conditions.

### FY23 GROUP PERFORMANCE & DIVIDEND

Group earnings per share (EPS) in 2023 was down 32% on the previous year. However, lower revenue, and its impact on EPS, can be attributed to a number of industry wide related factors such as depressed corporate advisory activity and weak investment markets that materially reduced performance fees relative to an extraordinarily strong outcome in 2022.

These two factors underline the market related, and less predictable nature of such revenues, relative to our more predictable and growing recurring revenues.

Revenues that we consider to be recurring in nature increased 23% year on year, driven by record inflows into our managed funds. In 2023, 66% of the Group's revenue was derived from sources that we consider recurring in nature, well up on 48% in 2022, thus significantly improving the quality of our earnings year on year.

Continued growth in recurring revenue and the Group's operating metrics, such as our Assets under Management, provides the Board with strong confidence in the medium-term outlook for the business. This combined with the Group's strong financial position allowed the Board to hold its 2023 dividend distribution in line with the prior year, at 20 cents per share fully franked, despite the earnings decline.

Joint CEO, Chris Wyke, will take you through the financial highlights for our business divisions shortly.

## INVESTMENT IN GROWTH

The growth of MA Financial has been the result of many years of ongoing investment in our platform and our capability.

Our track record demonstrates our ability to deliver on these strategic investments.

The record client inflows that our Asset Management business is currently receiving into its Private Credit Fund strategies, \$1.7 billion in 2023, are the result of the initial investments we made in building our distribution and capability in this asset class back in 2017 and 2018.

Understanding back then that growing investor demand for yield-based returns aligned with regulatory change for banks would drive a new lending and investment opportunity in the years to come.

As a result of our foresight and investment we have built a strong team with an excellent track record that can continue to capitalize on the opportunity in Private Credit and deliver solid and consistent returns for our clients.

In a similar vein, we continued to invest in several strategic opportunities in 2023 that we believe will significantly benefit the future growth of the Group. This comes with a near term earnings impact, which in 2023 was equivalent to 5 cents per share of earnings. However, we very firmly believe in the value of investing today to reap rewards in the future.

The opportunities in which we are investing are significant:

- Building the capability and scale of our residential mortgage lender, MA Money.
- expanding into select offshore markets; and
- growing our marketing, brand and distribution capabilities.

Our investment in residential mortgage lender MA Money, represents a near term earnings drag to the business but offers a significant opportunity to deliver highly scalable earnings growth over time. It harnesses a valuable opportunity to scale into Australia's \$2 trillion residential mortgage market by leveraging the pre-existing strategic strengths of the MA platform. MA Money's loan book growth accelerated over the 2023 and is now over \$1.1 billion. This business is on track to deliver an anticipated net profit after tax of \$15 million to \$20 million in 2026.

Almost 72% of all home loans written in Australia are now sourced via mortgage brokers, up from around 50% just ten years ago. Both our mortgage aggregation platform Finsure and MA Money are benefitting from this distribution trend which we will believe will continue into the foreseeable future.

During the year, we expanded our offshore Asset Management distribution capability opening a new office in Singapore and establishing a digital distribution platform in Japan. In addition, Finsure expanded its operations to New Zealand and has recently signed one of New Zealand's largest mortgage broker groups to its platform.

We expanded our Private Credit business into the US with the successful acquisition of Blue Elephant Capital Management in May and have begun building our own distribution capability in the US. This represents a multibillion-dollar opportunity in the world's largest credit market.

## WE INVEST. WE LEND. WE ADVISE.

In October, we announced a significant milestone in the evolution of MA Financial Group unveiling a new, strong, clear and more recognisable logo and mantra – we invest, we lend, we advise.

We believe this refresh and focus is important as we expand into new markets and strive to become a trusted household name in the delivery of financial services.

Since our inception in 2009, we have always embraced change, seizing new opportunities for growth and adjusting to market dynamics. Evolving our 'look and feel' is a natural progression in our journey, and we believe this investment in our brand will play a crucial role in positioning us for future success.

'We invest. We lend. We advise,' succinctly describes our multifaceted, but complimentary activities, providing clarity to our clients about the focus of our services.

We are constantly balancing the need to invest for growth whilst delivering returns to shareholders in the near term. As I have outlined, the Group is building several highly scalable business platforms in deep markets, both in Australia and offshore that we believe will deliver significant growth over the medium term.

## OUR PEOPLE AND SUSTAINABILITY

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

Remuneration outcomes for senior executives were lower in 2023 reflecting the weaker earnings performance. However, the Board also pays attention to strategic progress and platform growth when determining executive remuneration outcomes, as we wish to encourage decision making that delivers strong and consistent earnings growth over the medium to longer term.

As MA Financial's activities grow and diversify, the Board continues to enhance its focus on sustainability.

Our third annual Sustainability report reflects our maturity in environmental, social, and governance practices. In 2023, we developed a Climate Change Action Plan, taking steps that will enable us to advance our emissions reduction targets in 2024. Simultaneously, we made significant investments in cybersecurity and other risk controls, corporate governance, and training.

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

I extend my gratitude to our Board, senior executives and all employees for their continued hard work and dedication in 2023. And I would like to thank to all our shareholders for your loyalty and ongoing support of MA Financial Group.

## Joint CEO's Address to 2024 Annual General Meeting

Mr. Chris Wyke, Joint-CEO, MA Financial Group Limited

Dear Shareholders

Welcome to our Annual General Meeting and thank you for your attendance today.

My name is Chris Wyke, and together with Julian Biggins, I am a Joint Chief Executive Officer of MA Financial Group. It is my pleasure to address MA Financial's 2023 performance today and share some commentary on the first quarter of 2024.

Our Chair, Jeffrey Browne, has already detailed the strong underlying performance of our business in 2023 and the quality of the earnings result that we have delivered. Some of these highlights were:

- Record gross inflows of \$1.9 billion into our Asset Management funds
- 18% growth in Assets under Management to \$9.2 billion
- Finsure's loan book grew 21% to \$110 billion and it added over 500 net new brokers to its platform.
- MA Money grew its loan book by 244% to \$829 million from a virtual standing start in January 2023.
- Revenue from recurring sources was up 23% to \$178 million.

We are building a business for the medium to longer term. Our ambitions are significant and the growth in these metrics gives us increased confidence that we are well placed to deliver on these ambitions. With this in mind, we laid out our medium term 2026 business targets during the year. Which are:

- \$15 billion of Assets under Management;
- \$190 billion of managed loans on the Finsure mortgage aggregation platform;
- A \$4 billion loan book for our residential mortgage lender, MA Money;
- Measured growth in our Corporate Advisory business, delivering \$1.1 to \$1.3 million of revenue per executive; and
- An EBITDA margin of 40%

The Group remains on track to achieve these targets, which we believe will deliver significant shareholder value over the coming years. However, some investment is required to build the scalable platforms that will deliver this future growth. As the Chair has already mentioned, this investment impacted earnings by 5 cents per share in 2023. We believe this investment in the medium term is prudent and we are constantly balancing the need to invest in future growth whilst delivering attractive shareholder returns in the near term.

MA Financial Group delivered an Underlying net profit of \$41.6 million, equivalent to 26 cents per share. This was down 32% on the 2022 result as difficult markets impacted transactional and performance fees, coupled with the planned strategic investment I have just mentioned. This investment was into key growth areas such as MA Money, Middle Technology, our US credit platform, brand and our distribution platform.

### ASSET MANAGEMENT

Our Asset Management division is the major contributor to Group earnings delivering 78% the Group's Underlying EBITDA in 2023. Record gross inflows of \$1.9 billion, an increase of 27% on the previous year, were driven by strong growth in our two key private credit strategies, both of which surpassed \$1 billion funds under management in the year, and investor demand for the MA Marina Fund, a new alternative asset class for the Group.

We further expanded our alternative real estate capability late in the year with the launch of the MA Hotel Accommodation Fund which was seeded with the acquisition of the Vibe Hotel Docklands in Melbourne for \$96 million.

At our IPO in 2017 we had a total of \$1.1 billion of assets under management and revenue of \$107 million, yet just 6 years later we delivered \$270 million in revenue and had \$9.2 billion of assets under management. Asset management inflows in 2023 materially exceeded our total AUM at listing. It is very satisfying to us that our dual focus on achieving attractive earnings whilst innovating and investing for long-term growth is working.

## LENDING & TECHNOLOGY

The development of our Residential Lending Marketplace within the Lending & Technology division continued at pace in 2023. Our strategy is to create a technology-enabled, highly scalable lending ecosystem that generates fee-based income through its market leading technology platforms (Finsure and Middle) and spread income from its lending capability whilst leveraging the Group's funding advantages to grow.

Finsure continues to strongly grow its managed loans and broker market share, with the number of mortgage brokers on its award-winning platform increasing to 3,129, up 19% on the previous year. Middle, our proprietary technology platform that materially improves the digital data collection process for mortgage brokers and borrowers began to gain traction in the second half of 2023. It is now well on its way to processing approximately \$1 billion of loans monthly by the end of the current half.

The Group's new residential mortgage lender, MA Money, grew its loan book by 244% to \$829 million at 31 December, as it built momentum over the year. We will continue to invest in MA Money's product and platform, which is a near term drag on earnings but represents a significant opportunity to scale into Australia's \$2 trillion residential mortgage market. We see MA Money as becoming run-rate breakeven in the second half of 2024, and on track to deliver \$15 to \$20 million of NPAT in 2026, delivering a significant earnings upswing to the Group.

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

In 2023, the division strategically expanded by hiring senior metals and mining expertise, positioning itself to meet the increasing client demand for natural resources advisory and execution. This investment in executive talent during FY23, notwithstanding the challenging corporate advisory environment, reflects our ongoing confidence in the Corporate Advisory and Equities business. Looking forward, we anticipate an improving transactional landscape as evidenced by our strengthened transaction pipelines in 2024.

## CAPITAL MANAGEMENT

The Group's financial position remains strong with a robust balance sheet and the strong underlying business performance allowing the Board to maintain the 2023 fully franked dividend in line with the prior year at 20 cents per share.

During the year the Group recycled in excess of \$100 million from prior investments into cash whilst re-investing a similar amount to support new growth and strategic initiatives.

In December 2023, the Group successfully increased the size of its revolving working capital facility from \$40.0 million to \$80.0 million. The facility upsize will provide the Group with additional liquidity and flexibility, reducing the need to hold excessive cash balances.

## 1Q24 COMMENTARY

In late April, the Group updated the market on a positive start to 2024 with the momentum in the Group's recurring revenue business lines continuing into the current year.

In first quarter of 2024, the Group continued to experience positive underlying business momentum, including strong Asset Management fund inflows, ongoing growth in Finsure managed loans and broker numbers plus accelerating MA Money loan volumes.

However, the challenging macroeconomic environment continues to subdue transactional activity, impacting corporate advisory activity, transaction, and performance fees. The Group has continued to invest in future growth initiatives consistent with what was outlined at our 2023 result announcement back in February. The

impact of this investment spend on earnings will be heavily weighted, approximately two-thirds, to the first half of 2024 as the Group builds its US-based distribution capability and continues to bring MA Money's lending platform to scale.

Key highlights during the quarter were:

- Gross fund inflows of \$514 million, up 43% compared with the same period in 2023 and the highest ever received by MAF's funds in the first quarter of the year.
- Assets under Management grew to \$9.6 billion on 31 March 24, up from \$8.0 billion at 1Q23 and \$9.2 billion at 31 December 23.
- Finsure continued to strongly grow the number of brokers using its platform, increasing to 3,260 at 31 March 2024, up 20% on a year earlier.
- Finsure expanded into the New Zealand and in April signed Vega Mortgages, one of New Zealand's largest mortgage broker groups to its platform, adding 120 new brokers.
- MA Money, grew its loan book to \$1.1 billion by 31 March 2024, up 294% from a year earlier. Competitive pressures in the Australian mortgage market remain elevated, however MA Money remains on track to deliver breakeven earnings run rate in the second half of this year.
- The transaction pipeline in the Corporate Advisory (CA) business remains strong with good activity levels in the business. However, the operating environment remains challenging which makes execution timing and completion more uncertain, consistent with the broader investment banking market.
- The Group successfully closed a \$55 million offering of senior unsecured notes, accessing Australian wholesale debt markets for the first time. The net cash proceeds from the notes were subsequently used to refinance an existing \$30 million corporate bond, that was due in May 2024, with the remainder going to support ongoing growth initiatives.

## SUMMARY

We remain confident about the positioning of the business and the significant growth opportunities across all divisions. We are focused on continuing to drive the positive momentum in our business to deliver on our 2026 targets and realise the scale benefits of the multiple and diverse business platforms that we have been building. We are all very excited for what the future holds for our business.

We thank our clients for their ongoing support and the trust they place in MA Financial Group.

We also thank our people, and their families, for their effort and ongoing commitment to the growth of MA Financial. Everything accomplished in 2023 was made possible by the commitment and hard work of our team, for which we express our immense gratitude.

We extend our particular appreciation to our shareholders for their continued support and faith in the Board and management team and we look forward to keeping you informed of our progress throughout 2024.

**Authorised for release by the Chair of MA Financial Group Limited, Jeffrey Browne.**

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