

ASX ANNOUNCEMENT

11 May 2023

MA Financial Group 2023 Annual General Meeting & Business Update

MA Financial Group Limited (ASX: MAF) provides the attached Chair and Joint Chief Executive Officer addresses to the 2023 Annual General Meeting that is to be held in Sydney today.

A business update is provided within the Joint CEO address that outlines positive underlying business momentum and several important strategic achievements over the year to date. Namely:

- Over 2023 to 1 May, the Group has received \$610 million of gross inflows into its Asset Management funds, up 50% on the same period last year. Net inflows were up 29% on the prior year to \$390 million.
- Completed the acquisition of US credit asset manager Blue Elephant Capital Management, providing the Group with a highly scalable entry into the US\$5 trillion alternative and specialty finance market.
- Assets under Management rose to \$8.4 billion at 1 May 2023, up from \$7.8 billion at 31 December 2022.
- Opened a new office in Singapore to extend the Group's international distribution reach.
- Sold Gateway Plaza shopping centre in Warrnambool, Victoria for \$70 million, delivering an 11% annualised return to investors over the ten-year holding period.
- Launched the MA Marina Fund following the acquisition¹ of the d'Albora marina portfolio. Demand for the fund has been exceptionally strong.
- A positive start for the Group's re-branded residential mortgage lender MA Money, settling over \$100 million of new loans since launching its new loan product in February 2023. It currently has an application pipeline in excess of \$150 million.

¹ Exchange occurred 20 April 2023 with settlement expected to occur in late June 2023.

- Transaction activity in Corporate Advisory continues to be M&A led. Key transactions for the year to date include the sale of Onsite to Sime Darby and Webuild's purchase of Clough.

Authorised for release by the Chair and Joint CEO's of MA Financial Group Limited

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About MA Financial Group

MA Financial Group is an ASX-listed financial services firm specialising in managing alternative assets, lending, corporate advisory and equities. The firm has \$8.4 billion in assets under management at 1 May 2022, and was established as a joint venture with NYSE-listed Moelis & Company. MA Financial employs over 600 people in Australia, China, Hong Kong, Singapore, and the US



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Chair Address to 2023 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'd like to begin by acknowledging the land on which I stand today is land that was traditionally under the custodianship of the Gadigal people of the Eora nation. I pay my respects to elders past and present and bid warm welcome to any first Australians that are present today or have dialled into the webcast.

MA Financial Group performed extremely well in 2022 and the business continues to expand and evolve.

I would like to take this opportunity to thank all our people for their effort and commitment in delivering such a positive result.

FY22 GROUP PERFORMANCE & DIVIDEND

In 2022, MA Financial achieved a record underlying revenue of \$302 million. This was a 41% increase on the prior year and a 29% growth in underlying earnings per share to 38.3 cents per share. This is also a record for the company.

As a result of this strong growth, and our well capitalised balance sheet, the Board was able 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 was up 18% on 2021.

Joint CEO, Chris Wyke, will take you through divisional highlights shortly.

INVESTMENT IN GROWTH

MA Financial's growth is the result of many years of ongoing investment in our platform and our capability and our deliberate strategy to build a diverse company, enabling it to grow through market cycles.

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In 2022, we achieved strong growth in our Asset Management division, and through the successful acquisition of the mortgage aggregator, Finsure.

Under our ownership, Finsure has grown to manage \$91 billion of residential mortgages, representing over 350,000 individual borrowers.

In March, we moved to full ownership of our residential mortgage lending business, MA Money.

The successful acquisition and integration of MA Money helped grow the total loan portfolio by 98% to \$393 million. The data and insights we now have access to in this \$2 trillion market significantly enhance our capability as a credit originator and manager.

During 2022, inflows into our Credit funds almost doubled on the previous year to \$1.1 billion. This growth reflects a positive macro environment for credit investment alongside growing market awareness of our capability as a manager and originator of credit assets. This momentum has continued into 2023 and we believe credit fund investing has long-term tailwinds. Our investment in our Credit and Lending platforms has been a conscious strategy to harness these tailwinds.

Highlighting our conviction to execute this strategy is the recent acquisition of Blue Elephant Capital Management, which will allow the Group to extend its capabilities into the USA, the world's large private credit market, via a business partner we know well and have great confidence in.

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 confidence in the Group's ability to deliver pleasing results while also strategically investing in growth opportunities when they arise.

INVESTMENT IN PEOPLE

Another core principle of our strategy to propel growth is our focus on empowering people.

MA is a diversified financial services group operating multiple business units in parallel. Our senior leadership team benefits from significant depth of experience and tenure working together.

Our highly motivated people own approximately 31% of the compound and share a sense of pride in its history, and its prospects for future success.

Many years of empowerment and training, coupled with our track record of retaining key staff, means the company enjoys 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.

With a continued focus on retention and incentive, in 2022 we continued to refine our remuneration structures to provide appropriate incentivisation that aligns with positive shareholder outcomes over the long term. Our full approach is outlined in the Annual Report.

ENVIRONMENTAL, SUSTAINABILITY AND GOVERNANCE

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

In 2022, we produced our second annual Sustainability Report reflecting MA's increasing maturity in Environment, Social and Governance practices.

From an environmental sustainability perspective, 2022 has been a key year with the company reporting a baseline figure for its carbon footprint and committing to a Net Zero target by 2050 for its direct operations. The Group aims to reduce Scope 1 and 2 emissions intensity per employee by 50 percent by 2030.

Our ESG practices will continue to evolve as the Group increases in scale and broadens its business interests.

BOARD INDEPENDENCE AND DIVERSITY

Reflecting our desire to increase the Board's independence and diversity, we were delighted to appoint Nikki Warburton as an Independent Non-Executive Director in December 2022.

Nikki brings 30 years of brand and consumer marketing experience across a range of industries including automotive, advertising and media. She has a strong track record in growing businesses and building brand recognition and will help strengthen the Board's capability.

Outlined in our Sustainability Report, within the 2022 Annual Report, are the gender targets for our broader workforce and senior executive, including the key initiatives underway to help us meet our diversity objectives.

Finally, I would like to thank our Board, and all our staff for their continued hard work, dedication 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.



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Joint CEO's Address to 2023 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 2022 performance today and share some commentary on 2023.

Our Chair, Jeffrey Browne, has already detailed some of the Group's financial highlights which we believe reflect the value of our diversified firm, designed to withstand challenging economic conditions. Throughout 2022 we continued to invest in growing the business, while also delivering record shareholder returns.

Some highlights include:

- Underlying revenue increased 41% to \$302 million
- Underlying earnings per share of 38.3 cents, an increase of 29% on 2021
- Assets Under Management (AUM) grew to \$7.8 billion, an increase of 13%, and today sits at \$8.4 billion, up 8% on 31 December 2022

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- Gross fund inflows increased 17% to \$1.5 billion
- Residential and specialty loan book growth of 98% to \$393 million

Let's now take a closer look the divisions which make up our business.

ASSET MANAGEMENT

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

Gross fund inflows in 2022 was \$1.5 billion, driven by strong growth in our credit funds reflecting strong investor demand for strategies offering income stability and security in a rising interest rate environment. Further, the composition of this \$1.5 billion was more diverse. International inflows to non-migration designated funds, increased 97% to approximately \$510 million. Inflows from domestic investors grew to \$609 million, an increase of 26% on 2021, as our open-ended funds gained increased investment platform access and we expanded our relationships with independent financial advisor groups. Achieving this diversity has been a strategic focus of the business for the past 5 years. 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 as the prospect of higher interest rates and a weakening economy saw us being highly selective with our investment decision making.

Notwithstanding our cautious approach, we were able to acquire Perth's iconic 31-storey office tower, Allendale Square, for \$223 million in a joint venture with Centuria Group.

CORPORATE ADVISORY & EQUITIES

Our Corporate Advisory & Equities division, or CA&E, performed well, despite the difficult market conditions which impacted the amount of equity capital markets activity we experienced. Revenue per executive was \$1.0 million, this is at the lower end of our target range.

The business advised on a range of completed transactions worth \$13.9 billion, up from \$5.8 billion on 2021, and we made the strategic decision to invest in new resources to increase our capability in the small to mid-cap industrials sector. Notably, we advised Consolidated Press Holdings on the disposal of its 37% stake as part of the \$9.8 billion sale of Crown Resorts Limited.

LENDING & TECHNOLOGY

The growth of our Lending & Technology division continued in 2022 as we begin to realise our ambitions for this business.

Our strategy is to create a technology-enabled, highly scalable lending ecosystem that generates fee-based income, spread income, and delivers primary origination investment product to our managed credit funds.

Consistent with this strategy, we completed on the acquisition of the Finsure technology platform in February 2022 and experienced considerable growth throughout the year. The number of brokers on the Finsure platform increased 24% to 2,640 and managed loans increased 37% to \$91 billion.

In 2022, we continued to develop our Lending Platforms.

We invested in MA Money, undertaking a complete brand repositioning and overhaul of its range of residential loan products and services to drive growth, and our Specialty Finance business expanded its range of high-margin, bespoke lending opportunities. Overall, the MA Money and Speciality loan book grew 98% to \$393 million.

CAPITAL MANAGEMENT

Our strategy to maintain a prudent and dynamic operating balance sheet continued in 2022 with the Group holding almost \$100 million in cash on its balance sheet at year end .

In 2022, we secured a new \$40 million revolving working capital facility, to provide further flexibility to our balance sheet and our ability to fund appropriate growth initiatives

Our core borrowings remained unchanged during the year. Given the profitability of the business and asset backing, we view our current level of borrowings as conservative. Our balance sheet is positioned for continued growth.

FY23 COMMENTARY

Despite the volatile markets and uncertain macro environment, we've had a pleasing start to the year, highlighted by strong underlying business momentum and several important strategic achievements.

- Inflows into our Asset Management business continues to grow, driven by strong demand for our credit investing funds. Gross inflows for the year to May 1 were \$610 million, up 50% on the same period last year. Only 6% of these inflows were into migration related funds, highlighting the increased diversity of the Group distribution channels. Net inflows were up 29% on the prior year to \$390 million.
- We recently announced the acquisition of Blue Elephant Capital Management, a strategically exciting investment that provides us with a highly scalable entry into the US\$5 trillion alternative and specialty finance market.
- Incorporating Blue Elephant, the Group's total AUM grew to \$8.4 billion at 1 May. Up from \$7.8 billion at the end of 2022.
- We also launched the MA Marina Fund with the acquisition of the d'Albora marina portfolio, the largest premium marina network in Australia. Demand for the fund has been exceptionally strong.
- We opened a new office in Singapore to extend our international distribution capability.
- Our real estate team successfully sold Gateway Plaza shopping centre in Warrnambool, Victoria for \$70 million, delivering an 11 percent annualised return to investors over the ten-year holding period.
- We do see significant opportunity to acquire Real Estate assets in the next 6-12 months and are well positioned to do so.
- Our residential lending business, MA Money has had a positive start. Launching its new loan product set in February it has already settled \$103 million of new loans and has an

application pipeline in excess of \$150 million. As previously advised, our significant investment in MA Money is negative to our earnings in the short-term, but we are excited about its prospects and confident it will prove to be a valuable investment in the future.

- Deal activity in Corporate Advisory and Equities continues to be M&A led. Key transactions to date include the sale of Onsite to Sime Darby and Webuild's purchase of Clough.

The first quarter has been very active and business momentum is strong, positioning the Group well for significant growth. However, it is important to note that the macro environment is challenging. Market volatility, and in particular, the consequences of rising interest rates is likely to impact some of the transactional components of our business, and in particular performance fees and corporate advisory revenue. It is too early in the year to predict the quantum of this impact. However, it is important to balance this cautionary comment with the fact that our core revenues relating to annuity-based income remains very strong, reflecting the strong growth in client inflows and consequently assets under management.

Performance fees are, by nature, more unpredictable than base management fees as they are linked to underlying asset growth and revaluation cycles. This was evident 2022 where we benefitted from very significant performance fee income based on asset growth in some of our larger funds, and in particular in the hospitality sector.

In addition, we are monitoring operating expenses given the annualisation of the 2022 operating expense growth as it flows through into a full year in 2023. We retain a strong focus on expense management and have a disciplined approach relating to operating costs.

Notwithstanding macro headwinds, our focus remains on increasing recurring revenues through continued positive flows into our Asset Management funds, and driving growth in fees and spread income, from our Lending & Technology platform.

In times of market volatility, we always see opportunity. Challenges globally in the investment banking industry is presenting growth opportunities. It is in times of market weakness and uncertainty that provide the best environment to hire talented investment bankers. We are actively evaluating opportunities in this regard.

It has always been our philosophy to manage our company for the long-term. Despite the current challenging economic and business environment we remain committed to investing appropriately with an eye to future growth. This fact is evident with our investments in initiatives such as MA Money, Blue Elephant Capital Management, Finsure & Middle, and as just explained talent for our corporate advisory and equities business. We always focus on balancing investment for long-term growth with delivering nearer-term returns to shareholders. However, as mutual owners of the business our bias is always on the long-term.

As our business grows and becomes more diverse, the focus on developing our brand has never been greater. We have made a significant investment in brand development. This includes upgrading client facing technology, brand architecture and client events and sponsorship. Building our brand is a core element of our determination to grow market awareness of our many successful businesses, our capabilities and our managed funds. The strength of our client inflows in 2022, and again this year, reflect the growing awareness and trust in the MA Financial brand.

With regards to our people more generally, we recognise the critical role our employees have in our business, and that these achievements are not possible without them.

Our people provide a competitive advantage and determine our unique culture which encourages an 'owner's mentality' to business building and problem solving. Investment in training and development of the workforce is a key priority and delivered via the MA Academy which provides a mix of practical and broad opportunities including direct exposure to our most experienced leaders. We believe this is the best way to develop a high performing team and help ensure MA employees realise their full potential.

SUMMARY

As confirmed today, we remain confident about the positioning of the business and the significant growth opportunities across all divisions. We continue to execute our strategy of building profitable businesses in scalable markets where we have operating expertise and edge. And we continue to identify investments that will underpin future sustainable growth and generate the best risk adjusted returns for our fund investors and our shareholders.

We thank our clients and shareholders for the ongoing support and the confidence shown in our Board and management. And we would like to thank our people, and their families, for their effort and ongoing commitment to the growth of MA Financial.

END.

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