

ASX Announcement

22 August 2024



MA Financial delivers 1H24 financial result

MA Financial Group Limited (the Group; MA Financial; ASX: MAF) is pleased to present its financial results for the 6 months to 30 June 2024:

Operational highlights

- Record first half gross fund inflows of \$1.1 billion, up 16% on 1H23 (up 33% ex. institutional)
- Assets under management (AUM) up 13% on 1H23 to \$9.7 billion
- Finsure managed loans up 22% on 1H23 to \$121 billion
- MA Money loan book grew 231% on 1H23 to \$1.4 billion (\$1.6 billion at Aug 2024). Improved net interest margin (NIM) and expected to hit run rate break-even by October 2024
- Corporate Advisory revenue up 12% on 1H23 to \$22 million
- Announced two significant institutional initiatives:
 - \$1 billion Australian Real Estate Credit vehicle with global growth investor Warburg Pincus
 - \$1 billion strategic financing partnership with Humm Group's Flexicommercial unit
- Earnings headwind from growth investment spending anticipated to slow materially in 2H24, driven largely by MA Money growth. Given strong momentum across the business Underlying EPS is anticipated to be materially higher in 2H24 than 1H24

Financial results

- Underlying revenue of \$134.5 million up 5% on 1H23. Recurring revenue up 7% on 1H23 and represents 66% of total Underlying revenue
- Underlying EBITDA of \$38.3 million, down 16% on 1H23. Expenses up 16% largely due to strategic investment spend
- Underlying earnings per share (EPS) of 11.1 cents, down 27% on 1H23. (Statutory EPS down 22% to 8.4 cents)
- Fully franked interim dividend of 6 cents per share, payable on 18 September 2024

MA Financial Group

Earnings impact of growth focused investment diminishing as MA Money delivers

MA Financial today announced its first half result for 2024, highlighted by recurring revenue growth, record first half fund inflows, ongoing growth in Finsure and accelerating loan volume growth and NIM expansion for MA Money.

Despite growth in Underlying revenue by 5% to \$134.5 million, Group Underlying EBITDA of \$38.3 million was down 16% on 1H23. This reduction reflects the impact of investment in future growth, including scaling the MA Money platform, expanding the Group's Private Credit business into the United States and investing in the growth of the MA brand. Strategic investment in growth initiatives represented an \$8.6 million drag on EBITDA during the half (equivalent to Underlying EPS of 4 cents) in line with previous expectations. This impact is anticipated to approximately halve in 2H24, as MA Money reaches profitability following strong loan book growth and steady NIM improvement.

1H24 Underlying net profit after tax (NPAT) of \$17.8 million and Underlying EPS of 11.1 cents were both down 27% on 1H23. The larger decline in NPAT was largely due to a 37% increase in net interest expense, as the Group refinanced debt maturities with a successful \$70 million public note issuance in 1H24.

The Board has declared a fully franked interim dividend of 6 cents per share, in line with 1H23. Since listing at \$2.35 per share in 2017, MA Financial will have paid to its shareholders an aggregate of 98 cents per share in fully franked dividends.

Joint CEOs Julian Biggins and Chris Wyke said:

"We are very pleased to announce two major initiatives today including the launch of a new institutional Real Estate Credit vehicle with Warburg Pincus and the establishment of a strategic partnership with Humm Group. These relationships are expected to significantly broaden the reach of MA Financial and continue to build on the strong foundations that our teams have built over the past 15 years.

Underlying EPS in 2H24 is expected to be materially higher than 1H24 as MA Money transitions to a profitable monthly earnings contribution and our established businesses continue to grow. We believe that the Group is in great shape and ready to deliver strong earnings growth into the future."

Key financial tables

UNDERLYING RESULTS ¹	1H24	1H23	GROWTH	STATUTORY RESULTS ¹	1H24	1H23	GROWTH
Revenue	\$134.5m	\$128.3m	5%	Revenue ²	\$244.5m	\$172.9m	41%
Expenses	\$96.2m	\$82.6m	16%	Expenses ³	\$111.3m	\$97.2m	15%
EBITDA	\$38.3m	\$45.7m	(16%)	EBITDA ⁴	\$133.2m	\$75.7m	76%
Net profit after tax	\$17.8m	\$24.4m	(27%)	Net profit after tax	\$13.5m	\$17.3m	(22%)
Earnings per share	11.1¢	15.2¢	(27%)	Earnings per share	8.4¢	10.8¢	(22%)
EBITDA margin	28.5%	35.6%	(7.1 pps)	Dividend per share	6.0¢	6.0¢	-
Return on equity	9.1%	12.2%	(3.1 pps)				
Cash & undrawn facilities ⁵	\$98.2m	\$71.2m	38%				

¹ Refer to slides 45 - 47 in the 1H24 Result presentation for a reconciliation of Statutory to Underlying Results

² Statutory Revenue refers to total income on the consolidated statement of profit or loss and other comprehensive income

³ Statutory Expenses excludes depreciation, amortisation and finance costs

⁴ Statutory EBITDA is not a recognised IFRS measure but has been presented to give a comparable measure to the Underlying Result

⁵ Represents Operating Balance Sheet cash plus undrawn amount of bank working capital facility which is subject to covenant conditions (1H24:\$80m; 1H23: \$15m). Refer to page 48 - 50 for details of the Operating Balance sheet

MA Financial operates in three core areas:

- Asset Management
- Lending & Technology
- Corporate Advisory & Equities

Asset Management

Fund Inflows from Domestic Investors Growing Strongly

Assets Under Management (AUM) were up 13%, or \$1.1 billion, to \$9.7 billion over the 12 months to 30 June 2024. Total gross fund inflows of \$1.1 billion were up 16% on 1H23. Excluding more lumpy institutional flows, gross inflows were up 33% over the first half. Inflows were highlighted by continued strong demand for MA Private Credit funds.

Non-institutional net inflows of \$672 million, were up 24% on 1H23. Notably, inflows from domestic channels continued to grow very strongly as the Group's funds are increasingly benefitting from positive research ratings, their presence on investment platforms and inclusion in adviser group model portfolios.

In 1H24, gross inflows from domestic channels were up 52% on 1H23 to \$722 million, which accounted for 65% of total inflows.

Good progress is being made in continuing to grow the number of partnerships with institutional investors as we diversify the mix of Asset Management clients. The \$1 billion Real Estate Credit vehicle with Warburg Pincus announced today is an example of this.

Lending & Technology

Finsure technology & MA Money delivering strong growth

Finsure continues to grow strongly, increasing managed loans on its tech-enabled aggregation platform by 22% on 1H23 to \$121 billion. The number of brokers using its platform rose 21% over the year to 30 June 2024 and its broker market share rose from 14.8% to 17.7% over this period. Middle technology also continues to be adopted by more mortgage brokers and has now assisted over 30,000 customers on its platform.

MA Money continues to build momentum in the Australian residential mortgage market, with loan book growth accelerating alongside an improving NIM. Its loan book was up 231% on 1H23 to \$1.4 billion (\$1.6 billion at August 2024) and NIM improved 20 basis points on 2H23 to 1.1%. The business is expected to achieve a break-even monthly run rate by October 2024 and deliver NPAT of \$15 million to \$20 million in FY26.

Corporate Advisory

Increased M&A activity lifts revenue, ECM remains subdued

Corporate Advisory fees were up 12% to \$22 million, reflective positive activity levels in M&A. However, ECM activity remains very subdued. Equities commissions were down marginally from 1H23 to \$2.5 million.

The transaction pipeline remains robust and the business has had a positive start to 2H24 with already announced transactions in 2H24 expected to deliver an additional \$11 million¹ of fees in FY24.

Post balance date activity and outlook

Underlying business momentum continued into early 2H24. Key highlights for the business have been:

- Announced the launch of a \$1 billion plus Australian Real Estate Credit vehicle (CRE Credit Trust) for institutional investors, with global growth investor Warburg Pincus
- MA Private Credit funds entered a \$1 billion strategic financing partnership with Flexicommercial, part of ASX-listed Humm Group
- Continued strength in fund inflows with an additional \$323 million of gross flows (net inflows \$169 million) received in the first seven weeks of 2H24
- MA Money growth continues to accelerate with over \$245 million of loan settlements over 2H24 to date, relative to \$132 million of settlements in the corresponding period in 2H23. The MA Money loan book is currently \$1.6 billion
- Strong growth in Finsure loan processing volumes continues in 2H24 and the business successfully completed its expansion into the New Zealand market
- Gradually improving environment for corporate advisory with transactions already announced in 2H24 expected to deliver an additional \$11 million of fees in FY24

Underlying EPS in 2H24 is expected to be materially higher than 1H24 as MA Money transitions to a profitable earnings run rate and all divisions continue to demonstrate positive momentum.

In 2H24 the Group anticipates:

- Continued growth of Asset Management fund inflows plus institutional Real Estate Credit vehicle commitments of at least \$700 million
- Recurring revenue margin in Asset Management to increase to ~160bps
- Performance and transaction fees in FY24 to remain broadly consistent with FY23
- Ongoing growth in Finsure's revenue and MA Money to hit break even earnings run rate by October
- Corporate Advisory revenue per executive to be at the lower end of the Group's \$1.1 million to \$1.3 million historical average in FY24
- Earnings headwind from investment in strategic growth initiatives, including the US Private Credit platform and MA Money, to roughly halve relative to 1H24

This outlook commentary is subject to market conditions, the timing and completion of Corporate Advisory transactions and no material regulatory change.

A conference call for analysts and investors will be held at 11:00am (AEDT) today with Joint CEOs, Julian Biggins and Chris Wyke and CFO, Giles Boddy. You can access the webcast of the event at this link:

<https://webcast.openbriefing.com/maf-hyr-2024/>

Authorised for release by a Sub-Committee of the Board of MA Financial Group Limited

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¹ Subject to usual closing conditions