MA Financial Group

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About

MA Financial is a diversified financial services group with a strong focus on growth and innovation. In our twelfth year of operation, our core strategy remains the same and that is to find great people, empower them and provide the infrastructure to succeed individually and as a team. This core strategy, coupled with a strong focus on alignment of interest, provides the foundation to grow a diversified business sustainably across many specialisations.

We are a diversified financial services firm specialising in Asset Management, Lending, Corporate Advisory & Equities. Since establishment in 2009 the Group has built on its capabilities as a corporate advisory business, growing an Asset Management business with almost $7 billion of assets under management (AUM) and, more recently, a diversified Lending business.

Our core focus has been to build specialised expertise and capabilities in deep addressable markets. Where we see strategic benefit, we have invested in operating capability to complement our investment capability, such as in retail shopping centres and hospitality.

The Group now employs over 425 people across six locations across Australia, China, Hong Kong and the United Kingdom. A core 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 the MA Financial journey and is core to our success.

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

Asset Management

We manage funds for institutional, high net worth (HNW) and retail investors across diversified strategies including real estate, hospitality, credit, listed equities, private equity and venture capital. In total, we manage approximately $6.9 billion across over 50 funds.

Our funds are distributed and managed by experienced and diverse teams. The business benefits from deep operating expertise and capability within its investment teams as we believe that through in-house management of fund operating assets we can deliver superior returns and best manage risk.

The Group's investment team also benefit from sharing expertise across the wider business, gaining sector insights and access to different investment opportunities in our core areas of focus.

In real estate, the Group manages a diversified portfolio of retail, office and industrial assets backed by strong operating capabilities. RetPro was acquired in April 2021, adding 123 staff and operational expertise across every aspect of retail shopping centre management.

The Group's hospitality platform, MA Hotel Management, applies strong sector expertise across a high-quality portfolio of 40 hotel venues. This includes the Redcape Hotel Group, the Group's $1.3 billion unlisted hospitality fund open to retail clients.

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

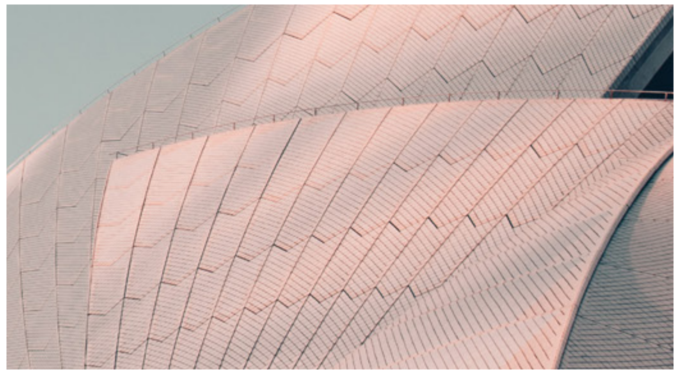
Lending

Our expertise in credit advisory and investment has been leveraged to build our Lending division. Lending activities were originally reported within the Group's Asset Management division, however the increasing scale and ambition of these activities led to the reporting of a new operating division in May 2021.

Our Lending division is an operator of differentiated lending platforms and a funder of high-quality loan portfolios. Our lending platforms focus on residential mortgage lending and specialty finance which includes legal disbursement funding. Our loan portfolio funding activities are powered by the Asset Management credit funds from which we earn net interest margin. We have also developed institutional lending partnerships, such as the credit related partnership we entered with a major Australian bank to fund asset finance loans.

In December 2021 the Group announced it would acquire Finsure, a leading Australian mortgage aggregator business with loan book on platform of $60.8 billion. Finsure offers more than 4,800 loan products from a panel of over 65 lenders to a network of over 2,000 mortgage brokers.

The Finsure acquisition was completed in February 2022, adding technology-enabled infrastructure focused on Australia's approximately $2.0 trillion residential mortgage market to the Lending division.



Corporate Advisory & Equities

Our Corporate Advisory & Equities (CA&E) business provides strategic and financial advice for mergers and acquisitions, equity capital markets (ECM), debt capital markets and restructuring as well as 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. The strategic alliance is beneficial to both parties by:

- Providing access to a global network of advisory executives sharing intellectual capital and client relationship
- Facilitating cooperation on cross-border or industry specific advisory mandates
- Leveraging a strong and recognisable global brand in corporate advisory activities
- Moelis & Company also owns 13.7% of MA Financial's issued capital.

Since 2009, we have advised on over $100 billion worth of transactions and raised over $12 billion of equity capital for our clients.

Our Equities business provides securities research, sales and trading execution services to institutional and HNW clients. We are primarily focused on small-cap and mid-cap industrial and real estate companies.

The Equities team complements the Corporate Advisory division by providing ECM expertise and distribution capabilities to facilitate transactions on behalf of clients.

Our core value of Growth is about much more than financial performance. We are part of a wider, interdependent network of customers, suppliers, shareholders and communities. We believe that healthy communities and networks lead to better outcomes for everyone. Sustained growth is also about creating new learning opportunities for our people and supporting their development so each can reach their full potential.

Growth is about our people, but also about impact in the communities we live, work and invest in. It is about creating opportunity for our growing team of over 425 directly employed people. Whilst not our employees, we recognise that the employees of the companies and funds we invest in can be impacted by our decisions. We estimate that there are more than 4,000 people in this cohort; as we grow, our impact on others grows exponentially.

> Growth is about our people, but also about impact in the communities we live, work and invest in.

About MA Financial Group

MA Financial in the community

During 2021 we have had many opportunities to contribute to enriching our communities, below are a few of our favourite initiatives:

MA Foundation

The MA Foundation was launched in 2018. Its purpose is to positively impact the communities in which we operate. Since inception, the MA Foundation has donated over $6.8 million to over 35 charities. The activities of the Foundation are led by our people, and more than 80% of Foundation receipts arise from pledges from our staff. 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.

Leading up to Christmas we gave our people the opportunity to donate to the Mirabel Foundation which resulted in Christmas gifts for the regional NSW members of the Mirabel community, who due to distance, were unable to attend the Mirabel Christmas party. We were able to bring joy to 300 children for Christmas 2021.

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. Kids with Cancer, a community organisation that has been supporting Australian families and their children battling cancer for over 20 years, is one of the community groups that is supported by the Publinc Communities at seven venues. To date, these communities have raised over $38,000 to support Kids with Cancer.

Sydney Contemporary

2021 was the year of our first major sponsorship of the arts – the Sydney Contemporary art fair. Together with Sydney Contemporary we share values of integrity and excellence, alongside a passion for contemporary art. Sydney Contemporary is known for the diversity of artists represented. Amid COVID lockdowns, we were able to host the inaugural 'Celebrating success' lunch at the Museum of Contemporary Art in Sydney. The theme of this lunch was 'Celebrating success: Woman in art' where we heard from a diverse panel of women in the arts community to share their inspiring stories and collections – Lindy Lee, Sue Cato, Coby Edgar, Ursula Sullivan and Mikala Tai.

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.

MA Foundation

Sydney Contemporary

Principal Partner

MA Financial Group

Independent Chair's letter

Importantly this team is highly motivated, with staff owning 31% of our Company and holding great pride in our history and service to clients.

2021 was a year of significant achievement for MA Financial Group. We delivered record earnings growth and several important strategic milestones as our business continues to expand and evolve. We are pleased to report on this progress in the 2021 Annual Report.

In last year's Annual Report, I wrote of the significant challenges the business faced in 2020 from the COVID-19 pandemic, and how the Group had successfully navigated these to lay the foundations for strong growth. It is therefore gratifying to see the strength of delivery in 2021 despite continued disruption from the pandemic. I would sincerely like to thank all our staff for their hard work in delivering such a positive result in what was another challenging year for our entire community.

The Group delivered record Underlying earnings per share of 38.2 cents, up 52% on the 2020 result, as the business capitalised on improved market sentiment and increased activity levels. As a result of the strong earnings the Board is pleased to declare a fully franked final dividend of 12 cents per share to add to our maiden interim dividend of 5 cents per share. The combined full year distribution of 17 cents per share is up 70% on 2020.

At our AGM in May shareholders approved the change of our Company's name from Moelis Australia to MA Financial Group. This transition is an important milestone, reflecting the growing diversification of the Group's business activities and our increasingly global footprint.

Importantly, the connection with our NYSE-listed strategic partner Moelis & Company remains strong. It retains a 13.7% ownership interest in MA Financial Group and two Board seats occupied by Ken Moelis and Kate Pilcher-Ciafone.

Our strong earnings growth has been the result of many years of ongoing investment in our platform. The Group continued this investment over the past year as we added capability both organically and through acquisition. We added to our real estate capabilities with the acquisition of RetPro, broadened our corporate advisory offering with selective Managing Director hires and added strategically important distribution infrastructure to our Lending business, announcing in December that we would acquire Finsure.

We also recently moved into new office premises in Sydney and Melbourne which provide absolute best in class amenity for our staff and clients, creating a positive working environment for increased collaboration and engagement. We often talk about the importance of our people and this is an important investment in retaining and encouraging the best people to join MA Financial.

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

Our business is a diversified financial services group which sees us operating and growing multiple business units in parallel. Our senior leadership team benefits from significant depth of experience and tenure working together. Led by Joint CEO's Julian Biggins and Christopher Wyke, our senior corporate leadership team spans 42 Managing Directors with an average of over 6 years employment at MA Financial Group.

Importantly this team is highly motivated, with staff owning 31% of our Company and holding great pride in our history and service to clients. They are highly focused, balancing risk management with excellent shareholder returns. The output of this focus has seen us achieve total shareholder returns of approximately 32% per annum since listing in 2017.

Each of our operating business units is, in turn, run by experienced executives who focus on their area of expertise. This focus is complimented by the Board and senior executive team's confidence in their decisions. Our leadership believes that empowering staff to best serve their clients enables MA Financial Group to remain focused, relevant and agile.

Many years of empowerment and training coupled with our history of high retention of key staff means that we enjoy long term stability and focus.

Delivering on key focuses for our Board

Reflective of the ongoing growth of MA Financial, and our aim of increasing Board independence, we welcomed Simon Kelly to the Board of Directors in April. Simon has over 30 years' experience in strategic, financial and general management across a range of Australian listed and unlisted consumer facing businesses. He joined the Board as an Independent Non-Executive Director and Chair of the Audit and Risk Committee.

Following Simon's appointment, both Board Sub-committees are chaired by Independent Directors, with Alexandra Goodfellow appointed as an Independent Non-Executive Director and Chair of the Nomination and Remuneration Committee in August 2020.

In 2021, Alexandra has led the Board in the development and implementation of an enhanced long term incentive programme that fits within our philosophy of creating long term alignment between executives and shareholders. We believe we have struck an appropriate balance and have outlined our approach in the remuneration report.

The 2021 Annual Report also includes our inaugural Sustainability Report. As MA Financial's activities continue to grow and diversify the Board recognises the increasing importance of sound Environmental, Social and Governance practices in generating better outcomes for all our stakeholders.

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

Our business is in a strong position and we are looking forward to continuing our growth journey over the year ahead. Thank you for your ongoing support of MA Financial Group.

Yours faithfully

Jeffrey Browne
Independent Chair

Joint Chief Executive Officer's letter

We are pleased to present the 2021 MA Financial Group Annual Report, highlighting a record year for our business. The Group continues to grow and diversify, and this has been reflected in our change of name from Moelis Australia to MA Financial.

Underlying net profit of $54.9 million and earnings per share of 38.2 cents were up 53% and 52% on FY20 respectively. The record level of earnings and growth reflects a full year of strong momentum across the whole business. This follows the rebound in business activity levels experienced during the second half of 2020.

Significant disruption from the COVID-19 pandemic was again a feature of the year and we are extremely proud of how our people met this challenge. They have continued to deliver for our clients, proving highly adaptable, agile, and persistent in the face of change.

Importantly, we have been able to deliver a strong result whilst continuing to build our platform for sustainable long term growth. As business builders, investing for the future is important to us as we carefully look for the next value creation opportunity that will significantly benefit shareholders.

"As business builders, investing for the future is important to us as we carefully look for the next value creation opportunity that will significantly benefit shareholders.

Staff numbers increased by approximately 200 over the year to over 425 employees. The acquisition of RetPro in April added 123 staff and provided a full suite of operating capabilities to our retail shopping centre investment strategy. Strategic senior hires in our Corporate Advisory & Equities business at the start of 2021 broadened our advisory capabilities helping to drive a record year for the division.

Our recent move to new office premises in Sydney and Melbourne has been a real positive for the business. The amenity is first class and provides staff, clients and investors a great space to enjoy and find new ways to create opportunities for each other.

In December, we announced the acquisition of Finsure, a leading mortgage aggregator platform connecting its network of over 2,000 mortgage brokers with a panel of approximately 65 lenders. This is strategically significant for our Lending division and its growth aspirations in Australia's $2.0 trillion residential lending market.

The growth and emergence of our Lending business highlights the strength of the MA Financial business model. We have materially invested in this strategy over a number of years whilst leveraging the accumulated expertise within our CA&E and Asset Management divisions. It has now reached a scale of earnings contribution and potential growth that led to its launch as a separate operating division during the year.

Our Asset Management business remained our key growth driver in 2021 supported by growing investor inflows underpinning a 28% increase in Assets under Management to $6.9 billion. Our investment in distribution and investment product over several years has led to accelerating fund inflows that are also becoming increasingly diversified by source. Inflows from domestic

clients of $450 million were nine times higher than the prior year and our network of Foreign HNW clients continues to expand and become more geographically diverse. In 2021, we raised over $1.1 billion of new equity from our clients.

We continue to build and grow our substantial operating and investment capabilities in real estate, hospitality and credit. In addition, our listed equities business is becoming an increasingly important financial contributor supported by strong inflows and positive investment performance. Our private equity and venture capital team continues to invest in Australian small and start-up businesses on behalf of our Significant Investor Visa clients.

It was a significant year for our hospitality platform (Hospitality) which navigated numerous COVID-19 related disruptions to grow its footprint and deliver strong returns outcomes to investors. This included the successful delisting of Redcape Hotel Group, the acquisition of our first hotel in Victoria (the Bendigo All Seasons Resort) and the announced acquisition of Hotel Brunswick which is in the Byron Bay region. The Beach Hotel in Byron Bay, acquired in 2019, and Hotel Brunswick will form two strategic venues in the burgeoning Byron Bay tourist region.

Our CA&E division delivered a record year, driven by a 39% increase in advisory fees. We advised on 25 completed transactions during the year worth $5.8 billion, up from $4.2 billion in 2020. Mandates were spread across our core capabilities of real estate, restructuring, technology and small to mid-cap industrials.

Our Corporate Advisory revenue per executive of $1.2 million was in the middle of the Group's targeted productivity range. Over our more than 12 years of operation we have been relatively consistent in delivering within this range. This highlights the selective approach we take to growing our advisory business, with productivity outcomes always front of mind.

The strength and dynamism of our balance sheet is also critical to our ongoing growth. We took a prudent approach to balance sheet management during COVID-related market uncertainty in 2020, allowing the business to capitalise on the transactional upswing that followed. In 2021, we realised $80 million of prior investments and re-invested $60m to support future growth and strategic initiatives.

The Group's cash balance was further bolstered by our successful $100 million institutional placement in December and subsequent $20 million retail shareholder purchase plan. This provided significant funds for the acquisition of Finsure and flexibility for further growth initiatives. Both raisings were heavily oversubscribed by investors, reflecting strong endorsement of the business, its strategy, and its growing presence in the financial services market.

Looking ahead, we are very pleased with the position of the Company and optimistic about the strong momentum across our business. Our focus in 2022 will continue to be on scaling our chosen areas of expertise whilst considering what might be the next opportunity in the medium term.

We continue to carefully balance investing in the next product or opportunity with scaling existing businesses. We believe we have a proven track record of creating value for shareholders and have a strong desire to continue to innovate although we look to balance investing with letting the scale benefits of prior strategic investments fall to the bottom line.

In 2022, we expect Underlying earnings per share to grow between 10% and 20%, supported by continued momentum across each of our three divisions and underpinned by the strength of our balance sheet. Of course, this is subject to the variability of market conditions and we acknowledge the current increased market volatility, rising interest rate environment and geopolitical uncertainty.

In closing, we would like to thank our people for their significant efforts over the year and our shareholders, clients and business partners for their ongoing support. We look forward to delivering on our purpose of building long term sustainable value for all our key stakeholders.

Yours Sincerely

Christopher Wyke & Julian Biggins
Joint Chief Executive Officers

2021 at a glance

Statutory revenue[1]
$228.7m
42% increase from 2020

Underlying revenue[2]
$232.4m
45% increase from 2020

Statutory EBITDA[3]
$72.2m
18% increase from 2020

Underlying EBITDA[2]
$88.5m
46% increase from 2020

Statutory NPAT
$32.0m
21% increase from 2020

MA Academy
Established in 2020
Developing and retaining talent
Practical learning with real life edge

Underlying NPAT[2]
$54.9m
53% increase from 2020

Statutory earnings per share
22.3¢
21% increase from 2020

Cash and cash equivalents
$242.9m
76% increase from 2020

Assets under management as at 31 December 2021
$6.9bn
28% increase from December 2020

Full year dividend per share
17.0¢
Fully franked
70% increase from 2020

Underlying earnings per share[2]
38.2¢
52% increase from 2020

MA Foundation donations
$6.8m
Since establishment in late 2017

Underlying Return on Equity[4]
21.2%
5.7% increase from 2020

1. Statutory Revenue refers to total income on the consolidated statement of profit or loss and other comprehensive income.
2. Underlying revenue, EBITDA, Net Profit After Tax (NPAT), Return on Equity and earnings per share and other measures of underlying performance are not prepared in accordance with IFRS and are not audited. Detailed reconciliations between the Underlying and IFRS measures are set out on page 17 and note 3 of MA Financial's 2021 Financial Report and FY21 Investor Presentation.
3. Statutory Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) is not a recognised International Financial Reporting Standards (IFRS) measure but has been presented to give a comparable measure to the Underlying Result.
4. Return on Equity is Underlying net profit after tax divided by average equity for the year.

Year in review

Group performance

Overview

The Group recorded total comprehensive income for the year of $48.1 million (2020: $22.5 million) and profit after income tax for the year of $32.0 million (2020: $26.5 million). Basic earnings per share was 22.3 cents, an increase of 20.4% on the prior comparative period.

STATUTORY RESULTS	31 DEC 2021 $'000	31 DEC 2020 $'000	MOVEMENT %
Total income	228,735	161,101	42.0%
Profit before tax	48,710	38,690	25.9%
Profit after income tax	32,041	26,480	21.0%
Total comprehensive income	**48,065**	**22,517**	**113.5%**
Basic earnings per share (cents per share)	22.3	18.5	20.5%
Diluted earnings per share (cents per share)	21.2	18.0	17.8%
Full year dividend (cents per share)	17.0	10.0	70.0%

UNDERLYING RESULTS	31 DEC 2021 $'000	31 DEC 2020 $'000	MOVEMENT %
Revenue	232,376	160,134	45.1%
EBITDA	88,492	60,498	46.3%
Net profit after income tax	54,940	35,998	52.6%
Earnings per share (cents per share)	38.2	25.1	52.2%

Non-IFRS Underlying results

The Group also utilises non-IFRS Underlying financial information in its assessment and presentation of Group performance. When reading our statutory and Underlying results, we note that there are some 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 *Segment information* of the 2021 Financial Report and to the explanation in the Directors Report as to why the Directors believe that, when read in conjunction with the IFRS measures, the Underlying measures are useful to the reader.

Underlying revenue was up 45% on the FY20 result, as all business divisions experienced strong activity levels. Underlying EBITDA was up 46% on FY20 as strong divisional revenue growth offset a 44% increase in expenses related to increased business activity and continued investment in platform capabilities to support our growth strategy. Importantly Group EBITDA margins remained in line with the prior year at 38%. As a result of this strong growth, Group Underlying EPS grew 52% on FY20 and the Group's Return on Equity increased from 16% to 21%.

Our business

The Group operates three divisions being Asset Management, Lending, Corporate Advisory & Equities, with unallocated costs related to shared Corporate Services and functions.

All divisions performed strongly in the year and the table below shows their respective contributions to Group Underlying EBITDA and NPAT.

	31 Dec 2021 $'000	31 Dec 2020 $'000
Asset Management	73,225	48,930
Lending	10,306	9,126
Corporate Advisory and Equities	21,950	13,845
Corporate Services	(16,989)	(11,403)
Underlying EBITDA	**88,492**	**60,498**
Depreciation and amortisation	(4,710)	(3,741)
Interest expense	(5,297)	(5,332)
Income tax expense	(23,545)	(15,427)
Underlying NPAT	**54,940**	**35,998**

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 69% of Group Underlying EBITDA before Corporate Services in FY21. Underlying EBITDA of $73.2 million was up 50% from $48.9 million in FY20, due to strong growth across all fee-based revenue activity and positive mark to market revaluations.

Assets under Management (AUM) grew by 28% over the year to $6.9 billion at 31 December 2021. Net fund inflows exceeded $1.0 billion for the first time in FY21 ($1.1 billion), significantly up on the $430 million received in FY20. The increased inflows were driven by strong growth in inflows from domestic clients and continued momentum in flows from international clients. The Group's investment in domestic distribution and tailored product for the domestic market delivered results as net inflows from domestic high net worth (HNW) and retail clients rose from $52 million in FY20 to $452 million in FY21.

AUM growth translated into strong fee revenue growth, with recurring revenue up 32% to $78.2 million, supported by a 33% increase in base management fees including the addition of $8.2m of base fee revenue from the acquisition of RetPro in April 2021.

Transaction and performance based revenue increased 58% to $42.6 million. Transaction fee growth was underpinned by increased activity in the year and a growing contribution from our real estate credit funds. Performance fees reflected the strong performance of our equities, hospitality, and venture capital funds where we generally earn performance fees subject to performance hurdles. 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.

The mark to market of the Group's equity investments delivered a $22.6 million gain relative to a $5.1 million gain in FY20. This was primarily due to an $18.7 million positive non-cash revaluation of the Group's investment in Redcape Hotel Group and was supported by a further $3.4m of net realised gains from the disposal of smaller balance sheet holdings.

Expenses of $70.2 million were up 65% on FY20 due to the RetPro acquisition and the continued investment in people and capability to support growth. The hiring of talent is expected to continue as the Group continues to invest for the future although with a conscious focus on balancing investment and earnings.

Investment strategy highlights

Real Estate – $2.6 billion AUM – ↑ 17%

FY21 was a year of significant activity as the real estate strategy continued to expand and diversify its portfolio of real estate assets, acquiring $360 million of new assets. The acquisition of RetPro in April 2021 deepened our operating capability and is complementary to our investment expertise in the retail real estate sector. Furthermore, investment in real estate talent continued in FY21 with key new hires adding to the capability, service offering and growth potential of the investment team.

The Group added further office assets to its funds, acquiring a portfolio of three office buildings from Ascot Capital for $115 million and entering a partnership with Centuria Capital to acquire a 50% interest in the $83 million Grenfell Tower in Adelaide.

Investor interest returned to retail real estate assets and the Group's acquisition of the Sugarland Plaza in Bundaberg for $140 million in September was strongly supported by HNW clients. In December, the Hollywood Shopping Plaza in South Australia was successfully divested for $80 million, delivering an IRR of 10% to investors over a 10 year period.

After establishing the MA Prime Logistics Fund in September 2020, the Group acquired a further $150 million of industrial assets in FY21 underpinned by strong investor demand. This included the $60 million acquisition of Sara Lee's food manufacturing facility on the Central Coast of New South Wales.

Hospitality – $1.6 billion AUM – ↑ 19%

The Group's community-centric hospitality assets are managed by MA Hotel Management (Hospitality), which applies leading sector operating expertise across the real estate backed portfolio of 40 hotel venues. Despite significant challenges presented by COVID-19 trading restrictions, Hospitality delivered a strong contribution in FY21. Hospitality AUM grew 19% over the year, as the Group added 7 new hotel venues to its portfolio. This included Hospitality's first hotel in Victoria, the Bendigo All Seasons Resort Hotel, acquired for $54.5 million in November.

Redcape Hotel Group also delivered $18.7 million of positive mark to market gains and $6 million in performance fees as hotel valuations benefited from capitalisation rate compression and strong operational performance outside of COVID-19 lockdown periods.

In September, Redcape security holders overwhelmingly voted in favour of its proposed delisting from the ASX. This has led to Redcape reverting back to an unlisted fund, providing security holders with a less volatile pricing structure that more closely reflects the underlying valuation of Redcape's assets.

The year finished strongly with the announced acquisition of the Hotel Brunswick, in Brunswick Heads NSW, for $68 million. Settlement is expected to occur in 1H22, enhancing the Group's capability and offering in the popular tourist destination region of Byron Bay following the acquisition of the Beach Hotel, Byron Bay in 2019.

Year in review

Credit – $1.6 billion AUM – ↑ 42%

The Group continued to expand its Credit investing platform with AUM increases over the year supported by strong fund inflows. In particular, the Group's real estate credit funds have attracted strong inflows from domestic HNW and retail clients.

The first two funds targeting retail investors were launched in April 2021, the Secured Real Estate Income Fund and Priority Income Fund. Both funds target consistent yield delivery with monthly cash distributions and have grown progressively over the year. The wholesale Private Credit Fund was also realigned into the new MA Credit Opportunities Fund with a broader investment mandate to take advantage of opportunities in real estate credit, structured finance as well as private credit opportunities.

Base management fee growth continued in line with AUM growth with transaction fees an increasing feature of the real estate credit funds.

All credit strategies delivered consistent performance for clients through FY21, with no material impairment issues across the portfolio reflective of the Group's conservative underwriting standards and robust management and reporting capabilities.

To meet investor demand, the Group developed a number of new lending funds, including a US Dollar denominated version of the Priority Income Fund which provide attractive growth opportunities over the coming years.

Equities (Asset Management) – $0.9 billion AUM – ↑ 85%

The equities strategy continued to increase its scale and earnings contribution in FY21 and is a significant strategic focus for the Group. The strategy was supported by ongoing inflows from foreign HNW investors who benefitted from strong returns in excess of 20% in the flagship Significant Investor Visa (SIV) small caps fund. This positive fund performance and the increased fund size delivered a $14.4 million performance fee in FY21, up from $6.4 million in FY20.

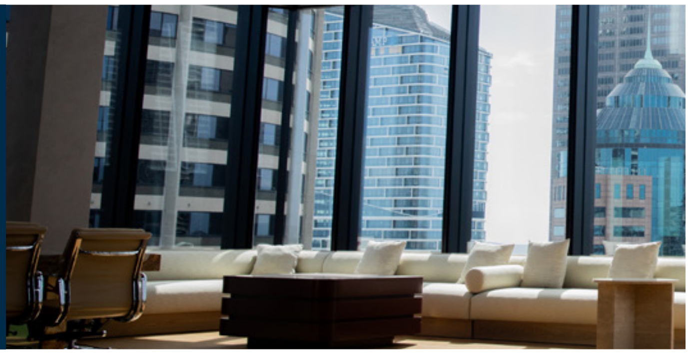
The Group continues to focus on Equities as a growth opportunity in Asset Management. In August 2020, we established the Equity Opportunities Fund, a domestic high conviction fund, which has grown AUM to approximately $120 million. Furthermore, the first international equities fund, the MA Global Equity Opportunities Fund, was seeded by the Group to build track record ahead of promotion to investors.

Private Equity / Venture Capital – $0.3 billion AUM – ↑ 11%

The PE/VC funds grew AUM by 11% to $315 million underpinned by inflows from SIV clients and the acquisition of two accommodation assets, in Bathurst and Cairns, by the MA Real Asset Opportunities Fund.

PE/VC continues to grow with a maturing pipeline of realisations providing a steadier flow of performance fees in 2021 and beyond. The funds successfully realised an investment in CitrusAd in 2H20 delivering strong returns to clients, a $1.8 million gain on the Group's co-investment and a $4.0 million performance fee to the Group.

Future flows should benefit from an increase to the mandated allocation for SIV investors into VC funds from $0.5 million to $1.0 million per visa. This change was introduced from 1 July 2021 but will mainly impact the 2022 flows.



Lending

The Group announced the separation of its Lending activities from its Asset Management division in May 2021, reflecting its increasing scale and significance to the Group's results.

Lending's loan portfolio grew by 44% to $455 million at 31 December 2021. The division's NIM revenue grew by 30% to $19.9 million, while FY21 Underlying EBITDA of $10.3 million was up 13% on proforma FY20. Lending EBITDA represented 10% of the Group's Underlying EBITDA before corporate costs.

The focus for Lending in FY21 has been on building a scalable platform to position the Group for long term growth in the large addressable markets. This included a significant investment in operational capabilities to support the delivery of our strategic growth initiatives. The FY21 result includes over $2.1 million of operational expenditure investment in platforms to facilitate future growth in both residential mortgages and specialty lending. These investments are expected to allow the Group to capitalise on future opportunities at scale, although are a drag on returns on invested capital (ROIC) in the immediate term.

Lending delivered strong growth in its loan portfolio funding initiatives in FY21. This was driven by a combination of growth in funds managed by the Asset Management division (such as the MA Priority Income Fund), as well as institutional lending partnerships (such as the credit related partnership with a major Australian bank announced in February 2021). Towards the end of FY21, we also developed a number of new lending funds, including a US Dollar denominated version of the Priority Income Fund, which present attractive growth opportunities over the coming years.

In December 2021 the Group announced it would acquire Finsure, a leading Australian mortgage aggregator business for $145 million. The acquisition was completed in February 2022 and enhances the Group's exposure to recurring revenue streams in a strategic market with positive tailwinds. The Finsure acquisition is expected to accelerate the growth of the Lending division.

Corporate Advisory & Equities

The Corporate Advisory & Equities (CA&E) division delivered a record earnings performance in FY21, growing 58% on the prior year largely due to strong M&A activity. The result reflected the ongoing investment in the team and capability. Senior hires recruited at the beginning of FY21 were integrated seamlessly with the broader team and made strong contributions to the full year earnings.

Corporate Advisory fees were up 39%, representing revenue per executive of $1.2 million, in the middle of the Group's target productivity range. Activity was broadly spread across the division's core capabilities of real estate, technology, small and mid-cap industrials and restructuring and credit.

The business advised on $5.8 billion of transactions during the year, up on $4.2 billion in FY20. ECM activity increased in 2H21 after a quiet first half and $1.1 billion was raised for clients over the year. These transactions included the highly successful $230 million equity raising for Johns Lyng Group and sole advisor on its related acquisition of US-based Reconstruction Experts.

Equities commissions were down 20% on FY20 largely as significant volatility drove elevated trading volumes in the prior period.

Expenses increased on the prior year as average Advisory headcount grew from 45 to 51 staff and the revenue base increased. At the end of FY21 there were 58 staff employed in the Advisory division with a new senior hire in Equity Capital Markets joining the team in early 2022. 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 and the consistency of earnings productivity in the business over the long term.

Financial position

Statutory total assets amounted to $873 million with net assets of $370 million at the year ended 31 December 2021.

The statutory consolidated statement of financial position includes the consolidation of two credit funds managed by the Group under the Priority Income Fund strategies (together PIF). The Group holds a 10% 'first loss' equity co-investment in the PIF of $30.0 million (2020: $16.8 million) which represents the Group's maximum contractual economic exposure.

Third party investors in the PIF are represented in the consolidated statement of financial position by the Fund Preferred Units (FPU). Even though the FPU have no rights beyond the PIF, the FPU are classified as debt for statutory purposes as they earn a preferential return and have preferential rights on wind up.

The Group earns a net interest margin from its co-investment in the PIF representing the excess profits after fund expenses and FPU distributions. More information on the FPU can be found in note 24 Borrowings of the Financial Report.

Management prefers to make use of an Operating balance sheet which excludes the PIF gross assets and liabilities 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.

	31 Dec 2021 Statutory $'000	31 Dec 2020 Statutory $'000	31 Dec 2021 PIF adjustments $'000	31 Dec 2020 PIF adjustments $'000	31 Dec 2021 Operating $'000	31 Dec 2020 Operating $'000
Assets						
Cash and cash equivalents	242,861	138,004	1,783	25,812	241,078	112,192
Loans receivable	342,449	224,271	285,600	161,056	56,849	63,215
Investments	190,232	119,497	26,422	(17,266)	163,810	136,763
Goodwill and other intangibles	37,769	30,864	42	-	37,727	30,864
Other assets	59,561	56,707	1,349	8,021	58,212	48,686
Total assets	**872,872**	**569,343**	**315,196**	**177,623**	**557,676**	**391,720**
Liabilities						
Borrowings	120,030	95,030	25,000	-	95,030	95,030
Fund preferred units	286,290	172,540	286,290	172,540	-	-
Other liabilities	96,519	64,916	3,906	5,083	92,613	59,833
Total liabilities	**502,839**	**332,486**	**315,196**	**177,623**	**187,643**	**154,863**
Net assets	**370,033**	**236,857**	**-**	**-**	**370,033**	**236,857**

1. Please refer to the appendices of the FY21 Investor Presentation that accompanies this Annual Report for more detail on the Operating balance sheet adjustments.

The Group was active in recycling assets whilst maintaining an average cash balance for the year of approximately $100 million as a result of continued prudent treasury management. Notable movements in the Group's Operating balance sheet during the year were as follows:

- Cash and net assets increased substantially at reporting date due to the successful completion of a $100 million institutional placement in December 2021 to fund the 2022 acquisition of Finsure, one of Australia's leading mortgage aggregator platforms
- On 1 April 2021 the Group acquired the retail property manager RetPro for a total consideration of up to $16.3 million. RetPro will further enhance the service offering of the Asset Management division's real estate strategy.

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

	31 Dec 2021 Operating $'000	31 Dec 2020 Operating $'000
Cash and cash equivalents	241,078	112,192
Lending	91,665	68,178
Co-investments	43,383	62,074
Redcape Hotel Group	84,339	58,232
Japara Health Care Limited (ASX:JHC)	-	9,291
Other investments	1,272	2,203
Total investments	**461,737**	**312,170**

Year in review
Financial position

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 $80 million of prior investments and re-investment of $60 million into new strategic initiatives.

Key movements in investments related to:

- The realisation of the Japara Health Care (ASX:JHC) position for $21 million
- Further investment in Redcape Hotel Group of $16 million
- Continued growth investment in the Lending division.

Capital management

The Group manages its capital with the primary aim of ensuring it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity capital balances.

During the year the Group declared its maiden interim dividend of 5 cents per ordinary share highlighting the growing recurring cash earnings and stability of the balance sheet. Subsequent to the year end the Directors resolved to declare a final dividend of 12 cents per share for FY21 resulting in a 70% increase in dividends over FY20.

In December 2021 the Group successfully raised $100 million through the issue of 12.9 million ordinary shares further to an over-subscribed institutional placement. The associated Share Purchase Plan closed in January 2022 with a further 2.6 million ordinary shares issued, raising an additional $20 million. The proceeds of the capital raise were used to acquire Finsure for $145 million in February 2022 with the transaction to be immediately earnings accretive as well as accelerate the growth of the broader Lending division.

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 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.

02

Sustainability

We believe that placing a strong focus on building a sustainable business generates better outcomes for all stakeholders including shareholders, employees, our clients, our fund investors, and the communities we live in. Sustainability is about making decisions for the long term and as significant owners in the business, management always places a long term lens on decision making and strategy.

> We are committed to understanding the interests and expectations of our stakeholders as a key tenet of setting our sustainability objectives. We strive to develop collaborative relationships to deliver positive sustainability outcomes.

MA Financial's environmental, social and governance (ESG) practices continue to evolve as the Group increases in scale and broadens its business interests. The senior executives recognise the importance of establishing practices that aim to embed a sound ESG framework that supports our decision making, measurement and continual improvement.

In 2021 we have done considerable work to progress our sustainability framework and reporting, particularly in assessing the most material aspects of sustainability to our business and our stakeholders.

Accordingly, the Group's Board and management have resolved to incorporate its inaugural Sustainability Report within the 2021 Annual Report. The report highlights sustainability procedures and practices within the business and outlines important focus points for future development as we continue to grow. We followed the GRI Standards to create our framework and approach to sustainability.

Stakeholder engagement

We acknowledge that each stakeholder group is unique and has a distinctive set of interests and priorities. Our key stakeholder groups include shareholders, financers, employees, fund investors, customers and tenants, governments and regulators, communities, suppliers and industry groups.

We engage with our key stakeholders through different channels. As our business evolves, we will strive to ensure that our channels of stakeholder engagement facilitate relevant insights and engagement which we can apply to help us validate the Group's sustainability approach and shape new perspectives.

> The significance of an issue to the Group and its impact on our stakeholders forms the basis of our materiality analysis.

Materiality assessment

The Group will report on material topics relevant to our business and our key stakeholders as a reflection of our socioeconomic and environmental impact. This year we undertook our first sustainability materiality assessment through a process which enabled us to identify, understand, assess, prioritise, and validate our sustainability material topics.

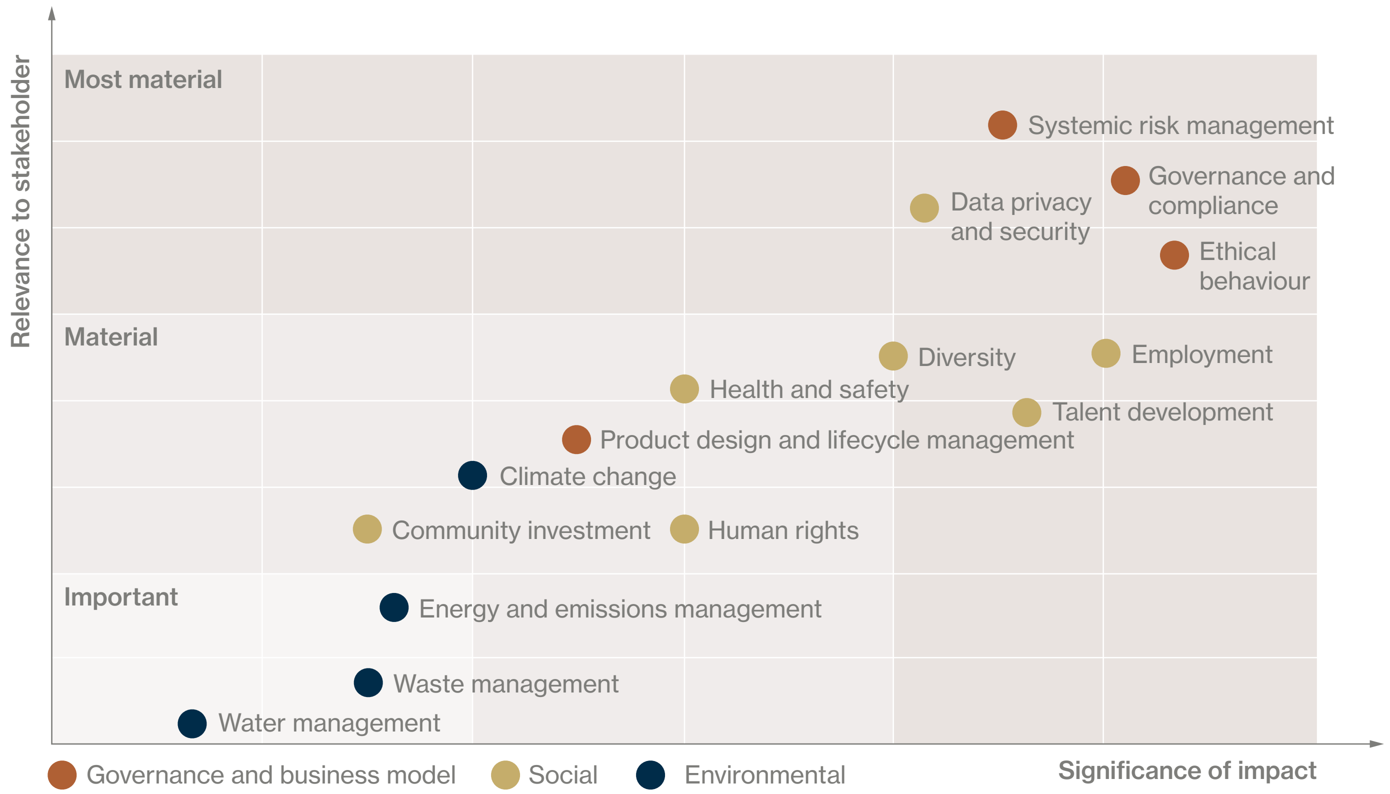
We analysed the material topics with reference to:

- 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, Corporate Advisory & Equities and the strategies within.

We then considered the sustainability topics identified in order to determine their overall materiality to us. Topics were prioritised based on their materiality level as set out in our Materiality Matrix below:

MATERIALITY MATRIX



The topics and their prioritisation were reviewed and validated by the Leadership Team and endorsed by the Board.

Sustainability framework

Based on the results of our materiality assessment, we developed our first sustainability framework which is composed of six key pillars. These pillars create the foundation to MA Financial's approach to sustainability and each contain specific focus areas. The framework was reviewed by our Leadership Team and endorsed by the Board, and our management approach to material topics are discussed throughout this report.

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

Supporting the community

- 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 key priority areas.

Talent development and wellbeing

Our people

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

Culture and belonging

The Group is committed to providing a work environment where employees feel recognised, motivated, supported and have a strong sense of belonging. In 2021 we progressed from the employee engagement surveys used in the past to a comprehensive culture and belonging review which covers all our employees. The review is designed to provide insights into the culture of the Group, identifying strengths, challenges, opportunities, risks and development areas. Insights from the culture and belonging review were assessed by the Board and management and have been fed into our people strategy, which includes a continuous improvement strategy to address identified gaps and reinforcement mechanisms on the areas of strength.

The strengths of our culture, as identified by the 2021 review included:

- Innovation and entrepreneurship
- Collegiality, teamwork and respect
- A flat agile structure
- Commitment to growth
- Our gender and cultural and linguistic diversity.

We are committed to never taking our culture for granted, and we will continue to actively work on making it even better. As a result of the review, we identified key areas of focus for 2022.

> We believe in developing our workforce. Providing practical and broad opportunities and direct exposure to working with our most experienced leaders is the best way to develop a high performing team and help all our people realise their full potential.

Employee benefits

The Group offers a range of benefits to its staff, focused on providing support for their health and financial wellbeing. All MA Financial staff are offered two 'Wellbeing Days' per year, which provides an opportunity to take a break, reflect on their wellbeing and focus on self-care. Comprehensive health checks are provided semi-annually for senior employees in the Group, which helps them to keep a regular check on their overall health and wellbeing.

Counselling services are offered to all our staff as part of our ongoing Employee Assistance Programme (EAP). The Group's EAP comes with six free counselling sessions to all employees and their immediate family members and covers a broad spectrum of circumstances where the services may be applicable. The service is confidential and is supported by a team of psychologists, psychotherapists and counsellors with deep insight and experience in the areas of psychology, health, and wellbeing.

Additionally, this year we introduced the wellbeing app 'Sonder' for all our staff. Sonder provides innovative, 24/7 on call wellbeing and safety support to our people, including mental health and other EAP services, 'check on me' and basic medical assistance from nurses available on call.

We acknowledge the value of parental leave and the importance of supporting our people during such an important life stage. Permanent employees are entitled to 16 weeks of paid parental leave if they are the primary care giver when a child is born, adopted or fostered. Secondary carers are entitled to four weeks paid parental leave.

We also have a Childcare Assistance Programme in place for our people which offers a 12-month allowance for female employees who return from parental leave as a means of supporting return to work.

Our new state of the art offices in Melbourne (opened December 2021) and Sydney (opened January 2022) have wellbeing, collaboration and sustainability at the heart of the design brief. We look forward to reporting on the positive impacts which arise from these work environments in our 2022 sustainability report.

In 2021, all of our people engaged in performance and career development reviews.

MA Academy

With 98 female and 85 male new team members joining our business in 2021 (through both organic and inorganic growth), a significant focus has been to hire skilled people and further develop their capabilities. We believe in developing our workforce and in our experience, providing practical and broad opportunities and direct exposure to working with our most experienced leaders is the best way to develop a high performing team and help all our people realise their full potential. Supporting the development of our people is the highest priority.

The MA Academy is the umbrella of learning that encompasses all training and development of our team. It is a structured way to pass the baton of learning from one generation to the next. We are pleased that, despite the challenges imposed by COVID-19 in 2020, we were able to launch the MA Academy and have made material progress on programmes for 2021 and beyond.

The MA Academy focuses on current, best-in-class business and investment practises in the real world, practical learning with real life edge. The programme delivers accessible teaching, capitalising on the talents and experience of our senior company executives, along with highly credentialed external presenters. The MA Academy is offering learning opportunities for all our people, regardless of their experience and background. We believe that these practical learning opportunities enhance inclusion and belonging at the Group.

In 2021 Andrew Pridham, our Vice Chair and a founder, published a book and a podcast series titled "What Matters: Secrets of great leaders, business builders and professional investors". Many of the themes of the book have and will be incorporated into the MA Academy curriculum.

Our investment in MA Academy will continue in 2022 and we look forward to reporting on our progress.

We are also committed to fostering strong links with the student community. Our university internship and graduate placements provide rewarding opportunities for students from wide ranging backgrounds. In the future, we hope to extend the MA Academy programme to students not yet in the workforce.

Supplementary to the MA Academy our people underwent an average of 10 hours of individual training in 2021 in topics including technical, financial services, technology/cyber and our values and key policies. Senior executives underwent an average of 20 hours of training.

We are committed to providing support to our staff for their continuous learning, development, and progression. In 2021, our people received regular performance and career development reviews. The focus of the process is on quality conversations and mentoring to ensure all of our people have the required skills and opportunities to progress to the next level and pursue their interests within the Group.

Strong governance and ethical behaviour

MA Financial is focused on delivering long term value to our clients and partners, our people and our shareholders. Trust and integrity are essential to the delivery of the financial services that we provide. Strong corporate governance practices and policies are intended to 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 of MA Financial 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 currently comprises five Non-Executive Directors and three Executive Directors. Three Directors, including the Chair, are considered independent with one of these Directors newly appointed during the 2021 year. 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. Further information in respect of MA Financial Group's Board and Committees including respective roles and responsibilities is available on the website and outlined in the Corporate Governance Statement 2021.

Our key governance & compliance policies

Code of conduct

The Group seeks to foster a reputation of integrity and professionalism with its expectations outlined in the 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, MA Financial, investors, competitors, suppliers and the public.

A comprehensive framework of additional policies and procedures that supplement and support the Code of Conduct have been established including the MA Anti-Bribery and Corruption Policy, MA Conflicts of Interest Policy, MA Securities Dealing/Personal Trading Policy, MA Bullying and Harassment Policy, and the MA Whistleblower Policy.

Any violation of the Code of Conduct and its associated policies will be investigated and may have consequences including disciplinary action such as a formal warning, suspension, impact to discretionary remuneration or termination of employment.

Further information in respect of the aforementioned policies can be found on the website.

Risk governance

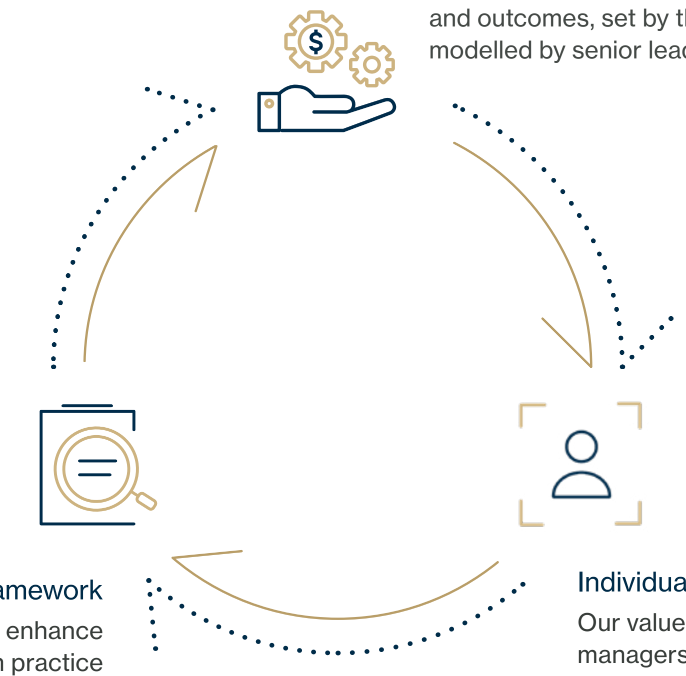
Risks arise at every level of the business, from the implementation of high-level strategies through to the physical security and safety of our day to day working environment. Prudent risk management is fundamental to the Group and core to its values and is a responsibility of all employees of the Group. MA Financial's goal is to maintain a strong culture in which material risks can be identified and managed effectively. With factors such as technological evolution, changing societal/community expectations, a complex regulatory environment and increasingly competitive landscape, it is recognised that the Group's risk management practices will need to remain innovative and robust in order to support the execution of its strategies in a sustainable manner.

The Board recognises the broad range of risks that the Group faces due to the nature of the industries and markets in which we operate and has responsibility for the adequacy of the Group's risk management systems. The Board's Audit & Risk Committee (ARC) assists the Board by providing oversight over MA Financial's risk management framework and advises the Board on the Group's risk appetite, adequacy of its risk management practices and risk culture.

The Group's approach to effectively managing risk is reflected in our Risk Management Statement (Statement) which describes a method for establishing context, identifying, analysing, evaluating, treating, monitoring and communicating risks. Risk management involves achieving an appropriate balance between realising opportunities within certain risk tolerances as set out in the Group's Risk Appetite Statement. The Board is responsible for approving the risk management Statement and the Group's Risk Appetite Statement, following the review by the ARC on an annual basis.

The Group's approach to risk management is overseen by Senior Management through its executive risk roundtable and the ARC with reporting to the Board. Whilst each individual has responsibility for the management of risk, the Heads of Business Divisions of the Group have responsibility for risk management within their respective business units and are responsible for ensuring that risks identified are analysed, evaluated and treated in accordance with the Statement.

The Chief Operating Officer, Chief Financial Officer and General Counsel are responsible for coordinating the Group's Risk Management Programme and for assisting in the development of awareness of risk management within the Group.



Risk culture

Strong focus on risk assessment and outcomes, set by the Board and modelled by senior leadership

Individual accountability

Our values focus on being active managers of risk and accountable for our actions, and aligned through remuneration structures

Robust policies and framework

Focus is on policies that enhance our risk culture, that work in practice and can be measured, stress tested and continually improved

Sustainable business model

Building and maintaining a sustainable business model is key to the success of MA Financial and to ensuring the continuity and growth of its businesses now and into the future.

The Group operates as a diversified financial services business that spans Asset Management, Lending, Corporate Advisory & Equities. The Group also operates Hospitality and Property Management platforms that provide services to investment funds managed by Asset Management as well as third parties.

However, 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 that we have to assess each of our service streams individually, as well as holistically in the context of our business, to gain greater visibility of potential risks and opportunities that could affect the value, performance and reputation of our business.

Our goal is to deliver balanced and sustainable outcomes for our stakeholders. During 2021, we commenced a process of developing a responsible investment policy for our Asset Management division, which we aim to finalise during 2022, for implementation thereafter.

We also aim to assess our approach to incorporating ESG into other parts of our business, including lending, broking and advisory.

For our property and hotel operations, we will work towards developing effective and efficient engagement with our tenants and collect quantitative information in relation to our environmental footprint and climate change risk.

Our Hospitality team manages a number of funds that operate hospitality venues that offer 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 appropriate regulators to ensure that we operate the venues in a socially responsible manner.

Our Hospitality team takes a progressive and community focused approach to the responsible service of alcohol and gaming so as to ensure all of its customers enjoy safe, sociable and welcoming venues. Redcape's approach to problem gaming and harm minimisation is articulated in its Responsible Service Policy which available on its website.

To ensure sustainability of our business from the supply chain perspective, we have developed a Supplier Code of Conduct which describes the requirements and expectations we have for our supply chain.

Our suppliers, whether directly or through their operations and supply chain, must comply with all applicable laws and regulations, and must have in place adequate 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 appropriate business continuity and disaster recovery plans for operations supporting our business to validate effectiveness.

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.

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 on our diversity goals.

We have determined key initiatives to assist with the achievement of our diversity objectives including a focus on our recruitment processes at all levels of the Group, an annual gender remuneration gap review process, accountability for senior staff and leadership to support our diversity culture through non-financial metrics and key employee benefits comprising paid parental leave above minimum legislative requirements and financial childcare support for female staff returning to work from parental leave.

In 2021, we set new measurable gender diversity objectives towards our commitment of a diverse workplace in the Group. Our diversity objectives, which we will pursue over the medium term, include the following:

OBJECTIVE / QUANTITATIVE TARGETS	BASELINE (2021)
Achieve and retain a 50% female representation in the business	48% female / 52% male
Achieve and retain a 30% female representation in senior executive[1]	23% female / 77% male
Achieve a Culturally and Linguistically Diverse (CALD) status which is reflective of the Australian multicultural community. Achieve a 40% CALD measure	CALD = 35%

1 Senior executives include all employees with a title of Vice-President, Executive Director, Managing Director or functional equivalent

> We value diversity as a critical enabler of innovation and growth.

On an annual basis management monitors and reports to the Board on our objective advancement with the Board assessing our progress against targets. Below is a snapshot of our year-on-year movements on gender diversity at different levels of the organisation.

LEVEL	GENDER	2020	2021	YOY CHANGE
Workforce	Female	33%	48%	↑ 15%
	Male	67%	52%	↓ 15%
Senior executives	Female	24%	25%	↑ 1%
	Male	76%	75%	↓ 1%
Board	Female	29%	25%	↓ 4%
	Male	71%	75%	↑ 4%

Female representation in our workforce increased significantly, mainly attributed to the acquisition of retail property manager RetPro in 2021, as well as a result of our continued our efforts to increase our diversity across the business during the year.

The proportion of women on our Board decreased with respect to last year as a result of the appointment of a new Non-Executive independent Director which increased the number of our Board members from seven to eight together with an increase in the number of independent Directors. Our female senior executive ratio increased slightly year on year by 1%.

To further foster a diverse and inclusive work culture in the Group we are a Silver Pledge Partner of 'Soldier On', which is a support platform for ex-services personnel and their families to create veteran friendly workplaces and to recognise their skills.

We are committed to fair and equitable remuneration. We have an annual process of remuneration review and discretionary bonus setting which includes a review 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.

Sustainability report

Our diversity principles

- Recruit and retain 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.

Health and safety

The Group aims to create and maintain a safe and healthy workplace, ensuring that our activities are carried out in a way that safeguards the safety and health of our employees, contractors, suppliers, visitors, and clients according to the relevant legislation of the jurisdictions in which we operate.

Our Work Health and Safety (WHS) Policy sets the fundamental principles that govern our approach to WHS management. We operate in a wide range of settings and our WHS practices and procedures are appropriate and tailored for each operating context, including establishing clear WHS roles and responsibilities, processes for the identification and assessment of WHS risks and hazards, controls for risk mitigation or reduction and incident management practices.

The Group recognises the importance of health beyond just physical health with an increasing focus on mental health and wellbeing particularly emphasised by the challenges of COVID-19. During the year mandatory lockdowns were in place for extended periods of time. We were able to continue operations with minimal disruption, thanks to our people adapting to different ways of working. Through the lockdowns, the Group provided additional support to our staff by putting in place mechanisms to address potential health impacts and social disconnection driven by the pandemic. The measures included regular company-wide check-ins led by our Joint CEOs, virtual social events to connect staff such as live music, meditation sessions, fitness sessions and activities involving wider family such as cooking, pottery and art classes. Additionally, multiple care packages were sent to staff including on 'R U OK Day?' to further emphasise on the importance of mental health and wellbeing.

Environmental impact

Based on the results of our first materiality assessment, the rating of environmental issues reflects the nature of our business and direct investments as being not material emitters (as is common for our peers in the Financial Services sector). However, this materiality assessment will continue to change as our business evolves and the Group recognises the serious medium to long term potential impacts of environmental mismanagement.

New premises

MA Financial has recently moved its head offices into new premises in Sydney and Melbourne which, alongside new initiatives focusing on energy and waste emissions, will substantially reduce the Group's environmental footprint. Sustainability and environmental considerations were core to the design brief and we are delighted to now be occupying our leading new premises.

Both the Group's new offices in Sydney, Brookfield Place, and Melbourne office at 80 Collins have 6 Green Star ratings and a 5 star NABERs rating. Energy and waste reduction initiatives have been carefully considered within the new premises. Some of these initiatives include:

- the removal of single use bottles in meeting rooms
- internal service of coffee for clients and for staff in keep cups
- internal service of after hours meals in house (improving staff health and nutrition outcomes and reducing takeaway packaging waste)
- increased recycling and other plastic reduction initiatives.

As a result of these initiatives it is estimated that in excess of 250,000 single use packaging items will be avoided every year.

The enhanced facilities will also support staff via state of the art training and collaboration facilities and audio-visual capabilities, leading to reduced travel requirements and significantly improved in-house service amenities.

Finally, the new premises will facilitate improved support for the Group's community partners through access to MA Financial client and hospitality facilities for awareness, fundraising and partner events.

Sustainability report

The Group is conscious of the importance of specific issues with the potential to impact multiple ESG areas and stakeholders such as those related to climate change. The Group will undertake a stepped approach to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the leading framework in this area.

Below is our roadmap detailing our future steps to understanding the potential impacts of climate change and embedding appropriate management practices in line with the TCFD pillars of governance, strategy, risk management and metrics and targets.

TCFD PILLARS	CURRENT / NEAR TERM	MEDIUM TERM	BEYOND IMPLEMENTATION
Governance	Increase climate-related awareness across key organisational levels.	Incorporate climate-related issues into relevant governance and management bodies.	On-going review and approval of climate-related issues by appropriate governance and management bodies.
Strategy	Identify exposure, management strategies and high-level financial impact of material risks and opportunities.	Explore qualitative and quantitative scenarios to update issues, management strategies and financial impacts.	Integrate climate-related scenario analysis into our strategic and financial planning.
Risk Management	Incorporate climate-related risk into our Risk Management Framework.	Embed climate-related risks into our Risk Management Framework.	On-going monitoring and risk management of climate-related issues.
Metrics and targets	Determine metrics associated to climate-related risks and opportunities.	Analyse metrics trends to develop targets, assess our strategic position and their financial impact.	On-going analysis of metrics and targets performance to assess our strategic position and their financial impact.

We are working towards developing processes and systems to collect quantitative information in relation to our energy consumption, particularly for our real estate management strategies, to enable 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.

Supporting the community

MA Financial recognises the impact that ESG risks can have on communities and other external parties.

COVID-19

The impacts of the COVID-19 pandemic continued throughout 2021. Support measures continued for our retail shopping centre tenancies with rental relief assistance available to those impacted by operating restrictions.

Similarly, governmental requirements in place for COVID-19 impacted our venues managed by our Hospitality platform, MA Hotel Management. During this challenging period, we were able to provide financial assistance to a number of employees who were facing hardship. We also sought to minimise the number of employees 'stood down' during periods of closure which has led to high levels of staff engagement, satisfaction and retention.

The Redcape Hotel Group (Redcape) continues to support local communities and their initiatives through its 'Publinc Communities Programme' (Publinc) which has an objective of enriching local communities through lasting impact. A specific COVID-19 Community Fund was also established in 2021 and has provided assistance of $300,000.

Access to justice

Our Legal Funding business, MAF Credit, was established in 2018 to provide personal loans to individuals pursuing 'no win no fee' personal injury claims. The loan assists with payment of disbursements required to support a claim, with reimbursement only on successful completion of an individual's case out of settlement proceeds. Since inception, MA's Legal Funding business has funded disbursements relating to over 74,900 legal matters and receivables.

Data privacy and security

The Group respects data privacy and we recognise how critical our actions in handling data are in building and maintaining trust with all of our 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 Use Policy' establishes specific requirements for the use of all computing and network resources within the business in a responsible, ethical, and compliant manner. The policy covers the key principles of data privacy, compliance requirements, privacy and personal rights and technology use guidelines within the Group.

The Group's Head of Technology monitors the implementation of this Policy and reviews its contents for relevance and accuracy annually. We know that in order for us 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. Modern slavery covers a broad range of exploitative practices including slavery and servitude, forced labour, debt bondage, child exploitation and other slavery like practices including human trafficking, forced marriage and deceptive recruiting.

The Group's approach to Modern Slavery is set out in detail in its Modern Slavery Policy and Modern Slavery Statement, both available on the website. Tier 1 risk assessments of MA Financial's supply chain conducted in 2021 have not identified any instances of modern slavery or significant areas of concern.

All objectives set out in MA Financial's Modern Slavery Transparency Statement for the 2021 year were met, which included: the completion of risk-assessments for newly acquired businesses (RetPro), dissemination of a new Supplier Code of Conduct to all suppliers and employee awareness training. In 2022 and beyond, MA Financial will expand its diligence focus across the supply chains on a risk assessed basis for suppliers assessed as above the low risk category.

Community investment

MA Foundation

The MA Foundation was established to support community initiatives that align with the culture and broader community interests of the Group. Our teams believe strongly in giving back to the community through projects they are passionate about, and we support this by empowering them to suggest and drive community initiatives that are close to their heart.

The Foundation has three Community Partners, the GO Foundation, Beyond Blue and Mirabel Foundation. This status provides minimum support of $50,000 per annum for three years.

Much of the giving of the MA Foundation is staff directed. In 2020 we introduced matched giving, where the MA Foundation matched staff giving for up to $2,500. Some of the charities staff members have nominated include the Sydney Children's Hospital, Westmead Children's Hospital, UNICEF, Dementia Australia, and the Fred Hollows Foundation.

Since inception in 2017, the Group has donated at least $200,00 each year to the Foundation. As a result of Group and staff contributions, the Foundation has donated over $6.8 million to over 35 charities.

> "The focus of our community investment approach is to positively impact the communities we operate in. We believe in enriching the communities we operate in by engaging in impactful community partnerships and targeted programmes.

2022 and beyond

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. In line with this vision, the strategic pillars of the Foundation strategy include:

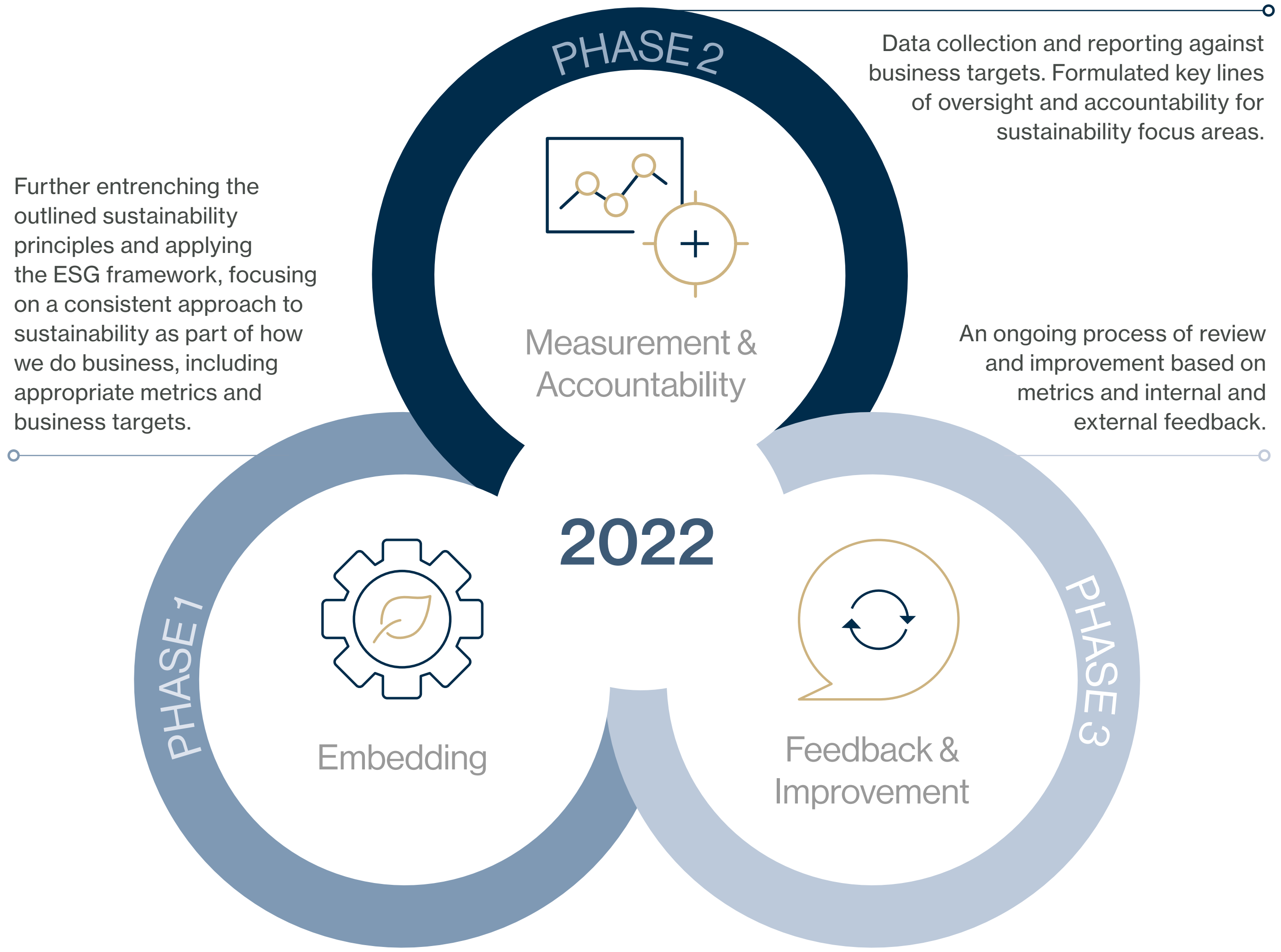
- Matched giving
- Working more closely with our Community Partners
- Targeted programmes and specific campaigns led by our people.

For 2022, we are looking forward to increasing the reach of the Foundation through renewed staff engagement, a revitalised matched giving programme and salary sacrifice initiatives.

Looking forward

We are proud of the initial steps we have made in developing our Sustainability framework and our renewed focus on the six key pillars outlined in this report. The development of our practices and procedures within these pillars and our disclosure around them will expand and evolve over time. The table below outlines the key phases of our development process.

We aim to be proactive in our engagement on ESG issues as we progress through these development stages. We look forward to sharing our sustainability progress with our key stakeholders over future periods.



This Sustainability Report provides an account of our overall sustainability performance from 1 January 2020 to 31 December 2021 according to MA Financial Group's Sustainability Framework.

This report complements our Corporate Governance Statement, Board Charters and Corporate Policies (publicly available on our website) while expanding on our Environmental, Social and Governance (ESG) management and performance disclosures.

The Sustainability Report has been prepared in line with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards core option. Any enquiries about this Sustainability Report should be directed to Michael Leonard – Director of Investor Relations via email (michael.leonard@mafinancial.com).

03

Directors' report

MA Financial Group | 2021 Annual Report

The Directors of MA Financial Group Limited (formerly Moelis Australia Limited) (Company) submit their report together with the consolidated financial report of the Company and its subsidiaries (Group) for the year ended 31 December 2021.

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
Kenneth Moelis	Non-Executive Director
Kate Pilcher Ciafone	Non-Executive Director
Simon Kelly	Independent Non-Executive Director (appointed 21 April 2021)
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
Appointed to the Board on 27 February 2017.

Senior executive at Nine Network Australia from 2006 until 2013, including Managing Director from 2010 to 2013.

Previously Chair of Carsales.com (ASX:CAR).

Jeffrey holds a Degree in Arts from La Trobe University, Melbourne 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
Chair of the Audit and Risk Committee (resigned 21 April 2021)
Member of the Audit and Risk Committee
Member of the Nomination and Remuneration Committee

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 served as Chief Executive Officer between 2009 and February 2020.

Andrew has 30 years' experience in investment banking.

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

Special responsibilities
Member of the Nomination and Remuneration Committee (resigned 20 May 2021)
MA Academy sponsor
Director of MA Foundation

Interests in the Company
Shares: Andrew holds 522,937 shares as well as a beneficial equity interest in 18,477,262 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 24,953,607 shares.
Restricted and Loan Funded shares: 139,285

Directors' report
For the year ended 31 December 2021

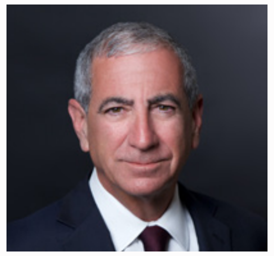
Alexandra Goodfellow
Independent Non-Executive Director

Experience and expertise
Alexandra is Vice Chair, Head of Board & CEO practice for Korn Ferry Australasia and has over 30 years' experience in executive search and human capital consulting. She joined Korn Ferry in 2014 and works with clients at Board, CEO and C-suite level assisting with executive search, leadership succession planning and human capital advisory. She is a Non-Executive Director of the Sydney Swans.

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

Interests in the Company
Shares: 25,371



Kenneth Moelis
Non-Executive Director

Experience and expertise
Ken has served as a Director since the formation of MA Financial Group Limited.
Ken is Chair of Moelis & Company and has served as Chief Executive Officer of that company since 2007. Ken has over 30 years' investment banking and mergers and acquisitions experience. Prior to founding Moelis & Company, Ken worked at UBS from 2001 to 2007, where he was most recently President of UBS Investment Bank. 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, Atlas Crest Investment Corp.
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

Special responsibilities
Member of the Nomination and Remuneration Committee (resigned 11 August 2021)

Interests in the Company
Ken has 43% of the combined voting power of Moelis & Company Class A and Class B common stock. As a result, 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 almost 20 years' experience in the investment banking industry as both a banker and operations executive having begun her career with UBS Investment Bank prior to joining Moelis & Company as a founding member in 2007. Kate holds a Bachelor of Science in Commerce with distinction from the McIntire School of Commerce at the University of Virginia.

Other directorships and appointments
None

Special responsibilities
Member of the Nomination and Remuneration Committee (appointed 11 August 2021)

Interests in the Company
None

Simon Kelly (appointed 21 April 2021)
Independent Non-Executive Director

Experience and expertise
Simon has over 30 years' experience in strategic, financial and general management across a range of Australian listed and unlisted consumer facing businesses.

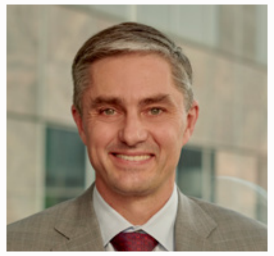
He is currently Chief Executive Officer of technology start-up, NoahFace. He has previously served in C-suite level roles at ASX listed Ardent Leisure, Virgin Australia, Nine Entertainment Co., Artisocrat Leisure and Goodman Fielder.

Simon is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.

Other directorships and appointments
Chief Executive Officer of NoahFace

Special responsibilities
Chair of the Audit and Risk Committee (appointed 21 April 2021)

Interests in the Company
Shares: 12,921



Julian Biggins
Executive Director and Joint Chief Executive Officer

Experience and expertise
Julian was appointed Joint Chief Executive Officer in February 2020 and a has been a director of the Board since February 2017. Julian was one of the founders of the company in 2009.

Julian has nearly 20 years' investment banking experience covering the real estate industry including a senior role within J.P. Morgan's Investment Banking division and UBS' Equities research division. Julian 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

Interests in the Company
Shares: Julian holds 295,923 shares as well as a beneficial equity interest in 5,556,504 shares as a result of his holding in the Existing Staff Trusts.
Share Rights: 28,866
Restricted and Loan Funded shares: 471,606

Christopher Wyke
Executive Director and Joint Chief Executive Officer

Experience and expertise
Christopher was appointed Joint Chief Executive Officer in February 2020 and a has been a director of the Board since March 2017. Julian was one of the founders of the company in 2009.

Christopher has over 20 years' industry experience, including extensive private equity, turnaround, restructuring, M&A, equity and debt capital markets transactions experience. Christopher previously worked in investment banking for J.P. Morgan and UBS in London, Singapore and Sydney. Christopher holds a Bachelor of Economics with Honours from University College London.

Other directorships and appointments
None

Special responsibilities
Director of MA Foundation

Interests in the Company
Shares: Christopher holds 195,347 shares as well as a beneficial equity interest in 5,556,504 shares as a result of his holding in the Existing Staff Trusts. As a result of Christopher's ownership of the Trustee of one of the Existing Staff Trusts, Christopher has deemed relevant interest in 14,850,000 shares.
Share Rights: 29,236
Restricted and Loan Funded shares: 489,316

Company secretaries' qualifications and experience

Janna Robertson

Joint Company Secretary appointed 30 September 2019

Janna has over 20 years' experience in financial services and prior to joining the Group 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 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 and is a Fellow with the Governance Institute of Australia.

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	11	11	7	7	6	6
Andrew Pridham	11	11	#	#	3	3
Alexandra Goodfellow	10	11	#	#	6	6
Kenneth Moelis	9	11	#	#	3	3
Kate Pilcher Ciafone	11	11	#	#	3	3
Simon Kelly	8	8	5	5	#	#
Julian Biggins	11	11	7	7	#	#
Christopher Wyke	11	11	#	#	#	#

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

The Group is a financial services provider with offices in Sydney, Melbourne, Hong Kong and Shanghai. The Group's principal activities are providing asset management, lending, corporate advisory and equities services. In the opinion of the Directors, there were no 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 for the years ended 31 December 2021 and 31 December 2020, and the results 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 2021 was $48.1 million (2020: $22.5 million) and the profit after tax for the year ended 31 December 2021 was $32.0 million (2020: $26.5 million).

Dividends

Subsequent to the year ended 31 December 2021, the Directors have resolved to pay a final dividend of 12.0 cents per share, fully franked, for the year ended 31 December 2021. The dividend is payable on 11 March 2022.

On 22 September 2021, the Company paid an interim dividend of $7.8 million (5.0 cents per share), fully franked, for the year ended 31 December 2021.

On 3 March 2021, the Company paid a dividend of $14.9 million (10.0 cents per share), fully franked, for the financial year ended 31 December 2020.

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.

COVID-19

COVID-19 has significantly impacted the overall global economy and continues to affect economic and financial markets. While the specific areas of judgement remain unchanged, the ongoing impact of COVID-19 continues to result in the application of further judgement. Given the evolving nature of COVID-19 changes to the estimates and outcomes applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of provisions that existed at the end of the reporting period, the impact of the events that arise after the reporting period will be accounted for in the future reporting periods. As a consequence of the ongoing impacts of COVID-19 and in preparing the financial statements, management:

- Considered the financial impact on the Group and areas of the financial statements affected to determine the disclosures required, and evaluate if any additional areas of judgement or estimation uncertainty beyond what has been disclosed existed
- Updated forward-looking information when measuring expected credit losses to assess any significant increase in credit risk, and for the impairment analysis of financial and non-financial assets
- Assessed the measurement of assets and liabilities and determined the impact thereon as a result of COVID-19 and, where applicable, updated the disclosures in the financial statements.

During the year the Group received no COVID-19 government wage subsidies (2020: $3.3 million). During the year no deferral of tax related payments were granted by the Australian Tax Office (ATO) to the Group (2020: $18.5 million). $4.4 million of ATO deferrals outstanding at 31 December 2020 were fully repaid during the year.

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.

Non-IFRS Underlying results

The Group also utilises non-IFRS 'Underlying' financial information in its assessment and presentation of Group 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 2021 was $88.5 million (2020: $60.5 million) and $54.9 million (2020: $36.0 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
- 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
- Normalise for the impacts of one-off transaction costs
- Recognise staff share-based annual bonus expense when granted as opposed to over the vesting period.

Please refer to note 3 in the Annual Financial Report for a full reconciliation with explanatory notes of the Statutory to 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 balance date

On 28 January 2022, the Group completed a Share Purchase Plan (SPP) offer which raised $20.0 million from the issue of 2.6 million new ordinary shares.

On 7 February 2022, the Group acquired 100% of Finsure Holding Pty Ltd and its subsidiaries (Finsure), a leading Australian mortgage aggregator, from BNK Banking Corporation Limited (ASX: BBC). Finsure was purchased for a cash consideration of $145.0 million plus a cash adjustment under the Share Sale Agreement of $7.2 million, with estimated acquisition costs of $1.8m. Disclosure of the acquisition in accordance with AASB 3 has not been presented as the initial accounting for the business combination is incomplete at the date of this report.

Environmental regulation

The Group has policies and procedures in place, to identify obligations and notify material breaches, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Directors have determined that there has not been any material breach of these obligations during the financial year.

Non-audit services

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

The Directors are of the opinion that the services as disclosed in note 9 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
- 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 and company secretaries and certain officers of the Group and its controlled entities against all liabilities to

Directors' report
For the year ended 31 December 2021

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.

Signed in accordance with a resolution of the Directors.

Jeffrey Browne
Independent Chair and Non-Executive Director
Sydney

17 February 2022

Julian Biggins
Director and Joint Chief Executive Officer
Sydney

17 February 2022

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Letter from the Chair of the Nomination and Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors of MA Financial Group Limited (the Company) and its subsidiaries (the Group or MA Financial), I am pleased to present to you our Remuneration Report for the year ended 31 December 2021 (FY21), for which we will seek your approval at the next annual general meeting.

May I begin by recognising the considerable efforts of all MA Financial employees and its leadership team in navigating the continually changing circumstances arising from the global pandemic and associated flow on business and government mandated policy impacts. As a Board, we have been impressed by the energy, resilience and genuine care shown by the team for our people, clients and the very wide range of stakeholders affected by our investment and business operating decisions.

FY21 has been another year of substantial growth for MA Financial, in terms of the business and operations and also in maturing and evolving our remuneration structures, which we believe will support the ambition of continuing to scale our business over the coming years and creating long term sustainable value for shareholders. As Chair of the Nomination and Remuneration Committee, my role is to lead our Directors in designing and implementing a remuneration framework that is fair, market competitive, ensures MA Financial is an employer of choice and importantly aligned to shareholders. It must also be an enabler of our purpose, values and culture and therefore embedded as one part of our approach to growing and developing our people to their full potential.

Following significant growth since our listing in 2017 and as part of the group's evolution, we comprehensively reviewed our approach to remuneration during FY20. In doing so, our focus was to align the structure to ensure that our most important asset, our people, continue to be aligned to the long term success of MA Financial and that remuneration is consistent with market. As part of this review, we also looked to improve the transparency of our remuneration report and to better articulate the philosophy underpinning our remuneration practices.

As a knowledge and innovation-led business, attracting, developing and retaining the highest calibre talent at every level of the organisation remains our priority in a dynamic and competitive labour market.

With the ongoing impacts of the global pandemic, FY21 marked another challenging year for our people, clients and broader community. Despite the external environmental challenges, our executives and broader team have done a remarkable job in executing the Group's consistent strategy which has delivered exceptional outcomes for clients and shareholders, whilst continuing to focus on the health and well-being of our people and clients.

Our people and culture

The Group's continued growth and outstanding achievements in FY21 are a testament to our people, who are at the heart of our business and competitive advantage. The Group's core values of Growth, Cohesion, Innovation and Accountability are fundamental to our culture. They guide our staff in balancing risk and reward when taking actions and making decisions, to benefit our people, clients, shareholders and the communities in which we operate.

To ensure we have the right talent to build sustainable value for shareholders, in FY21 we increased our workforce to over 425 total staff (up from approximately 225) including 120 staff joining through the RetPro acquisition. To support the growth and development of our people, we continued to see significant progress in the MA Academy programme. By investing in developing our people and supporting them in reaching their potential, we improve the quality of outcomes for our clients and investors and enhance our risk culture and risk management capabilities. Accordingly, in 2022 we intend to continue to invest in the MA Academy.

The Group has a strong commitment to workplace diversity by providing an open, inclusive and accessible work environment for our people regardless of gender, ethnicity, disability, age, religion, sexual orientation, and educational and work experience. In FY21, we made significant progress against our diversity objectives including gender diversity of 48% / 52% female to male (compared with 33% / 65% at the end of 2020). We have also commenced recording our cultural and linguistic diversity (CALD) statistics, with approximately 35% of our workforce enjoying cultural and linguistic diversity.

I am especially proud of the ongoing contribution that staff have made to their own communities and causes through the MA Foundation. MA Foundation supports a wide number of charities, and has selected Go Foundation, Beyond Blue and Mirabel Foundation as its Community Partners. Meaningful donations have also been made to the University of South Australia, the Art Gallery of NSW, the Juvenile Diabetes Foundation of Australia and a range of other charities which our people are passionate about supporting. Since its inception in 2017, MA Foundation has donated over $6.8 million to over 35 charities. The activities of the Foundation are led by our people, and more than 80% of Foundation receipts come from pledges from our staff. This is a testament to our workplace culture that places great importance on enriching our communities and supporting the less fortunate.

Enhanced remuneration framework

MA Financial relies on a high-performing, innovative and entrepreneurial management team to execute our ambitious growth strategy and deliver sustainable long term value for shareholders. To ensure we continue to attract, motivate and retain top talent, a key priority for the Board is to reward and recognise our people fairly and in a manner that reinforces our core values and culture.

To ensure that the remuneration framework enables our growth objectives and aligns to market expectations, the Board undertook a comprehensive review of the remuneration framework in FY20 and FY21, with assistance from the Nomination and Remuneration Committee and external advisors.

A revised executive remuneration structure has been introduced for FY21, applying our philosophy of providing lower levels of fixed remuneration relative to the market, and a bias toward higher performance based variable remuneration through the introduction of a new long term incentive (LTI) plan for the Joint CEOs and the KMP (collectively the Executive) and divisional managing directors (or equivalent). This structure supports our strong performance-oriented culture, but seeks to balance individual and collective contribution, recognising that the whole is greater than the sum of its parts.

While the Joint CEOs were granted LTIs for FY20, the Board also recognised the value of introducing a LTI plan for all the Executive in the place of more ad-hoc equity awards as a retention mechanism and to ensure they continue to think and act like owners. The new LTI structure for the Executive and divisional managing directors (or equivalent) will support the delivery of long term profitability and share price growth, through the grant of Loan Funded Shares with an EPS hurdle.

The Executive will only realise value from the vesting of shares if EPS targets are met and share price appreciation is achieved (as the equity value at grant date equals the limited recourse loan to acquire shares, which are required to be repaid), following a five-year performance period (noting a single 'cliff vest' at the end of five years). The instrument, loan funded shares, rewards executives for share price appreciation over five years, ensuring alignment with the creation of long term value for shareholders.

As an organisation with significant growth ambitions, we wish to ensure the remuneration model has the flexibility to reward outperformance. We consider LTI to be a responsible and an aligned way to reward outperformance and accordingly, have not included a maximum award on LTI.

The long term ownership mindset is further reinforced through the mandatory deferral of a portion of the short term incentive (STI) into shares, which vest over 1–3 years following the grant date. The Board will continue to have a bias towards share-based deferred remuneration as the Group grows.

Overall, the Board strongly believes that the revised remuneration framework is appropriate for the Group's current phase of development and seeks to:

- Attract, retain and motivate high performing executives
- Align the Executive to deliver both short and long term results and sustainable value creation
- Align the Executive to shareholder objectives of growth in the Group's Enterprise Value
- Reinforce our strong culture and active risk management and the upholding of the Group's values
- Enhance alignment with market expectations
- Link pay and performance in a way that is straightforward for shareholders to understand
- Introduce a consistent framework that can be adapted as we scale.

Remuneration outcomes in FY21

The FY21 remuneration outcomes reflect the outperformance of the Group in the face of a challenging operating environment. The Board considers that the leadership team have maximised the available opportunities presented during FY21 delivering in excess of 50% Underlying EPS growth, undertaking multiple strategic acquisitions while maintaining a prudent balance sheet.

The Board recognises that improving our remuneration practices will be an iterative process. MA Financial Group has a significant growth trajectory and it operates in dynamic external environments which will necessitate continued and active ongoing assessment of the appropriateness of the remuneration structure.

We conclude by thanking you, our shareholders, for your support and trust. And by recognising our people who are integral to our success. We congratulate the entire MA Financial Group team for a great FY21 result and look forward to this success continuing in FY22.

On behalf of the Board, 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

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 2021. 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 FY21.

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	Appointed 21 April 2021
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

2. How remuneration is governed

2.1 Remuneration decision-making

The Board has an established 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 our remuneration governance framework and ensure our strategy. Our remuneration governance framework is designed to support our purpose, principles, strategy, and our long term approach to creating sustainable value for our shareholders, clients and the community.

The members of the Committee during FY21 were:

- Alexandra Goodfellow – Independent Non-Executive Committee Chair (full year)
- Jeffrey Browne – Independent Non-Executive Committee Member (full year)
- Ken Moelis – Non-Independent Non-Executive Committee Member (until 11 August)
- Kate Pilcher Ciafone – Non-Independent Non-Executive Committee Member (from 11 August)
- Andrew Pridham – Non-Independent Executive Committee Member (until 20 May).

The Committee's Charter allows the Committee to 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.

2.2 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, motivate and retain quality 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 staff, 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 meet changing market conditions and to comply with regulatory and corporate governance developments. Critical to effective remuneration outcomes is a consistent and rigorous process for determination of company-wide and individual remuneration outcomes.

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 role size and complexity, talent scarcity and relevant external remuneration benchmarks.	**Quantum:** • Target opportunity range of 275%-325% of FAR for Joint CEOs (100%-222% for other KMP) • 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 (33%-50% for other KMP) • No maximum opportunity for any KMP (including Joint CEOs) who may earn above target range for outperformance, based on Board discretion. **Performance Assessment:** • 70% Underlying EPS • 30% service condition.

2.3 Joint CEO structure

The Joint CEO structure was established 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 as a diversified financial services group 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, Corporate Advisory & Equities), has operations in Australia, Asia, United Kingdom, employs more than 425 staff, and has $6.9bn of assets under management. Our investment expertise span 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 marketing 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 and Credit activities. He also takes responsibility for our risk, legal and compliance functions
- The Joint CEOs share equal responsibilities for Asset Management and distribution capability and the Group's culture, people and strategy, including acquisitions.

The Committee, as well as the Board, annually review the appropriateness of the Joint CEO structure to ensure its effectiveness by assessing the joint performance of the CEOs in delivering strong shareholder outcomes.

2.4 Remuneration advisors

The Committee has access to adequate resources to perform its duties and responsibilities, including the authority to seek and consider advice from independent external advisors, which included Korn Ferry, KPMG, BDO and Morrow Sodali to ensure that they have all the relevant information at their disposal to determine KMP remuneration.

External advisors provide independent information and/or recommendations relevant to remuneration-related issues, including benchmarking and market data. External advisors may be engaged directly by the Committee or through management.

During FY20 and FY21, the Committee engaged the services of external advisers to assist with the design and implementation of a revised remuneration structure for all senior staff (Managing Director equivalents and above including the Executive) and conduct a market benchmarking review of KMP remuneration.

The services provided by external advisors during FY21 were free from undue influence and did not include providing the Committee with any remuneration recommendations as defined by Section 9B of the Act.

To ensure that the remuneration framework remains fit-for-purpose as the Group continues to grow, the Board undertook a comprehensive review of the remuneration framework in FY20 and FY21, with support from external advisors.

The elements of the revised executive remuneration framework for FY21 are summarised in the diagram below and detailed in the subsequent sections.

TYPE	STRUCTURE	FY21	FY22	FY23	FY24	FY25
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 following the end of FY21	Share component deferred with one third in Year 1, one third in Year 2 and one third in Year 3			
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 (30% service, 70% avg. EPS growth per annum of between 7.5% and 12% per annum				

Legends: Award (subject to appropriate approvals) Share vesting

3.1 FY21 Executive remuneration quantum changes

In FY21 the Executive reviewed the executive remuneration framework and associated reporting, including a benchmarking of remuneration packages of the Joint CEOs.

In setting compensation for the Joint CEOs, we have benchmarked remuneration regarding sector, business size and its growth objectives, its complexity and required skillset, experience and knowledge.

This has been considered in the context of the Group's philosophy to set fixed remuneration at a relatively low level and provide greater at-risk remuneration to the Executive (including significant long term equity-based awards), and a desire to maintain strong links between pay and performance.

The most material change in the executive remuneration framework is the introduction of a LTI plan for all senior staff (Managing Director and equivalent and above including Executive). Whilst the Group's STI plan has always included a deferred equity component, a meaningful LTI plan was considered essential to ensure ongoing alignment with the creation of sustainable growth in shareholder value. The LTI is considered an effective and valuable long term retention mechanism for the Executive and our senior managing directors (and equivalent).

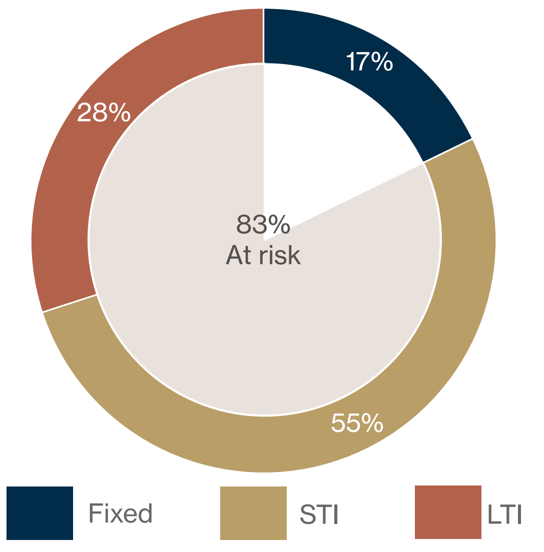
As announced on the ASX on 22 October 2021, the Joint CEOs signed new employment contracts that provide the following remuneration:

- Fixed remuneration of $600,000 per annum effective 1 September 2021 (up from $450,000 in FY20)
- Target STI opportunity of $1,800,000 per annum and maximum STI opportunity $1,950,000 per annum (previously a discretionary STI in FY20 with no target or maximum opportunities)
- Target LTI opportunity of $1,000,000 per annum of fixed remuneration (previously a discretionary LTI with no target or maximum opportunities). Outperformance may lead to an award in excess of target, subject to Board discretion.

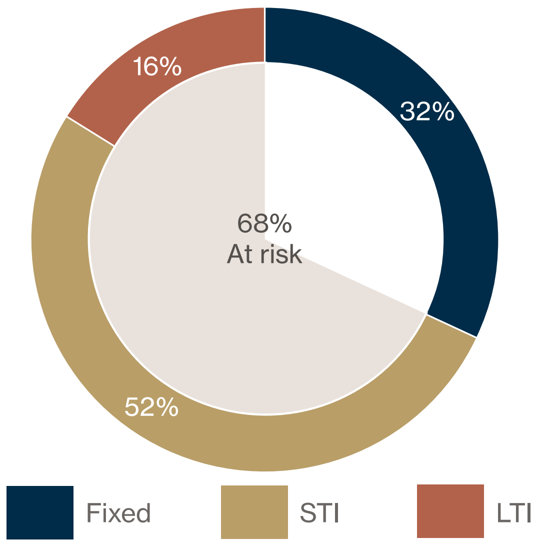
3.2 FY21 Executive remuneration mix

The figure below shows the remuneration mix for the Joint CEOs and KMP based on the remuneration outcomes for FY21 as set out in Table 3 and 5 on page 69.

JOINT CEOs



KMP



3.3 Fixed Annual Remuneration

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

- the size 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 financial services sector and comparable roles.

The Board determined that there would be no fixed remuneration increases for any of the Executive other than the Joint CEOs during FY21. However, fixed remuneration increases for the Executive (other than the Joint CEOs) and divisional managing directors are planned for FY22.

MA Financial has and will continue to position FAR at relatively low levels compared with the financial sector comparables 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.

3.4 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 2021 to 31 December 2021).
How much can the Executive earn?	In FY21, the Joint CEOs had a target STI opportunity of $1,800,000 and a maximum opportunity of $1,950,000. Other KMP had a target STI opportunity of 100–222% 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 for the KMP. The Committee reviews the outcome of the assessment. The Corporate objectives applicable to the Joint CEOs for FY21, 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 FY21, including commentary on performance assessment and outcomes.

Is there a deferral mechanism and why?	Yes. 35% of any STI award is deferred into ordinary shares in the Company. The shares vest in equal thirds on the first, second and third anniversaries of the grant date, respectively, subject to the recipient's continued employment. The number of shares to be allocated is equal to 35% of the STI award divided by the face value of Company shares, calculated as the 5 business-day volume-weighted average price (VWAP) up to and including 31 December 2021. The deferral mechanism ensures that the impact of decisions and performance in any one year are sustained over the medium–long term, acts as a retention mechanism, and provides the Board an opportunity to reinforce accountability through remuneration reductions if necessary.
What happens to STI awards when an Executive ceases employment?	Unless the Board determines otherwise or the Executive is a Good Leaver (see below), if the Executive ceases to be an employee of the Group during the deferral period, their deferred STI will be forfeited. Subject to the Board's discretion to determine otherwise and any applicable laws, an Executive who is a Good Leaver will be entitled to retain a pro rata portion of their deferred STI based on the proportion of the deferral period that has elapsed as at the date on which employment ceases. Any retained deferred STI will continue to be held subject to the rules governing the grant of the deferred STI component and will remain subject to restriction until the end of the relevant deferral period. The balance of the deferred STI will be forfeited. Good Leaver means a participant who ceases employment due to retirement (with agreement of the Board), resignation (with agreement of the Board), ill-health, total and permanent disablement, redundancy, or death, or the sale by the Company of the business in which the participant is employed such that it is no longer a member of the Group, as determined by the Board, or such other circumstances as the Board may at any time determine.
How are dividends treated during the deferral period?	Dividends will be paid to holders of the shares during the deferral period.
Is there a malus/ clawback provision?	Yes. Where, in the opinion of the Board, a participant has acted fraudulently, dishonestly, made a material misstatement, has engaged in serious misconduct, gross negligence, is responsible for material financial losses, has contributed to material reputational damage, is in material breach of duties, has commenced employment with a direct competitor of the Company, the Board may, deem all or some of any deferred STI to have been forfeited, adjust conditions applicable to the STI, or adjust the participant's incentive entitlements in respect of any future year.
Why does the Board consider Board discretion to be appropriate?	At all times, the Board may exercise discretion on STI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect true performance and overall contributions of the Executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders. Any discretion applied will be disclosed and explained in the Remuneration Report.

3.5 Long Term Incentive (LTI) plan

Why does the Board consider a LTI plan is appropriate?	The key objectives of the LTI plan are 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 FY21 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 as to voting and dividends. The loan is 'interest free' in that there is no annual interest charge to the participant on the loan. However, the notional value of this interest is taken into account in the overall structure of the programme. The Loan Funded Shares are subject to risk of forfeiture during the vesting/performance periods and while the loan remains outstanding.
How often are awards made?	LTI awards are granted on an annual basis to eligible participants. The Board has absolute discretion to determine the frequency and timing of grants under the LTI plan.
How much can the Executive earn?	FY21 target LTI opportunities are as follows: **Joint CEOs** — 125–175% of fixed remuneration at target **Other KMP** — 50% 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, rounded down to the nearest whole number. 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 2021 to 31 December 2025.
What are the performance conditions?	Of the total number of Loan Funded Shares granted to an Executive: • 30% will be subject to a **Service Condition**: the service condition is met if employment/engagement with the Company is continuous for the period • 70% will be subject to a **Performance Condition**: the performance condition for the FY21 LTI award is average growth in underlying earnings per share (EPS).
Why were the performance conditions selected?	The performance conditions were selected by the Board based on a review of market practice and consideration of the Group's strategic objectives. Specifically: • Service-based conditions are used to encourage retention • Average growth in underlying EPS was selected as a performance condition to incentivise profitability growth as a key driver of sustainable shareholder returns • The award of Loan Funded Shares incorporates an implicit share price appreciation hurdle. As this is a limited recourse loan, if the value of the shares is less than the outstanding loan balance at the end of the loan repayment period, the shares will be surrendered and forfeited in full settlement of the loan balance and no benefit would accrue to the Executive. 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.

Remuneration report

3. Executive remuneration policy and practices

What is underlying EPS and how is it measured?	The definition of average growth in Underlying EPS is set out as follows: $\text{Average Return \%} = \left(\frac{25EPS - 20EPS}{20EPS}\right) \div n \times 100$ Where: 20EPS = Earnings per Share as at 31/12/20 25EPS = Earnings per Share as at 31/12/25 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: **Average growth in Underlying EPS (per annum)** — **Percentage of Loan Funded Shares that vest** Less than 7.5% — Nil 7.5% to 12% — Pro rata between 50% and 100% vest Greater than or equal to 12% — 100% vest
What are the restrictions applying to Loan Funded Shares?	Loan Funded Shares may not be transferred, encumbered, disposed of or otherwise dealt with while they remain subject to the above performance conditions, unless permitted by the LTI plan rules or determined by the Board. Once Loan Funded Shares vest, subject to the Company's Trading Policy and applicable law, the Executive will generally be able to sell them subject to repaying the loan applicable to those Shares (or making arrangements acceptable to the Board regarding repaying of the loan).
How are dividends treated during the performance period?	Any dividends paid on the shares while the shares are restricted are applied (on a notional after-tax basis) towards repaying the loan. The balance of the dividend is paid directly to the executives to fund their tax liability on the dividends received.
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 6 months to settle the loan. 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 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

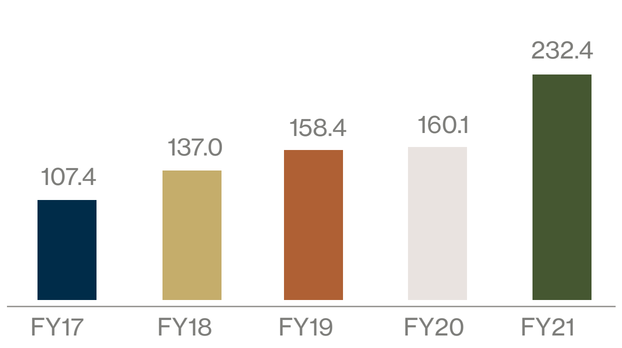
4. Executive remuneration outcomes in FY21

4.1 Company performance

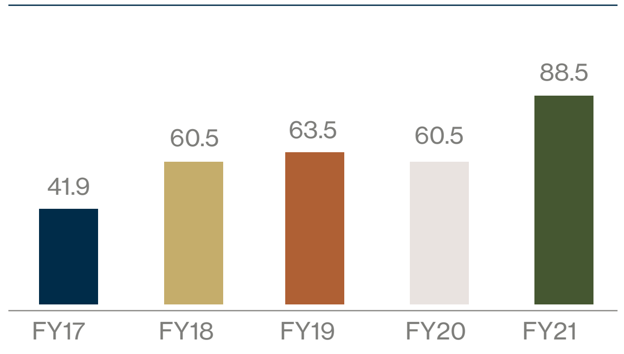
FY21 financial performance[1]

The graphs below provides a summary of the Group's financial performance over the past five financial years (including FY21) in accordance with the requirements of the Act. As remuneration outcomes are measured with reference to Underlying and not statutory results, only the Underlying results are presented in this section 4 of the Remuneration Report. A reconciliation of Underlying results to statutory results is set out in note 3 of the Financial Report:

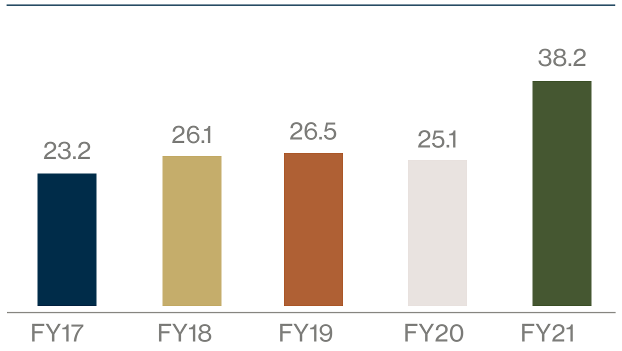
UNDERLYING REVENUE ($'M)



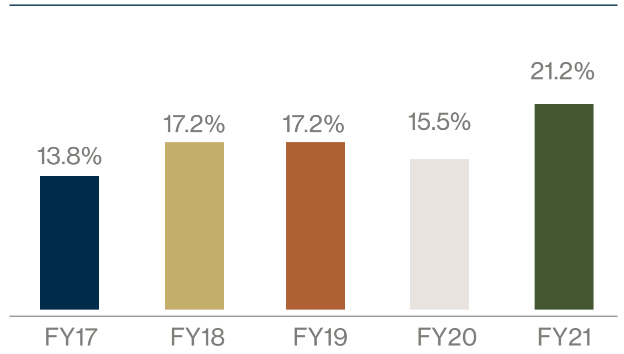
UNDERLYING EBITDA ($'M)



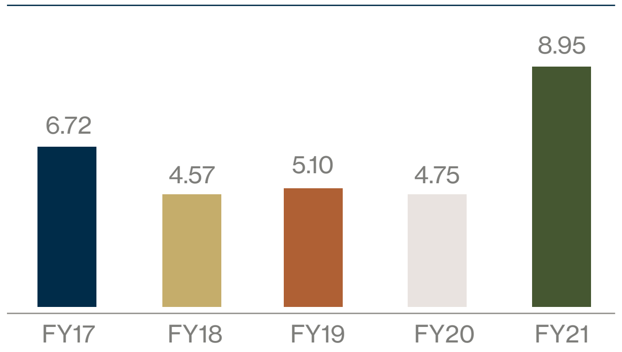
UNDERLYING EPS (CENTS)



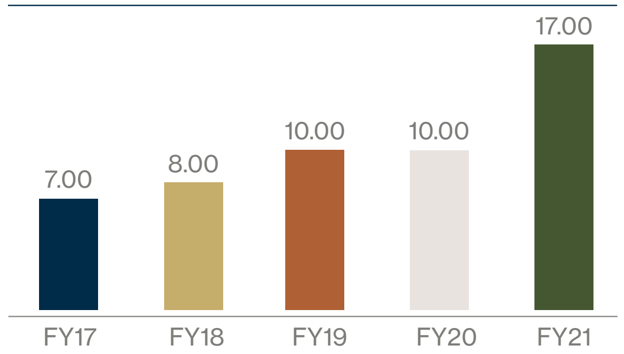
UNDERLYING RETURN ON EQUITY (%)



SHARE PRICE ($)



DIVIDEND (CENTS)



1. Underlying numbers are not audited. Please see note 3 within the Annual Financial Report for a reconciliation of Underlying to Statutory

4.1 Company performance (continued)

The Board provides the following commentary regarding the Group's Underlying financial performance for FY21. Further commentary on performance is set out in the Year in Review section

Recognising that FY20 was adversely impacted by the global pandemic, the FY21 result is considered an outstanding outperformance. We call out the following key highlights:

- Revenue increased by 45%, with Corporate Advisory delivering record revenues, Asset Management base, transaction and performance fees also delivered a record year with 62% Underlying revenue growth and Lending continues to scale
- Underlying EBITDA increased by 46%. This includes a favourable mark to market movement of $22.6m, of which $18.6m relates to a non-cash increase in the revaluation of the Redcape Hotel Group (RDC) asset portfolio. The non-cash RDC revaluation movements are not typically factored into compensation by management due to the nature of the holding
- Underlying EPS increased by 52% and statutory EPS grew by 21%
- Underlying Return on Equity was 21.1% compared to 15.5% in the prior year
- As a consequence of the positive momentum in the business, the share price increased by 88%, with a closing price of $8.95 on 31 December 2021.

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 FY21 objectives.

Despite challenging conditions arising due to global pandemic impacts throughout the reporting period, the Group achieved strong financial performance across all divisions and exceeded all financial measures applicable to the Joint CEOs.

The FY21 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.

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4. Executive remuneration outcomes in FY21

TABLE 1 – JOINT CEO JULIAN BIGGINS FY21 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 38.2cps exceeded EPS target of 34.7cps
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 21.2% exceeded ROE target of 15%
Personal Objectives (50%)			
Business Growth	• Revenue target for the Group's Real Estate and Hospitality strategies.	Provides alignment to the Group's financial performance	Revenue and growth targets within specific focus areas achieved, notwithstanding the COVID related venue closures impacting the Hospitality revenues.
Strategic Initiatives	• 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	Continued strong performance in investment and advisory activities across the Group. Revenue targets exceeded. Strategic initiatives included the acquisition of RetPro and Finsure, delisting of Redcape Hotel Group.
Employee Engagement	• Metrics focusing on strong leadership of the business, assessed against staff 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	Promoted expansion of leadership and capability with additional senior hires across all business divisions and Corporate. Leading by example. The Joint CEOs have modelled complementary co-leadership throughout a challenging period. We recognise shared attribution and complementary contributions for leading the business through extended lockdowns in a way which enhanced the culture and cohesion of our teams.
Risk	• Metrics focusing on fostering a risk management 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 for risk management	The implementation of a comprehensive culture and belonging review across the organisation has provided new insight into opportunities for further enhancing our culture. Areas of particular focus for Julian included: • Leading the change management associated with the renaming to MA Financial Group • Leading the delisting of Redcape Hotel Group • Our new premises strategies, including vision for workplace and values integration • Leading investor engagement • Leading the strategy for growing our team, capability, and expertise in Real Estate (Corporate Advisory, Asset Management) and Hospitality • Remuneration and aligning strategy with creating long term shareholder value • Reinforcing our risk and governance culture, including through participation in the Audit and Risk Committee.
Overall performance			**>100%**

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4. Executive remuneration outcomes in FY21

TABLE 2 – JOINT CEO CHRISTOPHER WYKE FY21 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 38.2cps exceeded EPS target of 34.7cps
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 21.2% exceeded ROE target of 15%
Personal Objectives (50%)			
Business Growth	• Underlying EBITDA target for the Group's Credit and Lending initiatives • Growth in origination of Lending investments • Metrics focused on driving continued innovation, as well as delivery of agreed lending milestones.	Provides alignment to the Group's financial performance	Revenue and growth targets within specific focus areas exceeded, including revenue diversification, strong principal lending returns and initiatives. Strategic initiatives included the acquisition of RetPro and Finsure, delisting of Redcape Hotel Group. Promoted expansion of leadership and capability with additional senior hires across all business divisions and Corporate. Leading by example. The Joint CEOs have modelled complementary co-leadership throughout a challenging period. We recognise shared attribution and complementary contributions for leading the business through extended lockdowns in a way which enhanced the culture and cohesion of our teams. The implementation of a comprehensive culture and belonging review across the organisation has provided new insight into opportunities for further enhancing our culture. Areas of particular focus for Christopher included: • Leading the Finsure acquisition which was announced in December 2021. The Board considers this to be a strategic acquisition which aligns to the scaling of our Lending business and participation in the Australian mortgage market • Product and geographical expansion in lending offerings, including developing associated strategic alliances • Advancing our technology capabilities, innovation and platform development, with a focus on our Lending division • Leading the strategy for growing our team, capability and expertise in Corporate Advisory, Credit and Lending • Sponsoring key transformation initiatives to deliver enhanced productivity, risk management and operational improvements • Reinforcing our risk and governance culture.
Strategic Initiatives	• 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 staff belonging and alignment to the Group's culture and values.	Providing a motivating workplace and maintaining an 'owner's mentality' environment to drive continued business outcomes for investors and shareholders	
Risk	• Metrics focusing on fostering a risk management 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 for risk management	
Overall performance			>100%

TABLE 3 – STI OPPORTUNITY FOR EXECUTIVE KMP IN FY21

	Target STI opportunity	Maximum STI opportunity	STI outcome	% of target STI awarded	% of maximum STI awarded
Julian Biggins	$1,800,000	$1,950,000	$1,950,000	108%	100%
Christopher Wyke	$1,800,000	$1,950,000	$1,950,000	108%	100%
Andrew Pridham	$1,000,000	N/A	$1,200,000	120%	N/A
Graham Lello	$450,000	N/A	$450,000	100%	N/A
Janna Robertson	$600,000	N/A	$585,000	98%	N/A

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 FY21

	Achieved STI amount	Amount foregone as donation	STI amount awarded	STI outcome (65% cash)	STI outcome (35% deferred)[1]
Julian Biggins	$1,950,000	$250,000	$1,700,000	$1,105,000	$595,000
Christopher Wyke	$1,950,000	$50,000	$1,900,000	$1,235,000	$665,000
Andrew Pridham	$1,200,000	$0	$1,200,000	$780,000	$420,000[2]
Graham Lello	$450,000	$5,000	$445,000	$289,250	$155,750
Janna Robertson	$585,000	$25,000	$560,000	$364,000	$196,000

1. With the exception of Mr Pridham, all deferred STI will take the form of deferred shares.
2. In relation to Mr Pridham, the Board has exercised discretion to award the 2021 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 deferred shares provided to other KMP. In making this decision, the Board had regard to Mr Pridham's substantial shareholdings 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 the above tables.

TABLE 5 – LTI AWARDS FOR EXECUTIVE KMP RELATING TO FY21

	Target LTI opportunity	LTI opportunity to be granted	% of target LTI awarded
Julian Biggins	$575,000	$1,000,000	174%
Christopher Wyke	$575,000	$1,000,000	174%
Andrew Pridham	$225,000	$225,000	100%
Graham Lello	$150,000	$225,000	150%
Janna Robertson	$150,000	$225,000	150%

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 Corporations Act.

In recognition of performance during COVID impacted FY20, the Board determined during FY21 to offer a one-off long term equity opportunity award to certain employees including KMPs. Janna Robertson, Graham Lello and Andrew Pridham were each awarded LTI opportunity of 100,000 loan funded shares, the terms of which are detailed in note 32.4. Andrew Pridham's award was approved by shareholders at the AGM in May 2021. Having now established an ongoing LTI programme from 2021, such awards are expected to be replaced by the LTI programme described in this Remuneration Report.

5. Executive contracts

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 6 – 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 FY21. All contractual termination benefits comply with the provisions of the Act.

6. Executive remuneration tables

6.1 Executive cash value of remuneration realised in FY21

The cash value of remuneration realised by the Executive in FY21 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 FY21 and may differ from the disclosure of statutory remuneration in Table 8.

TABLE 7 – EXECUTIVE CASH VALUE OF REMUNERATION REALISED IN FY21

EXECUTIVE	FIXED REMUNERATION	FY21 ANNUAL BONUS[1]			FIXED REMUNERATION	VARIABLE REMUNERATION	
	Salary including superannuation $	Cash component $	Deferred equity[2] $	Shares	Salary including superannuation %	Cash bonus %	Deferred equity %
Julian Biggins	500,000	1,105,000	595,000	68,806	23%	50%	27%
Christopher Wyke	500,000	1,235,000	665,000	76,901	21%	51%	28%
Andrew Pridham	450,000	1,200,000	-	-	27%	73%	0%
Graham Lello	450,000	289,250	155,750	18,011	50%	32%	18%
Janna Robertson	450,000	364,000	196,000	22,665	45%	36%	19%

1. FY21 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 2023 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 would be $0 in the event that the service condition attached to the award is not met prior to 2023.

6. Executive remuneration tables

6.2 Statutory executive remuneration in FY21

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

TABLE 8 – STATUTORY EXECUTIVE REMUNERATION TABLE

		REMUNERATION								
		Short term employee benefits				Long term benefits		Equity-based benefits	Total	% total performance related
Executive		Cash salary including superannuation $	Bonus (cash component)[1] $	Total cash $	Non-monetary $	Long service leave $	Bonus (deferred cash component) $	Amortisation equity granted[3] $	$	$
Julian Biggins[2]	**FY21**	**500,000**	**1,105,000**	**1,605,000**	**-**	**43,974**	**-**	**557,928**	**2,206,902**	**75%**
	FY20	423,188	886,250	1,289,438	-	6,790	-	738,768	2,034,996	79%
Christopher Wyke[2]	**FY21**	**500,000**	**1,235,000**	**1,735,000**	**-**	**43,703**	**-**	**587,702**	**2,366,405**	**77%**
	FY20	423,188	962,500	1,385,688	-	6,810	-	771,527	2,164,025	80%
Andrew Pridham[2]	**FY21**	**450,000**	**780,000**	**1,230,000**	**12,894**	**8,183**	**420,000**	**107,260**	**1,778,337**	**74%**
	FY20	423,188	330,000	753,188	26,274	7,576	-	97,500	884,538	48%
Graham Lello	**FY21**	**450,000**	**289,250**	**739,250**	**-**	**11,646**	**-**	**213,199**	**964,095**	**52%**
	FY20	450,000	256,750	706,750	-	7,748	-	212,371	926,869	51%
Janna Robertson	**FY21**	**450,000**	**364,000**	**814,000**	**-**	**3,864**	**-**	**195,331**	**1,013,195**	**55%**
	FY20	445,000	319,000	764,000	-	2,238	-	170,777	910,303	52%
Total	**FY21**	**2,350,000**	**3,773,250**	**6,123,250**	**12,894**	**111,370**	**420,000**	**1,661,420**	**8,328,934**	
	FY20	2,164,564	2,754,500	4,899,064	26,274	31,162	-	1,990,943	6,920,731	

1. The cash component of bonuses received in respect of FY21 is expected to be paid in March 2022.
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.

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 the 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.

The Committee reviewed NED fees during the year for the first time since listing in 2017 and found that base NED fees and committee fees were aligned to market. However, Board Chair fees were considered materially below market and have been adjusted with effect from 1 December 2021.

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

TABLE 9 – NED FEE STRUCTURE

	ROLE	FY21	FY20		ROLE	FY21	FY20
Board fees	Chair[1]	280,000	150,000	Committee fees	Chair	20,000	20,000
	NED	120,000	120,000		Member	-	-

1. Board Chair fees increased from $150,000 to $280,000 from 1 December 2021.

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.

7. Non-Executive Director remuneration

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

7.2 Total fees paid to NEDs

TABLE 10 – STATUTORY NED REMUNERATION

		SHORT TERM EMPLOYEE BENEFITS	EQUITY-BASED BENEFITS	TOTAL
Non-Executive Director		Cash salary and fees including superannuation $	Options $[1]	$
Jeffrey Browne	FY21	160,833	-	160,833
	FY20	140,625	43,281	183,906
Kenneth Moelis	FY21	-	-	-
	FY20	-	-	-
Alexandra Goodfellow	FY21	140,000	-	140,000
	FY20	51,653	-	51,653
Kate Pilcher Ciafone	FY21	-	-	-
	FY20	-	-	-
Simon Kelly[2]	FY21	97,222	-	97,222
	FY20	-	-	-
Total	FY21	398,055	-	398,055
	FY20	192,278	43,281	235,559

1. 2020 equity-based benefits reflect the amortisation of the fair value of the unvested portion of options issued to Jeffrey Browne in 2017. The expense is based on grant date fair value, amortised on a straight line basis over the vesting period. The fair value of the options on grant date was calculated under AASB2 Share-based payments using a Black-Scholes valuation method. The assumptions underpinning this valuation are set out in note 32 in the Annual Financial Report.
2. Fees paid to Simon Kelly are reported from commencement of term as Non-Executive Director on 21 April 2021.

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).

TABLE 11 – LOAN FUNDED SHARES – LTI PLAN

	Balance at 1 Jan 21	Granted as remuneration	Vested	Lapsed	Balance at 31 Dec 21
Julian Biggins	-	250,000	-	-	250,000
Christopher Wyke	-	250,000	-	-	250,000
Andrew Pridham	-	100,000	-	-	100,000
Graham Lello	300,000	100,000	-	-	400,000
Janna Robertson	400,000	100,000	-	-	500,000

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 12 – EQUITY HOLDINGS OF EXECUTIVE KMP

Executive	Equity instrument[1,2]	Number at start of year	Granted during the year	Vested	Purchased	Lapsed or sold	Number at signing date
Julian Biggins	Ordinary shares	5,802,378	-	184,904	-	(134,855)	5,852,427
	Share rights	111,021	-	(82,155)	-	-	28,866
	Restricted shares	255,549	68,806	(102,749)	-	-	221,606
Christopher Wyke	Ordinary shares	5,696,240	-	195,347	-	(139,736)	5,751,851
	Share rights	117,778	-	(88,542)	-	-	29,236
	Restricted shares	269,220	76,901	(106,805)	-	-	239,316
Andrew Pridham	Ordinary shares	18,977,262	-	19,066	3,871	-	19,000,199
	Restricted shares	57,198	-	(19,066)	-	-	38,132
	Salary Sacrifice shares	-	1,153	-	-	-	1,153
Graham Lello	Ordinary shares	187,407	-	63,593	3,871	-	254,871
	Share rights	77,260	-	(44,579)	-	-	32,681
	Restricted shares	47,791	18,011	(19,014)	-	-	46,788
Janna Robertson	Ordinary shares	46,693	-	25,122	20,000	-	91,815
	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.
2. Includes restricted shares granted as part of the FY21 short term incentive award.

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 13 – 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 signing date
Jeffrey Browne[1]	Ordinary shares	390,625	-	390,625	-	-	781,250
	Options	390,625	-	(390,625)	-	-	-
Kenneth Moelis	Ordinary shares	-	-	-	-	-	-
Alexandra Goodfellow	Ordinary shares	-	-	-	25,371	-	25,371
Kate Pilcher Ciafone	Ordinary shares	-	-	-	-	-	-
Simon Kelly	Ordinary shares	-	-	-	12,921	-	12,921

1. Jeffrey Browne purchased share options in FY17 exercisable in two tranches. Exercise of the first tranche occurred in FY20. Options under the second tranche were fully exercised in FY21. No other Non-Executive Director or their related parties have been granted options, share rights or restricted shares. There are no performance conditions attached to the options granted to Jeffrey Browne. Further details of the option plan are described in note 32 of the Annual Financial Report.

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 FY21 amounted to $69,352 and $15,506 respectively.

Auditor's independence declaration

For the year ended 31 December 2021

Deloitte.

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The Board of Directors
MA Financial Group Limited
Level 27, Brookfield Place
10 Carrington Street
SYDNEY NSW 2000

17 February 2022

Dear Board Members

Auditor's Independence Declaration to MA Financial Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MA Financial Group Limited.

As lead audit partner for the audit of the financial report of MA Financial Group Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Nicholas Rozario
Partner
Chartered Accountants

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Financial report

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Fee and commission income	4	201,969	142,700
Fee and commission expense		(20,502)	(13,016)
Net fee and commission income		**181,467**	**129,684**
Share of profits/(losses) of associates	20	3,187	(4,844)
Interest income – effective interest rate method	5	30,008	28,398
Investment income	5	1,622	3,145
Other income	6	12,451	4,718
Total income		**228,735**	**161,101**
Employee expenses	7	129,585	83,049
Professional services		5,746	2,937
Information, technology and data		5,984	4,954
Marketing and business development		5,589	3,144
Insurance		2,487	1,310
Fund administration and operational costs		953	338
Depreciation and amortisation	18,19,21	8,952	5,831
Finance costs	8	14,520	16,847
Credit loss allowance	14	1,222	15
Other expenses	9	4,987	3,986
Total expenses		**180,025**	**122,411**
Profit before tax		**48,710**	**38,690**
Income tax expense	10	(16,669)	(12,210)
Profit after income tax		**32,041**	**26,480**
Other comprehensive income, net of income tax			
Items that will not be classified subsequently to profit or loss:			
Fair value gain/(loss) on investments in equity instruments designated at FVTOCI		7,462	(3,618)
Share of other comprehensive income/(loss) of associates		8,562	(345)
Total other comprehensive income/(loss)		**16,024**	**(3,963)**
Total comprehensive income		**48,065**	**22,517**
Earnings per share			
From continuing operations			
Basic (cents per share)	29	22.3	18.5
Diluted (cents per share)	29	21.2	18.0

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 2021

	Note	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Assets			
Current assets			
Cash and cash equivalents	11	242,861	138,004
Receivables	12	36,505	46,122
Loans receivable	13	169,156	132,943
Other assets	15	14,321	6,635
Other financial assets	17	3,805	18,429
Total current assets		**466,648**	**342,133**
Non-current assets			
Restricted cash	16	6,700	2,500
Loans receivable	13	173,293	91,328
Other financial assets	17	66,034	25,779
Property, plant and equipment	18	2,035	1,450
Right-of-use assets	19	9,874	5,338
Investments in associates and joint ventures	20	120,393	75,289
Intangible assets	21	13,885	11,794
Goodwill	22	14,010	9,827
Deferred tax asset	10	-	3,905
Total non-current assets		**406,224**	**227,210**
Total assets		**872,872**	**569,343**
Liabilities			
Current liabilities			
Trade and other payables	23	33,978	23,076
Borrowings	24	55,030	30,030
Lease liabilities	25	6,598	2,930
Income tax payable	10	7,047	6,345
Provisions	26	42,461	28,779
Total current liabilities		**145,114**	**91,160**
Non-current liabilities			
Trade and other payables	23	229	-
Borrowings	24	351,290	237,540
Lease liabilities	25	3,687	2,944
Provisions	26	1,239	842
Deferred tax liability	10	1,280	-
Total non-current liabilities		**357,725**	**241,326**
Total liabilities		**502,839**	**332,486**
Net assets		**370,033**	**236,857**
Equity			
Contributed equity	28	254,990	154,579
Reserves	31	48,491	25,141
Retained earnings		66,552	57,137
Total shareholders equity		**370,033**	**236,857**

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 2021

Consolidated	Contributed equity $'000	Retained earnings $'000	Share-based payment reserve $'000	Associates OCI reserve $'000	FVTOCI reserve $'000	Total equity $'000
Balance as at 1 January 2020	**156,972**	**45,189**	**22,888**	**11,598**	**(9,521)**	**227,126**
Profit after income tax	-	26,480	-	-	-	26,480
Other comprehensive loss, net of tax	-	-	-	(345)	(3,618)	(3,963)
Total comprehensive income/(loss)	**-**	**26,480**	**-**	**(345)**	**(3,618)**	**22,517**
Payment of dividends	-	(14,532)	-	-	-	(14,532)
Issue of ordinary shares	14,125	-	-	-	-	14,125
Treasury shares	(16,590)	-	-	-	-	(16,590)
Equity transaction costs	(26)	-	-	-	-	(26)
Share-based payments	98	-	4,139	-	-	4,237
	(2,393)	**(14,532)**	**4,139**	**-**	**-**	**(12,786)**
Balance as at 31 December 2020	**154,579**	**57,137**	**27,027**	**11,253**	**(13,139)**	**236,857**
Balance as at 1 January 2021	**154,579**	**57,137**	**27,027**	**11,253**	**(13,139)**	**236,857**
Profit after income tax	-	32,041	-	-	-	32,041
Other comprehensive income, net of tax	-	-	-	8,562	7,462	16,024
Total comprehensive income	**-**	**32,041**	**-**	**8,562**	**7,462**	**48,065**
Payment of dividends	-	(22,626)	-	-	-	(22,626)
Issue of ordinary shares	124,180	-	-	-	-	124,180
Treasury shares	(22,147)	-	-	-	-	(22,147)
Equity transaction costs	(1,622)	-	-	-	-	(1,622)
Share-based payments	-	-	7,326	-	-	7,326
	100,411	**(22,626)**	**7,326**	**-**	**-**	**85,111**
Balance as at 31 December 2021	**254,990**	**66,552**	**34,353**	**19,815**	**(5,677)**	**370,033**

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 2021

	Note	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Cash flows from operating activities			
Receipts from customers		236,678	123,729
Interest received		19,196	14,473
Payments to suppliers and employees		(156,132)	(90,111)
Cash generated from operations		**99,742**	**48,091**
Interest paid		(14,451)	(10,810)
Income taxes paid		(20,231)	(8,075)
Net cash generated by operating activities	11	**65,060**	**29,206**
Cash flows from investing activities			
Amounts advanced to third parties		(110,684)	(38,267)
Net payments for financial investments		(5,818)	(17,737)
Payments to acquire shares in associates		(39,650)	(11,792)
Payments to acquire subsidiary, net of cash acquired		(6,687)	-
Payments to acquire property, plant and equipment		(2,207)	(401)
Dividends and distributions received from investments		2,827	2,840
(Payments)/receipts for employee loans		(384)	17
Amounts received from related parties		-	6
Net cash used in investing activities		**(162,603)**	**(65,334)**
Cash flows from financing activities			
Proceeds from the issue of shares		100,632	-
Share issue transaction costs		(1,622)	-
Net proceeds from borrowings		138,750	72,057
Purchase of treasury shares		(7,892)	(8,950)
Dividends paid to shareholders		(22,626)	(14,764)
Proceeds from exercise of share options		1,757	1,094
Payments of lease liabilities		(2,931)	(4,036)
Cash transferred to restricted cash accounts		(4,200)	(147)
Net cash generated by financing activities		**201,868**	**45,254**
Net increase in cash and cash equivalents		**104,325**	**9,126**
Cash and cash equivalents at the beginning of the year		138,004	128,800
Effects of exchange rate changes on the balance of cash held in foreign currencies		532	78
Cash and cash equivalents at the end of the year	11	**242,861**	**138,004**

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 2021

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

The 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.

The Financial Report was authorised for issue in accordance with a resolution of the Directors on 17 February 2022.

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 and have been prepared on a historical cost basis, except for financial instruments that are measured at fair value at the end of the reporting period. 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 have 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 36)
- determination of significant influence over associates and joint control over joint ventures (note 1(p) and 20)
- determination of exposure to structured entities (note 37)
- determination of impairment of finite life intangible assets (note 1(h), 1(q) and 21)
- the impairment of goodwill (note 1(o) and 22)
- recognition and measurement of employee benefits including share rights, options, restricted shares, loan funded share plan and salary sacrifice shares (note 1(k) and 32)
- timing and amount of impairment of interests in associates and joint ventures (note 1(h), 1(p) and 20)
- measurement of credit losses including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecasts of economic conditions (note 1(l), 13 and 14)
- recognition of fees subject to performance criteria and other conditions, including conditions outside of the Group's control (note 1(c)).

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

COVID-19

COVID-19 has significantly impacted the overall global economy and continues to affect economic and financial markets. While the specific areas of judgement remain unchanged, the ongoing impact of COVID-19 continues to result in the application of further judgement. Given the evolving nature of COVID-19 changes to the estimates and outcomes applied in the measurement of the Group's assets and liabilities may arise in the future. Other than

1 Significant accounting policies (continued)

a Basis of preparation (continued)

COVID-19 (continued)

adjusting events that provide evidence of provisions that existed at the end of the reporting period, the impact of the events that arise after the reporting period will be accounted for in future reporting periods. As a consequence of the ongoing impacts of COVID-19 and in preparing the financial statements, management:

- Considered the financial impact on the Group and areas of the financial statements affected to determine the disclosures required, and evaluate if any additional areas of judgement or estimation uncertainty beyond what has been disclosed existed;
- Updated forward-looking information when measuring expected credit losses to assess any significant increase in credit risk, and for the impairment analysis of financial and non-financial assets;
- Assessed the measurement of assets and liabilities and determined the impact thereon as a result of COVID-19 and, where applicable, updated the disclosures in the financial statements.

During the year the Group received no COVID-19 government wage subsidies (2020: $3.3 million). During the year no deferral of tax related payments were granted by the Australian Tax Office (ATO) to the Group (2020: $18.5 million). $4.4 million of ATO deferrals outstanding at 31 December 2020 were fully repaid during the year.

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 affects 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 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

Fee and commission income includes fees from fund management, brokerage, corporate advisory, underwriting and property management and is recognised on completion of performance obligations. Where commissions and fees 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 and expenses that are integral to the effective interest rate on a financial asset or liability are capitalised

1 Significant accounting policies (continued)

c Revenue recognition (continued)

and included in the effective interest rate and recognised in the income statement over the expected life of the instrument. Performance fees from managed funds 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

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

Interest income – effective interest rate method is brought to account 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.

Interest income on loans receivable held at FVTPL is included with dividend and distribution income as 'investment income' in the statement of profit or loss and other comprehensive income.

Government grants and assistance are accounted for in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. Government grants are recognised when there is reasonable assurance that the Group will receive the grants. COVID-19 government wage subsidies are recognised as other income in the statement of profit or loss.

1 Significant accounting policies (continued)

c Revenue recognition (continued)

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. Revenue is recognised once performance obligations have been met.	These type of fees have high correlation with how fees are charged. The Group has looked at 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.
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 when the performance obligation (i.e. the completion of the transaction) has occurred. The amount of fee is based on a percentage of the transaction and payable immediately as defined within the underlying trust agreements.	Revenue recognised at the time the transaction is completed.	The probability of transactions occurring is dependent on factors outside of the Group's control. As the benefits of the transaction will only be observable on completion, transaction fees are recognised at a point in time.
Other upfront fees	Other upfront fees are typically establishment fees charged to new investors on entry into a fund. The performance obligation to earn these fees is the establishment of the client's investment account. These fees are defined in the underlying trust agreements.	Revenue is recognised when the customer is set up and invested into their chosen fund.	The Group has no control on the timing and amount investors invest in funds. Revenue is recognised at the point in time when the account is set up and established so the customer is able to invest and thus obtain the benefits of the account.
Commission and brokerage income	The Group is remunerated for the provision of security trading services. Customers are invoiced monthly. The fees are defined within the underlying customer contract.	Revenue is recognised when the customer is set up and invested into their chosen fund.	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.

1 Significant accounting policies (continued)

c Revenue recognition (continued)

Over 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 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 customer will benefit as the Group performs its obligations, the amount of revenue recognised over time on a straight-line basis in accordance within the contract entered into is the most appropriate depiction of the transfer of services. 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 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.
Management, administrative and trustee fees from asset management services	The provision of asset management services per investment contracts. 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, and are recognised by progress of completion (i.e. over time). 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 (i.e. the customer benefits as the Group performs its obligations). As such it has determined that recognising the revenue over time on a straight-line basis is the most appropriate depiction of the transfer of services. Services are provided in equal amounts through the year.
Management fees relating to property management services	Fees that are earned 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 individual contracts.	The performance obligations represent a series of distinct services that have similar pattern of transfer (i.e. the customer benefits as the Group performs its obligations). As such, revenue is recognised over time on a straight-line basis through the year.	The Group considers the performance of these management services as a series of distinct services that have similar pattern of transfer (i.e. the customer benefits as the Group performs its obligations). As such, recognising the revenue over time on a straight-line basis is the most appropriate depiction of the transfer of services as services are provided in equal amounts through the year.

1 Significant accounting policies (continued)

d Foreign currency

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

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.

e 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.

f 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 or if an entity should leave the Tax Group. The effect of the tax sharing agreement is that each company in the Tax Group's liability for tax payable to the head entity under the tax funding arrangement.

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.

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.

1 Significant accounting policies (continued)

f Taxation (continued)

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.

g 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.

h 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.

1 Significant accounting policies (continued)

h Impairment of tangible and intangible assets other than goodwill (continued)

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.

i 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.

j 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.

k 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 32.

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.

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.

l Financial instruments

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

1 Significant accounting policies (continued)

l Financial instruments (continued)

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.

Financial assets

Financial assets are classified into the following categories:

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

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way 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

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- 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.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- 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.

By default, all other financial assets are subsequently 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 classified as 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

1 Significant accounting policies (continued)

l Financial instruments (continued)

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.

Equity investments 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 recognise 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 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 27.

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, as well as on loan commitments and financial guarantee contracts. 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

1 Significant accounting policies (continued)

l Financial instruments (continued)

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 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, 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 and financial guarantee contracts, 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 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).

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2021

1 Significant accounting policies (continued)

l Financial instruments (continued)

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;

(ii) a 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.

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 losses relating to revenue from experience over the past 4 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.

1 Significant accounting policies (continued)

l Financial instruments (continued)

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 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

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

m Loans receivable

Loans receivable are recognised on settlement date, when cash is advanced to the borrower. A loss allowance for expected credit losses on loans receivable is recognised upon inception of a loan. Please refer to note 14 for further information.

n Leases

The Group recognises a right-of-use asset and a lease liability at the lease 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 depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation 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(h).

The right-of-use assets recognised under AASB 136 is an intangible asset, and hence excluded from the Group's net tangible assets, despite the related lease liability being included as a reduction in the net tangible assets calculation.

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.

1 Significant accounting policies (continued)

n Leases (continued)

Lease liabilities (continued)

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

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

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

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

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.

o 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.

p 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

1 Significant accounting policies (continued)

p Investments in associates and joint ventures (continued)

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.

q 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.

Other intangibles include IT development and software costs. Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over the estimated useful life, usually a period between three and five years on a straight-line basis. Costs are capitalised for activities that are performed on the Group's infrastructure and applications as it enhances or customises software assets that the Group derives future economic benefits from.

Software-as-a-service (Saas) arrangements that are not recognised as intangible assets are recognised as an operating expense over the term of the service contract or as the service is received. Costs incurred for 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.

r 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.

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

1 Significant accounting policies (continued)

r Business combinations (continued)

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*, 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.

s 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.

t 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.

u Comparatives

Where necessary, comparative information have been reclassified to conform to any changes in presentation made in this financial report.

v Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/91*, amounts in the Directors' Report and the Financial Report are rounded to the nearest thousand dollars, unless otherwise indicated.

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 2021, including:

- AASB 2020–8 *Amendments to Australian Accounting Standards* – Interest Rate Benchmark Reform – Phase 2
- IAS 38 Intangible assets – IFRIC agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement*

The new and revised Standards and Interpretations adopted during the period 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 2022	31 December 2022
AASB 2020–3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*	1 January 2022	31 December 2022
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*	1 January 2022	31 December 2022
AASB 2021–2 *Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	31 December 2023

3 Segment information

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

The Lending segment provides loan funding and invests in asset-backed credit securities.

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 net income, Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) and Underlying profit after tax.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's reporting policies.

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[3] $'000	CA&E $'000	Corporate Services $'000	Total Underlying segment $'000	Adjustments $'000	Statement of comprehensive income $'000
31 December 2021							
Revenue[1]	143,440	19,922	68,638	376	232,376	(3,641)	228,735
Expenses	(70,215)	(9,616)	(46,688)	(17,365)	(143,884)	(12,669)	(156,553)
EBITDA[2]	**73,225**	**10,306**	**21,950**	**(16,989)**	**88,492**	**(16,310)**	**72,182**
Depreciation and amortisation					(4,710)	(4,242)	(8,952)
Interest expense[4]					(5,297)	(9,223)	(14,520)
Profit before tax					**78,485**	**(29,775)**	**48,710**
Income tax expense					(23,545)	6,876	(16,669)
Profit after income tax					**54,940**	**(22,899)**	**32,041**
Other comprehensive income					-	16,024	16,024
Total comprehensive income					**54,940**	**(6,875)**	**48,065**
31 December 2020							
Revenue[1]	91,430	15,326	53,378	-	160,134	967	161,101
Expenses	(42,500)	(6,200)	(39,533)	(11,403)	(99,636)	(97)	(99,733)
EBITDA[2]	**48,930**	**9,126**	**13,845**	**(11,403)**	**60,498**	**870**	**61,368**
Depreciation and amortisation					(3,741)	(2,090)	(5,831)
Interest expense[4]					(5,332)	(11,515)	(16,847)
Profit before tax					**51,425**	**(12,735)**	**38,690**
Income tax expense					(15,427)	3,217	(12,210)
Profit after income tax					**35,998**	**(9,518)**	**26,480**
Other comprehensive loss					-	(3,963)	(3,963)
Total comprehensive income					**35,998**	**(13,481)**	**22,517**

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. The comparatives throughout the Financial Report are restated to present the new Lending segment.
4. Interest expense is referred to as Finance costs in the statement of profit or loss.

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 period 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)	-	-	-	(11,688)
Adjustments relating to associates	(d)	19,487	19,487	19,487	7,256
Credit investments	(e)	(2,651)	(1,429)	(1,429)	(1,429)
Differences in classification					
Adjustments relating to PIF[2]	(f)	(9,346)	(9,213)	-	-
Interest income	(g)	(86)	(86)	-	-
Net (gains)/losses on investments	(h)	1,554	1,554	1,554	-
Outgoings recovery	(i)	(5,317)	-	-	-
Tax on adjustments		-	-	(6,876)	2,573
Total adjustments		**3,641**	**16,310**	**22,899**	**6,875**
Underlying results for the year ended 31 December 2021		**232,376**	**88,492**	**54,940**	**54,940**
Statutory result for the year ended 31 December 2020		**161,101**	**61,368**	**26,480**	**22,517**
Differences in measurement					
Business acquisition adjustments	(a)	-	640	2,738	2,738
Equity issued to staff	(b)	-	(591)	(591)	(591)
Net (gains)/losses on investments	(c)	-	-	-	5,469
Adjustments relating to associates	(d)	9,506	9,506	9,506	9,999
Credit investments	(e)	919	782	782	782
Differences in classification					
Adjustments relating to PIF[2]	(f)	(5,578)	(5,393)	-	-
Interest income	(g)	(6,115)	(6,115)	-	-
Net (gains)/losses on investments	(h)	301	301	301	-
Tax on adjustments		-	-	(3,218)	(4,916)
Total adjustments		**(967)**	**(870)**	**9,518**	**13,481**
Underlying results for the period ended 31 December 2020		**160,134**	**60,498**	**35,998**	**35,998**

1. Revenue refers to total income on the condensed consolidated statement of profit or loss and other comprehensive income.
2. PIF refers to the two credit funds in the Priority Income Fund strategies that the Group manages and consolidates, the MA Master Credit Trust and MA USD Master Credit Trust.

3 Segment information (continued)

3.2 Segment results (continued)

Differences in measurement

(a) The acquisition of Armada Funds Management in 2017 and RetPro on 1 April 2021 for cash and shares gives rise to non-cash IFRS expenditure relating to the amortisation of intangible assets of $4.2 million (2020: $2.1 million) and share-based payment expenses to vendors, who are now employees of the Group, of $6.2 million (2020: $0.6 million). Furthermore, one-off costs of $1.8 million (2020: nil) associated with the Group's acquisition of Finsure have been excluded from the Underlying result.

(b) The Underlying measure expenses 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.

(c) Adjustment to remove realised and unrealised (gains)/losses on the Group's strategic investment in Japara Healthcare Ltd.

(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 further recognises (gains)/losses in management's assessment of the movement in the Underlying value associates.

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

Differences in classification

(f) The Underlying treatment records the distributions received from the PIF entities in Underlying revenue as opposed to the IFRS treatment of consolidating the PIF entities into the Group's results.

(g) Interest income on cash and bank balances of $0.1 million (2020: $0.8 million) is reclassified to Underlying net interest expense. Further, the Group previously consolidated the assets and liabilities of a fund related credit initiative which was restructured in December 2020. Interest expense of nil (2020: $5.4 million) was reclassified to Underlying revenue to offset against the interest income derived from the credit initiative to reflect the total net return to the Group of nil.

(h) (Gains)/losses on investments, other than those identified in (c) above, are reclassified from Other Comprehensive Income to Underlying revenue.

(i) The RetPro business fully recovers direct site management revenue from clients. The Underlying adjustment reclassifies these expenses against the outgoings recovery revenue to reflect the net nil impact to the Group.

3.3 Revenue for major products and services

Revenue type	Operating Segment	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Fee and commission income			
Management fees	Asset Management	79,263	57,378
Transaction fees	Asset Management	28,807	14,555
Performance fees	Asset Management	24,951	16,860
Corporate advice	CA&E	60,717	44,186
Equity services	CA&E	8,231	9,721
Total fee and commission income		**201,969**	**142,700**

3.4 Geographical information

The Group primarily operates in Australia.

3.5 Information about major customers

Two funds managed by the Group contributed more than 10% to Group revenue with fees of $27.3 million and $25.7 million respectively. No other single customer contributed 10% or more to Group revenue in 2021 or 2020.

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
4 Fee and commission income		
Fee and commission income is accounted for in accordance with AASB 15 *Revenue from Contracts with Customers.*		
Timing of revenue recognition		
At a point in time		
Advisory success fees	57,891	42,157
Commission and brokerage income	8,231	8,455
Facilitation and transaction fees	28,807	14,555
Total revenue earned at a point in time	**94,929**	**65,167**
Over time		
Advisory retainer fees	2,826	3,295
Performance fees	24,951	16,860
Distribution fees	5,693	6,022
Management fees	73,570	51,356
Total revenue earned over time	**107,040**	**77,533**
Total fee and commission income	**201,969**	**142,700**
Fee and commission income by segment		
At a point in time		
Asset Management	28,807	14,555
Corporate Advisory and Equities	66,122	50,612
Total revenue earned at a point in time	**94,929**	**65,167**
Over time		
Asset Management	104,214	74,238
Corporate Advisory and Equities	2,826	3,295
Total revenue earned over time	**107,040**	**77,533**
Total fee and commission income	**201,969**	**142,700**
5 Interest and investment income		
Interest income on cash and bank balances	86	768
Interest income on loans receivable held at amortised cost	29,922	27,630
Total interest income – effective interest rate method	**30,008**	**28,398**
Interest income on loans receivable held at FVTPL	613	2,061
Dividends and distributions from investments	1,009	1,084
Total investment income	**1,622**	**3,145**
Total interest and investment income	**31,630**	**31,543**

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
6 Other income		
Other income	32	4,026
Outgoings recovery	5,317	-
Net foreign exchange gains/(losses)	532	(268)
Realised gains from disposal of investments	2,500	1,138
Net gains/(losses) from financial instruments held at FVTPL	4,070	(178)
Total other income	**12,451**	**4,718**

During the year the Group received no COVID-19 government wage subsidies. (2020: $3.3 million in other income).

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
7 Employee expenses		
Salary, superannuation and bonuses	99,193	65,438
Termination benefits	716	1,763
Amortisation of share-based payments (refer to note 32)	14,937	9,592
Other employment expenses[1]	14,739	6,256
Total personnel expenses	**129,585**	**83,049**

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

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
8 Finance costs		
Interest on unsecured notes[1]	5,205	5,778
Fund preferred unit distribution[1]	8,946	5,402
Interest on lease liabilities	250	283
Interest on borrowings	119	-
Redeemable preference share interest	-	5,384
Total interest expense	**14,520**	**16,847**

1. Refer to note 24 for more detail on the unsecured note programme and fund preferred units.

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
9 Other expenses		
Charitable donations	787	774
Occupancy and office expenses	1,821	1,492
Other expenses	2,379	1,720
Total other expenses	**4,987**	**3,986**

The charitable donations paid by the Group in 2021 and 2020 were made to the MA Foundation, a registered charity, and were made principally in response to staff elections.

9.1 Remuneration of auditors

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Amounts received or due and receivable by Deloitte Touche Tohmatsu:		
Audit or review of the financial statements	541	493
Other audit services – audit and review of trusts and funds	62	-
Other assurance services	90	50
Other advisory services	425	-
Other services in relation to the Group	-	33
Total auditor remuneration paid to Deloitte Touche Tohmatsu Australia	**1,118**	**576**
Amounts received or due and receivable by network firms of Deloitte Touche Tohmatsu Australia:		
Audit or review of the financial statements	32	
Total auditor remuneration paid to network firms of Deloitte Touche Tohmatsu Australia	**32**	**-**
Total auditor remuneration paid to Deloitte Touche Tohmatsu	**1,150**	**576**

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000

10 Income tax expense

10.1 Income tax expense

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Current tax expense	(22,380)	(12,192)
Deferred tax benefit/(expense)	5,711	(18)
Total income tax expense	**(16,669)**	**(12,210)**

10.2 Reconciliation of income tax expense to prima facie tax payable

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Profit before tax from continuing operations	**48,710**	**38,690**
Prima facie income tax expense at the Australian corporate tax rate of 30%	(14,613)	(11,607)
Effect of losses that are exempt from tax	(2,459)	8
Non-deductible expenses	(719)	(331)
Prior year over/(under) adjustment	1,116	(280)
Foreign Income Tax Offset	6	-
Total income tax expense	**(16,669)**	**(12,210)**

10.3 Income tax benefit / (expense) recognised in other comprehensive income

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Deferred Tax		
Fair value remeasurement of investments	(5,842)	1,552
Share of revaluations in associates	(3,669)	148
Income tax (expense)/benefit in other comprehensive income	**(9,511)**	**1,700**

10.4 Current tax assets and liabilities

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Current tax liabilities		
Income tax payable	7,047	6,345
	7,047	**6,345**

During the year no deferrals of tax related payments were granted by the Australian Tax Office (ATO) to the Group (2020: $18.5 million). $4.4 million of ATO deferrals outstanding at 31 December 2020 were fully repaid during the year.

10.5 Deferred tax balances

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Net deferred tax (liability)/asset	(1,280)	3,905
	(1,280)	**3,905**

10 Income tax expense (continued)

10.5 Deferred tax balances (continued)

31 December 2021	Opening balances $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised in equity $'000	Acquisitions/ disposals $'000	Closing balances $'000
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 December 2020	Opening balances $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Recognised in equity $'00	Acquisitions/ disposals $'000	Closing balances $'000
Temporary differences						
Property, plant and equipment	103	(455)	-	-	-	(352)
Financial assets	4,009	-	1,552	-	-	5,561
Investments in associates and joint ventures	(2,366)	2,069	148	-	-	(149)
Deferred revenue	(1,276)	(3,272)	-	-	-	(4,548)
Provisions	1,408	274	-	-	-	1,682
Loss allowance	1,664	(1,085)	-	-	-	579
Expense accruals	1,087	322	-	-	-	1,409
Intangible assets	(3,383)	627	-	-	-	(2,756)
Share-based payments	279	1,394	-	-	-	1,673
Other	698	108	-	-	-	806
Total	**2,223**	**(18)**	**1,700**	**-**	**-**	**3,905**

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000

11 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 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Cash and bank balances	242,861	138,004
Cash and cash equivalents at the end of the financial year	**242,861**	**138,004**

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

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Profit after income tax	**32,041**	**26,480**
Adjustments to profit after income tax:		
Income tax expense recognised in profit or loss	16,669	12,210
Share-based payments	14,863	9,592
Non-cash interest and investment income	(5,378)	(12,111)
Share of (profits)/losses of associates	(3,187)	4,844
Net foreign exchange (gain)/loss	(532)	268
Net gains/(losses) from financial instruments held at FVTPL	(4,070)	178
Realised gain from disposal of investments	(2,500)	(1,138)
Loss allowance expense	1,222	15
Loss on disposal of fixed assets	70	-
Intangible amortisation	5,172	2,090
Depreciation of right-of-use assets	2,805	2,285
Depreciation of property, plant and equipment	975	1,456
Total adjustments to profit after income tax	**26,109**	**19,689**
Changes in assets and liabilities:		
Change in trade and other receivables	9,617	(13,864)
Change in other assets	(7,686)	5,523
Change in trade and other payables	11,131	125
Change in provisions	14,079	(672)
Total changes in assets and liabilities	**27,141**	**(8,888)**
Cash generated from operations	**85,291**	**37,281**
Income taxes paid	(20,231)	(8,075)
Net cash generated by operating activities	**65,060**	**29,206**

12 Receivables

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Accounts receivable	9,106	4,798
Fees receivable	19,761	16,748
Interest receivable	780	528
Sundry debtors	2,222	13,644
Fees receivable from associates	5,590	11,367
Loss allowance on receivables	(954)	(963)
Total receivables	**36,505**	**46,122**

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:

12.1 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**
Fees receivable	19,484	-	277	**277**	19,761	(87)	**19,674**
Interest receivable	780	-	-	**-**	780	-	**780**
Sundry debtors	1,998	-	224	**224**	2,222	(81)	**2,141**
Receivables from associates	2,925	-	2,665	**2,665**	5,590	(775)	**4,815**
Total receivables	**34,107**	**40**	**3,312**	**3,352**	**37,459**	**(954)**	**36,505**
31 December 2020							
Accounts receivable	4,757	41	-	**41**	4,798	(13)	**4,785**
Fees receivable	16,242	-	506	**506**	16,748	(83)	**16,665**
Interest receivable	94	58	376	**434**	528	(7)	**523**
Sundry debtors	9,510	-	4,134	**4,134**	13,644	(200)	**13,444**
Receivables from associates	8,702	-	2,665	**2,665**	11,367	(660)	**10,705**
Total receivables	**39,305**	**99**	**7,681**	**7,780**	**47,085**	**(963)**	**46,122**

	31 Dec 2021	31 Dec 2020
Average ageing of receivables that are past due	386	236

Fees receivable and receivables from associates aged 90+ days primarily relate to fees receivable from funds managed by the Group. During the year, Sundry debtors aged 90 + days of $3.9 million was received that related to 2020 and the remaining receivable of $0.2 million is expected to be received within 12 months upon the completion of certain future events (2020: $4.1 million).

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
13 Loans receivable		
Current		
Loans to third parties	157,277	131,317
Loans to associates	12,393	2,000
Loss allowance	(514)	(374)
	169,156	**132,943**
Non-current		
Loans to third parties	170,070	87,502
Loans to associates	4,318	4,318
Loans to employees	823	439
Loss allowance	(1,918)	(931)
	173,293	**91,328**

Loans to third parties comprises commercial loans provided to Australian corporates. The loans have terms of between three months and five years and are either unsecured, fully or partially secured against the assets of the borrowers.

13.1 Loans receivable by industry

Consolidated	Loans receivable $'000	Loss allowance $'000	Total $'000
31 December 2021			
Child care	7,030	(232)	6,798
Construction and real estate	8,202	(326)	7,876
Financial services	218,559	(939)	217,620
Professional services	107,764	(747)	107,017
Other	3,326	(188)	3,138
	344,881	**(2,432)**	**342,449**
31 December 2020			
Child care	15,044	(472)	14,572
Construction and real estate	7,282	(268)	7,014
Financial services	109,291	(375)	108,916
Professional services	93,520	(167)	93,353
Other	439	(23)	416
	225,576	**(1,305)**	**224,271**

14 Loss allowance

For receivables and loan receivables, 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. While the Group's credit lending policies and procedures aim to minimise this risk, there will always be instances where the Group will not receive the full amount owed and hence a provision for impaired loans will be necessary. The calculation of both the collectively and individually assessed expected loss allowance contains various factors that require judgement and estimates by management.

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 portfolio and expected credit losses, including considering the ongoing impacts of COVID-19. The review considered the macroeconomic outlook, counterparty credit quality, the type of collateral held and exposure at default as at the reporting date. 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.

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

Consolidated	Gross exposure for asset $'000	Loss allowance $'000	Total $'000
31 December 2021			
Receivables	37,459	(954)	36,505
Loans receivable	344,881	(2,432)	342,449
	382,340	**(3,386)**	**378,954**
31 December 2020			
Receivables	47,085	(963)	46,122
Loans receivable	225,576	(1,305)	224,271
	272,661	**(2,268)**	**270,393**

14 Loss allowance (continued)

14. 1 Credit loss allowance

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Credit loss allowance recognised in the statement of profit or loss:		
Credit loss allowance on receivables	(9)	555
Credit loss allowance on loans receivable	944	252
Credit loss allowance on loans to associates and joint ventures	183	275
Amounts written-off, not provided for	104	108
Individually assessed credit loss allowance on loans receivable	-	(1,175)
Total credit loss allowance for the year	**1,222**	**15**

14.2 Movement in loss allowance on receivables

	Total ECL $'000
Balance as at 1 January 2020	**(408)**
Net credit impairment charges	(815)
Amounts written-off	260
Balance as at 31 December 2020	**(963)**
Net credit impairment charges	9
Balance as at 31 December 2021	**(954)**

14 Loss allowance (continued)

14.3 Movement in loss allowance on loans receivable

		Lifetime ECL		
	Stage I $'000	Stage II $'000	Stage III $'000	Total ECL $'000
Balance as at 1 January 2020	**(778)**	**-**	**(4,550)**	**(778)**
Net credit impairment charges	(527)	-	-	(527)
Amounts written-off	-	-	4,550	-
Balance as at 31 December 2020	**(1,305)**	**-**	**-**	**(1,305)**
Net credit impairment charges	(1,127)	-	-	(1,127)
Balance as at 31 December 2021	**(2,432)**	**-**	**-**	**(2,432)**

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
15 Other assets		
Prepayments	1,510	1,438
Deposits	3,537	4,454
Leasehold improvements in progress	7,245	-
Other	2,029	743
	14,321	**6,635**
16 Restricted cash		
Equities clearing collateral	700	700
Rental bank guarantees	5,380	1,800
Other collateral	620	-
	6,700	**2,500**

Restricted cash relates primarily to security in respect of the Group's obligations under its lease agreements.

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
17 Other financial assets		
Financial assets – current		
Financial assets held at FVTPL (equity securities)	605	18,429
Financial assets held at FVTOCI (equity securities)	3,200	-
	3,805	**18,429**
Financial assets – non-current		
Financial assets held at FVTOCI (equity securities)	42,042	25,097
Financial assets held at FVTPL (non-equity securities)	23,992	682
	66,034	**25,779**

Refer to note 27.8 for further detail of financial assets

18 Property, plant and equipment

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

Office equipment – at cost	3,605	2,553
Less accumulated depreciation	(2,520)	(2,013)
Total office equipment	**1,085**	**540**
Furniture and fixtures – at cost	1,114	765
Less accumulated depreciation	(306)	(236)
Total furniture and fixtures	**808**	**529**
Leasehold improvements – at cost	1,695	1,536
Less accumulated depreciation	(1,553)	(1,155)
Total leasehold improvements	**142**	**381**
Total property, plant and equipment	**2,035**	**1,450**

18 Property, plant and equipment (continued)

18.1 Movement in carrying value of property, plant and equipment

The movement in the carrying value of the Group's property, plant and equipment was as follows

Consolidated	Office equipment $'000	Furniture and fixtures $'000	Leasehold improvements $'000	Total $'000
Assets for own use				
Balance as at 1 January 2020	645	566	674	1,885
Additions	283	32	50	365
Depreciation expense	(388)	(69)	(343)	(800)
Balance as at 31 December 2020	**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**

19 Right-of-use assets

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Right-of-use assets – at cost	17,287	9,934
Less accumulated depreciation	(7,413)	(4,596)
Total right-of-use assets	**9,874**	**5,338**
Balance at the beginning of the year	**5,338**	**7,181**
Additions	7,341	442
Depreciation expense	(2,805)	(2,285)
Balance at the end of the year	**9,874**	**5,338**
20 Investments in associates and joint ventures		
BE ES I LLC	21,469	-
Infinite Care Group	-	-
MA Aged Care Fund	-	-
MA Kincare Fund	7,594	9,037
MA Senior Secured Credit Fund II	2,068	2,353
MKM Capital	4,923	5,667
Redcape Hotel Group	84,339	58,232
	120,393	**75,289**

20 Investments in associates and joint ventures (continued)

In line with the Group's accounting policies, after application of the equity method of accounting, the Group's investments in associates and joint ventures were assessed for impairment at the reporting date, which included consideration of the impact of COVID-19. The Group performs an assessment to determine whether there is any objective evidence that its investments in associates and joint ventures are 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. Refer to note 20.3 for further information on the Group's investments in associates and joint ventures.

20.1 Details of ownership interest

Associates	Place of incorporation	Principal activity	Proportion of ownership interest and voting power held by the Group 2021	2020
BE ES I LLC	United States of America	Specialty finance	49.7%	-
Infinite Care Group	Australia	Aged care facility operator	5.2%	5.2%
MA Aged Care Fund	Australia	Investor in aged care facility operator	10.1%	10.1%
MA Kincare Fund	Australia	Credit funds management	25.5%	25.5%
MA Senior Secured Credit Fund II	Australia	Credit funds management	13.0%	13.0%
MKM Capital	Australia	Residential mortgage lending	47.5%	47.5%
Redcape Hotel Group	Australia	Owner and operator of hotels	14.9%	9.4%

20 Investments in associates and joint ventures (continued)

20.2 Reconciliation of movements in carrying values of investments in associates and joint ventures

$'000	BE ES I LLC	Infinite Care Group	MA Aged Care Fund	MA Kincare Fund	MA Senior Secured Credit Fund II	MKM Capital	Redcape Hotel Group	Total
Opening balance as at 1 January 2020	**-**	**2,774**	**3,833**	**8,721**	**2,275**	**-**	**59,348**	**76,951**
Acquisition	-	-	-	-	-	5,727	-	5,727
Share of profit/(loss)	-	(2,774)	(3,833)	316	78	(60)	1,429	(4,844)
Share of other comprehensive loss	-	-	-	-	-	-	(495)	(495)
Less dividends/distributions received	-	-	-	-	-	-	(2,050)	(2,050)
Closing balance as at 31 December 2020	**-**	**-**	**-**	**9,037**	**2,353**	**5,667**	**58,232**	**75,289**
Acquisition	21,211	-	-	-	-	-	22,568	43,779
Disposal and capital returns	-	-	-	(1,434)	(377)	-	(6,500)	(8,311)
Share of profit/(loss)	388	-	-	1,275	427	(744)	1,841	3,187
Share of other comprehensive income	-	-	-	-	-	-	12,232	12,232
Less dividends/distributions received	(130)	-	-	(1,284)	(335)	-	(4,034)	(5,783)
Closing balance as at 31 December 2021	**21,469**	**-**	**-**	**7,594**	**2,068**	**4,923**	**84,339**	**120,393**

The unrecognised share of losses for investments in associates and joint ventures that have a nil carrying value for the year ended 31 December 2021 is $1.8 million (2020: $7.5 million).

20 Investments in associates and joint ventures (continued)

20.3 Summarised financial information for the Group's material associates and joint ventures

$'000	BE ES I LLC	Infinite Care Group	MA Aged Care Fund	MA Kincare Fund	MA Senior Secured Credit Fund II	MKM Capital	Redcape Hotel Group
31 December 2021							
Assets and liabilities							
Current assets	3,329	39,336	39,460	130	56	11,535	31,172
Non-current assets	32,404	323,435	337,279	31,380	16,286	227	1,276,554
Current liabilities	(3,213)	(412,100)	(416,678)	(1,702)	(418)	(1,451)	(80,343)
Non-current liabilities	-	-	-	-	-	(9,099)	(668,624)
Net assets	**32,520**	**(49,329)**	**(39,939)**	**29,808**	**15,924**	**1,212**	**558,759**
The above net assets include the following:							
Cash and cash equivalents	2,630	33,845	33,969	19	32	2,142	18,802
Revenue, expenses and results							
Revenue	1,389	52,540	52,540	3,949	-	4,904	145,068
Profit/(loss) for the year	1,315	(13,515)	(11,072)	3,909	335	(1,410)	1,332
Other comprehensive income for the year	-	-	-	-	-	-	82,074
Total comprehensive income for the year	1,315	(13,515)	(11,072)	3,909	335	(1,410)	83,406
31 December 2020							
Assets and liabilities							
Current assets	-	42,046	42,215	45	5,392	151,351	71,310
Non-current assets	-	417,783	420,480	35,826	13,140	10,604	1,081,287
Current liabilities	-	(239,111)	(242,520)	(398)	(412)	(2,070)	(72,691)
Non-current liabilities	-	(225,595)	(224,493)	-	-	(156,883)	(455,871)
Net assets	**-**	**(4,877)**	**(4,318)**	**35,473**	**18,120**	**3,002**	**624,035**
The above net assets include the following:							
Cash and cash equivalents	-	38,374	38,543	18	29	3,104	55,257
Revenue, expenses and results							
Revenue	-	87,120	87,120	1,311	675	3,335	270,740
Profit/(loss) for the year	-	(56,077)	(45,732)	1,241	597	(125)	19,200
Other comprehensive loss for the year	-	-	-	-	-	-	(5,280)
Total comprehensive income for the year	-	(56,077)	(45,732)	1,241	597	(125)	13,920

20 Investments in associates and joint ventures (continued)

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

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

Infinite Care Group (Infinite)

The magnitude and variability of returns the Group receives from Infinite, including the fees it earns as trustee and asset manager of the MA Aged Care Fund and the investment return on its holdings is such that the Group is not considered to control Infinite. The Group's equity holdings in addition to its roles as trustee and asset manager of MA Aged Care Fund is considered sufficient for the Group to retain significant influence over Infinite.

MA Aged Care Fund, MA Kincare Fund and MA Senior Secured Credit Fund II (Funds)

The magnitude and variability of returns the Group receives from the Funds including the fees it earns as trustee and asset manager and the investment return on its holdings is such that the Group is not considered to control the Funds. The Group's equity holdings in addition to its roles as trustee and asset manager is considered sufficient for the Group to retain significant influence over the Funds.

Redcape Hotel Group

At 31 December 2021, the Group has a 14.9% direct equity investment in Redcape Hotel Group (Redcape) and funds managed by the Group own a further 37.1% of Redcape. On the 2 November 2021, Redcape was delisted from the Australian Securities Exchange (ASX). The Group earns asset management 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.

Redcape owns or operates 32 hotels in New South Wales and Queensland and was forced to temporarily close its hotels during the year due to Government restrictions as a result of COVID-19. Redcape's hotels subsequently reopened progressively from October 2021 and has traded at a reduced capacity. Redcape assessed their assets for impairment at 31 December 2021, including considering the impact of COVID-19 on current trading performance. 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.

As part of the delisting, Redcape bought back $145.5m of ordinary stapled securities, partially funding the buy-back with $115.0m of net debt. As a result, per the Redcape interim financial statements, Redcape has recognised a decrease in its net assets during the year.

MKM Capital

At 31 December 2021, the Group has a 47.5% direct equity investment in MKM Capital. MKM Capital is a residential mortgage lending business, providing bespoke solutions to borrowers, secured against residential property. The Group is considered to have a significant influence over MKM Capital as a result of participating, through MKM Capital's Board, in the financial and operating policy decisions. In addition to its equity investment, the Group has provided $4.3 million of shareholder loans to MKM Capital (2020: $4.3 million) and $9.9 million of mezzanine finance into MKM Capital's mortgage warehouse (2020: $2.0 million).

BE ES I LLC

The Group acquired 49.7% of BE ES I LLC at a cost of $20.2 million via the MA USD Master Credit Trust. BE ES I LLC is a special purpose vehicle established to house the co-investment with Blue Elephant Capital Management (BECM). BE ES I LCC focuses on funding in the specialty finance sector. The Group is considered to have significant influence over BE ES I LLC as a result of its participation in the financial and operating policy decisions.

21 Intangible assets

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Carrying amounts of:		
Identifiable intangible assets	13,885	11,794
Cost		
Balance at the beginning of the year	**19,859**	**18,676**
Additions	7,263	1,183
Balance at the end of the year	**27,122**	**19,859**
Accumulated amortisation and impairment		
Balance at the beginning of the year	**(8,065)**	**(5,320)**
Amortisation expense	(5,172)	(2,745)
Balance at the end of the year	**(13,237)**	**(8,065)**

Identifiable intangible assets comprised:

- $5.9 million (2020: $9.2 million) relating to the net present value of management rights recognised as part of the 2017 acquisition of Armada Funds Management (Armada).
- $5.7 million (2020: nil) relating to the net present value of customer contracts and property management agreements recognised as part of the acquisition of retail property manager RetPro Pty Ltd (RetPro) on 1 April 2021.
- $2.2 million (2020: $2.6 million) related to software and trademarks.

Included in the deferred tax liability of the Group as at 31 December 2021 is an amount of $1.8 million (2020: $2.8 million) and $1.7 million (2020: nil) relating to the intangible assets recognised from the Armada and the RetPro acquisitions respectively.

Identifiable intangible assets recognised as part of the Armada acquisition were determined as the net present value of the forecast management fees less operating expenses, based on the expected lives of each fund which ranged from 2 years and 7 months to 7 years and 9 months at the time of acquisition. As at 31 December 2021, the Armada funds have remaining expected lives of 3 years and 2 months.

Identifiable intangible assets recognised as part of the RetPro acquisition were determined as the net present value of forecast property management fees less expenses, based on the expected remaining lives of each contract. The expected remaining lives of customer contracts at the acquisition date is between 1 and 5 years. The expected remaining life of the property management agreement at the acquisition date is 5 years.

Amortisation of intangible assets

The amortisation of the aggregate value of the intangible assets over their useful lives is based on the forecast profile of the profit generated by the management rights, and is reassessed at the end of each reporting period. Customer contracts and property management agreements are amortised over the expected life of the contracts. Software and trademarks are amortised over the estimated useful life, usually a period between three and five years.

Impairment assessment of intangible assets

At 31 December 2021, the Group has assessed the Armada and RetPro intangible assets for impairment, which included consideration of the impact of COVID-19. A value-in-use model was used that incorporated inputs for post-tax cash flow projections based on financial budgets over five years, a terminal growth rate of 2.5% and a discount rate of 12.5%. The values assigned to the inputs represent the Group's assessment of future trends and have been based on historical data from both internal and external sources and include an assessment of the likely lives of the management rights, expectations about variations to management fee rates and amount and timing of transaction fees. In addition, the assessment includes consideration of expected changes to operating costs and discount rates that reflect the relative security of the cashflows and the market pricing for similar management rights.

21 Intangible assets (continued)

Impairment assessment of Armada and RetPro intangible assets (continued)

No impairment charge was recognised in relation to Armada and RetPro intangible assets during the year as the recoverable amount was determined to be in excess of the carrying amount. A sensitivity analysis was performed on the value-in-use calculation, stress testing the model inputs for reasonably possible changes in assumptions, such as discount rates and post-tax cash flows, to test for impairment and reasonably possible changes in assumptions indicated an impairment.

There were no significant impairment indicators for software and trademarks at 31 December 2021.

Sensitivity to change in assumptions

Management is of the view that reasonable changes in the key assumptions, such as an increase in the discount rate by 2.5% or a decrease in growth rate by 2.5%, would not cause the recoverable amount of the CGU to fall short of the carrying amount at 31 December 2021.

22 Goodwill

	Asset Management $'000	Corporate Advisory & Equities $'000	Total $'000
Balance as at 1 January 2020	**8,501**	**1,326**	**9,827**
Acquisitions	-	-	-
Balance as at 31 December 2020	**8,501**	**1,326**	**9,827**
Acquisitions[1]	4,183	-	4,183
Balance as at 31 December 2021	**12,684**	**1,326**	**14,010**

1. Goodwill on the acquisition of RetPro on 1 April 2021 which includes a deferred tax liability of $1.7 million.

Goodwill with indefinite lives relates to the Group's integrated acquisitions. Goodwill is not amortised but reviewed for impairment at least annually.

Impairment of goodwill

At 31 December 2021, the Group has assessed goodwill for impairment, which included consideration of the impact of COVID-19. A value-in-use model of the cash-generating unit (CGU), to which goodwill has been allocated, was used that incorporated inputs for post-tax cash flow projections based on financial budgets over five years, a terminal growth rate of 2.5% and a discount rates ranging from 11% to 12.5%. The values assigned to the inputs represent the Group's assessment of future trends and have been based on historical data from both internal and external sources and include an assessment of the estimated future cash flows the Group expects to derive from the asset and the time value of money, represented by a market risk-free rate of interest. In addition the assessment considers of other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

No impairment charge was recognised in relation to goodwill during the year as the recoverable amount was determined to be in excess of the carrying amount. A sensitivity analysis was performed on the value-in-use calculation, stress testing the model inputs for reasonably possible changes in assumptions, such as discount rates and post-tax cash flows, to test for impairment and no additional indicators of impairment were identified.

Sensitivity to change in assumptions

Management is of the view that reasonable changes in the key assumptions, such as an increase in the discount rate by 2.5% or a decrease in growth rate by 2.5%, would not cause the recoverable amount of the CGU to fall short of the carrying amount at 31 December 2021.

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
23 Trade and other payables		
Current		
Accounts payable and accrued expenses	23,877	17,801
Other liabilities	8,723	4,589
GST payable	1,378	686
	33,978	**23,076**
Non-current		
Other liabilities	229	-
	229	**-**
24 Borrowings		
Current		
Unsecured notes	25,000	-
Unsecured notes – limited recourse	30,030	30,030
	55,030	**30,030**
Non-current		
Unsecured notes	40,000	65,000
Unsecured notes – limited recourse	25,000	-
Fund preferred units	286,290	172,540
	351,290	**237,540**

(a) Unsecured notes

	MA Bond II	MA Bond IV
Classification	Current	Non-current
Issue	2018	2020
Maturity date	Sep 2022	Sep 2024
Amount ($m)	25.0	40.0
Interest rate per annum	5.75%	5.85%
Issue costs ($'000)	6.5	9.0

Except for the obligation to pay periodic interest and repay the principal at the end of the term, 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.

24 Borrowings (continued)

(b) 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	25.0
Interest rate per annum	Variable	Variable

The Group raised $25.0 million through the issue of a new unsecured note (MACPI Bond) on 1 December 2021. The note has a margin of 4.00% over the RBA cash rate and a maturity date of 1 December 2027.

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 Company.

MACI Bond

The MACI Bond notes have 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 at the time of issuance and resets in February and August of each year. No redemptions of MACI Bonds occurred during the year ended 31 December 2021 (2020: $5 million).

MACPI Bond

On 1 December 2021, the Group raised $25 million through the issue of new limited recourse notes under the MACPI Bond programme. The MACPI Bond notes have a six-year stated maturity and, unlike the MACI Bond above, cannot be redeemed at the option of the note holders and must be held to maturity. The interest rate is calculated at a margin of 4.00% over the RBA cash rate at the time of issuance and resets in February and August of each year. No redemptions of MACPI Bonds occurred during the year ended 31 December 2021.

(c) Fund preferred units

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
MA Priority Income Fund	279,828	172,540
MA USD Priority Income Fund	6,462	-
	286,290	**172,540**

MA Priority Income Fund (PIF)

The Group manages the PIF, formerly MA Fixed Income Fund. The PIF provides investors with exposure to a diversified portfolio of credit investments via an investment in Class A Units (Fund Preferred Units) in the MA Master Credit Trust (Master Credit Trust). As a 10% co-investment, the Group holds Class B units in the Master Credit Trust. The Master Credit Trust is a consolidated entity of the Group.

The fund preferred units held by PIF receive a preferential distribution from the realised profit of the Master Credit Trust, up to a maximum equal to the RBA cash rate plus 4.00%. The Class B units receive any excess distributable profits after paying the preferential distribution on the fund preferred units and any fund expenses. The Class B units further provide a maximum 10% 'first loss' capital buffer which affords the fund preferred units preferential treatment on distribution and wind-up of the Master Credit Trust. As such the Group's maximum economic exposure is limited to the value of the Class B units which at 31 December 2021 amounted to $28.0 million (2020: $17.3 million).

24 Borrowings (continued)

(c) Fund preferred units (continued)

Redemptions of the fund preferred units are at the discretion of the Master Credit Trust 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.

MA USD Priority Income Fund (USD PIF)

During the year the Group established the MA USD Master Credit Trust (USD Master Credit Trust) and USD PIF. The USD PIF provides investors with exposure to specialty finance and structured credit opportunities primarily in the United States via an investment in Class A Units (Fund Preferred Units) in the MA USD Master Credit Trust. As a co-investment, the Group holds Class B units in the MA USD Master Credit Trust. The MA USD Master Credit Trust is a consolidated entity of the Group.

The fund preferred units held by USD PIF receive a preferential distribution from the realised profit of the USD Master Credit Trust, up to a maximum equal to the Secured Overnight Financing Rate (SOFR) plus 3.50%. The Class B units receive any excess distributable profits after paying the preferential distribution on the fund preferred units and any fund expenses. The Class B units further provide a maximum 10% 'first loss' capital buffer until a USD Master Credit Trust fund size of US$50 million, with 5% for each Class A investor dollar thereafter. This affords the fund preferred units preferential treatment on distribution and wind-up of the USD Master Credit Trust. As such the Group's maximum economic exposure is limited to the value of the Class B units which at 31 December 2021 amounted to $2.0 million (2020: nil).

Redemptions of the fund preferred units are at the discretion of the USD Master Credit Trust 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.

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
25 Lease liabilities		
Current		
Lease liabilities	6,598	2,930
Non-current		
Lease liabilities	3,687	2,944
	10,285	**5,874**
25.1 Movement in lease liabilities		
Opening balance at the beginning of the year	**5,874**	**7,985**
Interest on lease liabilities	250	283
Payment of lease liabilities	(3,184)	(2,667)
Additions	7,345	273
Closing balance at the end of the year	**10,285**	**5,874**
25.2 Lease liabilities maturity analysis – contractual undiscounted cashflows		
Less than one year	2,236	3,179
One to five years	7,540	2,552
More than five years	3,452	846
Total undiscounted lease liabilities at the end of the year	**13,228**	**6,577**

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
26 Provisions		
Current		
Employee benefits	42,461	28,779
Non-current		
Employee benefits	1,239	842
	43,700	**29,621**

Employee benefits provisions include annual leave, long service leave and annual bonus entitlements.

27 Financial instruments

27.1 Financial risk management objectives

The Group's principal financial assets comprise cash and cash equivalents, trade and other receivables, commercial loans and investments in listed and unlisted securities. The Group's principal financial liabilities comprise of trade and other creditors and borrowings.

The Group's activities expose it to a variety of financial risks. The material risks faced by the Group include market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to ensure the potential adverse effects on the financial performance of the Group are kept to within acceptable limits. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, and ageing analysis for credit risk.

Risk management is carried out by senior management and the Board. The Board identifies and monitors the risk exposure of the Group and determines appropriate procedures, controls and risk limits. Senior management identifies, evaluates and monitors financial risks within the Group's operations.

In response to COVID-19 the Group reviewed the financial risks it is exposed to, and the manner in which these risks are managed and measured. The Group's review included stress testing credit and liquidity risks and responding to short term capital management risks with consideration to an evolving macroeconomic environment. The growth in commercial lending introduces an additional level of liquidity risk and an additional consideration for the management of the Group's capital.

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

27 Financial instruments (continued)

27.1 Financial risk management objectives (continued)

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Financial assets		
Cash and cash equivalents	242,861	138,004
Restricted cash	6,700	2,500
Receivables	36,505	46,122
Loans receivable	342,449	224,271
Listed and unlisted equity securities	69,839	44,208
Deposits	3,537	4,454
Other assets	-	744
Total financial assets	**701,891**	**460,303**
Financial liabilities		
Trade and other payables	33,978	23,076
Unsecured notes	120,030	95,030
Fund preferred units	286,290	172,540
Total financial liabilities	**440,298**	**290,646**

27.2 Capital management

The capital structure of the Group consists of net cash (cash and bank balances offset by the unsecured notes detailed in note 24) 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 2020.

The Group's borrowings comprise unsecured notes of $120.0 million (2020: $95.0 million) and fund preferred units $286.3 million (2020: $172.5 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.

27 Financial instruments (continued)

27.2 Capital management (continued)

Notes	Maturity date	31 Dec 2021 $'000	31 Dec 2020 $'000
Unsecured notes			
Current			
MA Bond II	14 September 2022	25,000	25,000
Non-current			
MA Bond IV	30 September 2024	40,000	40,000
Unsecured notes – limited recourse			
Current			
MACI Bond	16 May 2024	30,030	30,030
Non-current			
MACPI Bond	1 December 2027	25,000	-
Total unsecured notes		**120,030**	**95,030**

A subsidiary of the Company, MA Moelis Australia Securities Pty Ltd, is an ASX market participant and therefore has an externally imposed capital requirement. In addition, certain subsidiaries of the Company hold an Australian Financial Services Licence and therefore have externally imposed separate capital requirements. The Group's subsidiaries have satisfied all externally imposed capital requirements throughout the financial year.

27.3 Foreign currency risk

The Group undertakes transactions denominated in foreign currencies, including fee income on corporate advisory engagements and expenses. The Group manages its exposure to corporate advisory fee income denominated in foreign currency when fees are invoiced, as generally the receipt revenue is too uncertain prior to invoicing. 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 monetary assets and liabilities at the end of the year are set out below:

	Assets		Liabilities	
	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000
Currency				
United States Dollar	4,450	2,468	(7,405)	-
Chinese Yuan	242	88	(34)	9
Great British Pound	882	103	(80)	(23)
Hong Kong Dollar	670	-	(66)	-
Total	**6,244**	**2,659**	**(7,585)**	**(14)**

27 Financial instruments (continued)

27.3 Foreign currency risk (continued)

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 net profit 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 2021 $'000 +/-	31 Dec 2020 $'000 +/-
Currency			
United States Dollar	+/-10%	(296)/296	247/(247)
Chinese Yuan	+/-10%	21/(21)	10/(10)
Great British Pound	+/-10%	80/(80)	8/(8)
Hong Kong Dollar	+/-10%	60/(60)	8/(8)
Total		**(135)/135**	**265/(265)**

27.4 Interest rate risk

The Group is exposed to interest rate risk from changes in market interest rates on its cash at bank balances and variable interest rate borrowings. The Group's borrowings, are at fixed and variable rates of interest (refer to note 24).

Interest rate sensitivity analysis

The table below demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in interest rates:

	Change in interest rates	31 Dec 2021 $'000 +/-	31 Dec 2020 $'000 +/-
Impact on profit for the year	+/-1%	(1,357)/1,357	779/(779)

27.5 Equity investment market price risk

The Group is exposed to increases and decreases in the market prices of its equity investments held at FVTPL and FVTOCI, which would cause an increase or decrease in their carrying value and may result in a lower realised profit on sale.

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

	Change in market prices	31 Dec 2021 $'000 +/-	31 Dec 2020 $'000 +/-
Impact on profit for the year	+/-5%	1,230/(1,230)	956/(956)
Impact on other comprehensive income for the year	+/-5%	2,262/(2,262)	1,255/(1255)

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

27 Financial instruments (continued)

27.6 Credit risk management

Credit risk management is the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. A default may arise through a counterparty failing to repay loans and interest thereon, and through failing to meet its obligation to pay invoiced fees.

In order to minimise credit risk, 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 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.

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.

Invoices for services

The creditworthiness of clients is taken into account when accepting client assignments, however, the nature of the Group's advisory work includes engaging with clients which are under financial stress where the risk of non-payment of invoices is elevated.

Receivables consist of a number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As at 31 December 2021 and 31 December 2020, the Group did not have a significant credit risk exposure to any single customer. Note 12 includes an aged summary of receivables past due.

Commercial loans

The Group has provided commercial loans during the year. The loans are secured by charges over the assets of the borrowers, with the loans having maturity dates ranging from one month to four years from the balance sheet date, with an average maturity of two years.

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 MA 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.

Refer to note 14 for the staging of the Group's receivables and loans receivable balance as at 31 December 2021.

Cash at bank balances

The credit risk on the banks holding the Group's cash at bank balances is considered limited because the banks have high credit ratings assigned by international credit-rating agencies.

27 Financial instruments (continued)

27.7 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. Regard is had to cash flows required 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 liabilities. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liabilities $'000	Weighted average effective interest rate	Less than 1 month	1–3 months	3–12 months	1–5 years	5+ years	Total
31 December 2021							
Non-interest bearing	-	31,831	2,147	-	-	-	33,978
Variable interest rate instruments[1]	4.2%	-	-	30,030	286,290	25,000	341,320
Fixed interest rate instruments	5.8%	-	-	25,000	40,000	-	65,000
Total		**31,831**	**2,147**	**55,030**	**326,290**	**25,000**	**440,298**
31 December 2020							
Non-interest bearing	-	15,434	5,371	2,123	148	-	23,076
Variable interest rate instruments	4.2%	-	-	30,030	172,540	-	202,570
Fixed interest rate instruments	5.8%	-	-	-	65,000	-	65,000
Total		**15,434**	**5,371**	**32,153**	**237,688**	**-**	**290,646**

1. 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.

27 Financial instruments (continued)

27.7 Liquidity management (continued)

The following table details the Group's expected maturity of its non-derivative financial assets. The table reflects the contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Assets $'000	Weighted average effective interest rate	Less than 1 month	1–3 months	3–12 months	1–5 years	5+ years	Total
31 December 2021							
Non-interest bearing	-	35,760	1,926	8,653	66,034	786	113,159
Cash held at variable interest rates	0.1%	242,861	-	-	6,700	-	249,561
Variable interest rate instruments[1]	6.8%	-	37,201	91,721	83,354	-	212,276
Fixed interest rate instruments	14.6%	-	-	48,019	78,876	-	126,895
Total		**278,621**	**39,127**	**148,393**	**234,964**	**786**	**701,891**
31 December 2020							
Non-interest bearing	-	42,127	2,827	21,285	27,984	439	94,662
Variable interest rate instruments cash	0.3%	138,004	-	-	2,500	-	140,504
Variable interest rate instruments	6.0%	-	25,000	27,500	42,600	-	95,100
Fixed interest rate instruments	15.2%	-	38,668	42,149	49,220	-	130,037
Total		**180,131**	**66,495**	**90,934**	**122,304**	**439**	**460,303**

1. 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.

27.8 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.

27 Financial instruments (continued)

27.8 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 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**
31 December 2020							
Loans receivable	10,752	-	10,752	-	-	10,752	10,752
Non-equity securities	682	-	682	-	682	-	682
Equity securities	18,429	25,097	43,526	10,859	32,667	-	43,526
Financial assets measured at fair value	**29,863**	**25,097**	**54,960**	**10,859**	**33,349**	**10,752**	**54,960**

The carrying amount of the Group's financial assets (cash and cash equivalents, restricted cash and trade receivables) and financial liabilities (unsecured notes, fund preferred units and trade payables) which are not fair valued approximated 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 during the period, including a consideration of the impact of COVID-19 on the estimated fair values. The review considered the most recent independent valuations, quoted unit prices of recent equity transactions, expected duration the assets are likely to be held for and the macroeconomic outlook for the industries each asset operates in. As a result of the review, no significant change in the fair values of the assets was identified and the Group considers the fair values adopted to be appropriate at the end of the year.

27 Financial instruments (continued)

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

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. Discount rate inputs range between 6.65% – 22.0%.

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 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Balance as at the beginning of the year	**10,752**	**9,158**
Purchase, issuances and other additions	25,172	24,388
Sales, settlements and repayments	(6,689)	(22,616)
Fair value movements recognised in profit or loss	(76)	(178)
Closing balance as at the end of the year	**29,159**	**10,752**

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.

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
28 Contributed equity		
Ordinary share capital	311,178	188,620
Treasury shares	(56,188)	(34,041)
Total contributed equity	**254,990**	**154,579**

			Contributed equity	
	31 Dec 2021 Number of shares	31 Dec 2020 Number of shares	31 Dec 2021 $'000	31 Dec 2020 $'000
Ordinary share capital				
Balance as at the beginning of the year	**151,141,070**	**147,641,070**	**188,620**	**174,423**
Ordinary shares issued	18,450,302	3,500,000	123,756	14,125
Share buy-back and cancellation	-	-	-	-
Equity transaction costs	-	-	(1,622)	(26)
Transfer from share-based payment reserve on vesting of awards	-	-	424	98
Balance as at the end of the year	**169,591,372**	**151,141,070**	**311,178**	**188,620**
Treasury shares				
Balance as at the beginning of the year	**(8,606,109)**	**(4,429,137)**	**(34,041)**	**(17,451)**
Ordinary shares issued for staff equity awards	(5,367,928)	(3,500,000)	(25,637)	(14,125)
On market purchases of shares	(577,006)	(1,889,326)	(2,560)	(7,012)
Off market purchases of shares	(512,858)	(378,030)	(2,355)	(1,989)
Shares allocated upon exercise of options	406,458	390,625	1,219	1,094
Shares allocated under employee share plans	1,590,632	1,199,759	7,186	5,442
Balance as at the end of the year	**(13,066,811)**	**(8,606,109)**	**(56,188)**	**(34,041)**
Contributed equity at the end of the year	**156,524,561**	**142,534,961**	**254,990**	**154,579**

The Company had authorised share capital amounting to 169,591,372 ordinary shares at 31 December 2021 (2020: 151,141,070). 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.

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

During the year, the Group purchased 577,006 shares on-market (2020: 1,889,326 shares) and 512,858 shares via an off-market transfer from its employees during the staff trading window (2020: 378,030 shares) in order to meet the Group's shared based payments award requirements. The average price of all share purchases during the year was $4.51 (2020: $3.97).

28 Contributed equity (continued)

Shares issued for the Loan Funded Share Plan

On 11 March 2021 the Company issued 3,635,000 fully paid ordinary shares in order for eligible employees of the Group to acquire shares in the Company as part of the Loan Funded Share Plan (LFSP) employee equity incentive scheme (2020: 3,500,000). The issue price of the shares was $4.34 (2020: $4.04), being the volume weighted average price of the Company's shares over the 5 business days to 8 March 2021. A further 650,000 fully paid ordinary shares were issued on 4 June 2021 as part of the Joint CEO Long Term Incentive and 2021 LFSP equity incentive scheme. The weighted average issue price of the shares was $4.63. The purchase price of the shares acquired by eligible employees under the LFSP 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 32.4 for further details on the LFSP.

29 Earnings per share

	31 Dec 2021 Consolidated Cents per share	31 Dec 2020 Consolidated Cents per share
Basic earnings per share	22.3	18.5
Diluted earnings per share	21.2	18.0

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

	31 Dec 2021	31 Dec 2020
Weighted average number of ordinary shares (net of treasury shares) used in calculating basic earnings per share	143,846,347	143,171,674
Potential equity shares[1]		
Share options	4,010,697	243,834
Share rights	971,164	2,060,394
Restricted shares	2,634,796	1,354,739
Salary sacrifice shares	16,143	22,675
Total potential equity shares	7,632,800	3,681,642
Total weighted average number of ordinary shares (net of treasury shares) and potential equity shares used in calculating diluted earnings per share	151,479,148	146,853,316

1. Refer to note 32 for detail of the terms and conditions of plans impacting diluted earnings per share

30 Dividends

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
MA Financial Group Limited fully franked dividend payments:		
2019 dividend (10 cents per share paid on 4 March 2020)	-	14,532
2020 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	-
Dividends paid	**22,626**	**14,532**

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 12 cents per share, payable on 11 March 2022. 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 $20.7 million. This amount has been estimated based on the number of shares eligible to participate as at 31 December 2021.

Franking credits

Franking credits available for the subsequent financial year[1]	47,881	32,324

1. Calculated at a corporate tax rate of 30% (2020: 30%)

31 Reserves

Share-based payment reserve (refer to note 32)	34,353	27,027
Associates OCI reserve	19,815	11,253
FVTOCI reserve	(5,677)	(13,139)
Total reserves	**48,491**	**25,141**

Associates OCI reserve

Balance at the beginning of the year	**11,253**	**11,598**
Share of other comprehensive income of associates	12,231	(493)
Income tax relating to the revaluation of associates	(3,669)	148
Balance at the end of the year	**19,815**	**11,253**

FVTOCI reserve

Balance at the beginning of the year	**(13,139)**	**(9,521)**
Net loss/(gain) arising on revaluation of financial assets	13,304	(5,170)
Income tax relating to (loss)/gain arising on revaluation of financial assets	(5,842)	1,552
Balance at the end of the year	**(5,677)**	**(13,139)**

32 Share-based payments

Share-based payment reserve

	31 Dec 2021 Consolidated $'000	31 Dec 2020 Consolidated $'000
Balance at the beginning of the year	**27,027**	**22,886**
Amortisation of option fair value	107	212
Amortisation of share rights	1,249	3,139
Amortisation of restricted shares	7,907	5,133
Amortisation of salary sacrifice shares	76	113
Amortisation of loan funded shares	2,802	390
Amortisation of share appreciation rights	596	-
Amortisation of RetPro deferred remuneration	2,200	-
Amortisation of Armada deferred remuneration	-	694
Vesting of share-based payments	(7,611)	(5,540)
Balance at the end of the year	**34,353**	**27,027**

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 2021 was $2.5 million (2020: $4.8 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.

32.1 Employee share options

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

	Number of options Employees	Number of options Chairman	Number of options Total	Weighted average exercise price ($) Employees	Weighted average exercise price ($) Chairman
Balance at the beginning of the year	**3,851,450**	**390,625**	**4,242,075**	**3.22**	**3.00**
Granted during the year	250,000	-	250,000	4.34	-
Forfeited during the year	(98,334)	-	(98,334)	3.25	-
Exercised during the year	(1,127,725)	(390,625)	(1,518,350)	3.00	3.00
Expired during the year	-	-	-	-	-
Balance at the end of the year	**2,875,391**	**-**	**2,875,391**	**3.41**	**-**

No share options were issued, forfeited or exercised since the end of the reporting period. 72,749 Employee share options were exercisable as at year end.

32 Share-based payments (continued)

32.1 Employee share options (continued)

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.

At the same time, the Company offered the Chairman and Non-Executive Director, Mr Jeffrey Browne, the opportunity to purchase 781,250 share options, with each share option carrying the right to acquire one share in the Company at a future date. On 18 February 2021, Jeffrey Browne exercised 390,625 options at an exercise price of $3.00 per option. During June and August 2021, a total of 1,127,725 employee options were exercised at an exercise price of $3.00 per option.

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 participating rights or entitlements inherent in the share options and share option holders will not be entitled to participate in new issues of capital offered to shareholders during the life of the share options.

The issue price of the share options was paid by the recipient on receipt of the share option.

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

Numbers of options at beginning of year	Acquired by	Grant date share price	Exercise price of option	Issue price	Earliest date of exercise	Expiry date	Options forfeited during the year	Options exercised during the year	Number of options at year end
1,200,474	Employees	$2.35	$3.00	$0.03	8/04/2021	7/04/2022	-	1,127,725	72,749
1,200,474	Employees	$2.35	$3.15	$0.03	8/04/2022	7/04/2023	49,166	-	1,151,308
1,200,502	Employees	$2.35	$3.36	$0.01	8/04/2023	7/04/2024	49,168	-	1,151,334
390,625	Chairman	$2.35	$3.00	$0.02	8/04/2020	7/04/2021	-	390,625	-
3,992,075							**98,334**	**1,518,350**	**2,375,391**

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2021

32 Share-based payments (continued)

32.1 Employee share options (continued)

Fair value of share options granted

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

The fair value of the share options 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. No allowance for forfeiture has been made for the share options granted to the Chairman.

2020 share options

On 13 March 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 the details of options issued on 13 March 2020:

Numbers of options at beginning of year	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	$3.09	$4.04	$0.00	13/03/2024	13/03/2025	-	-	83,334
83,334	$3.09	$4.04	$0.00	13/03/2025	13/03/2026	-	-	83,334
83,332	$3.09	$4.04	$0.00	13/03/2026	13/03/2027	-	-	83,332
250,000						**-**	**-**	**250,000**

The weighted average value of the 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.

2021 share options

On 10 March 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.

32 Share-based payments (continued)

32.1 Employee share options (continued)

2021 share options (continued)

Numbers of options at beginning of year	Numbers of options issued during the year	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	$4.40	$4.34	$0.00	10/03/2025	10/03/2026	-	-	125,000
-	125,000	$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.

32.2 Share rights

Employee benefits include share rights 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.

32 Share-based payments (continued)

32.2 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
Balance at the beginning of the year	**2,060,394**	**9,339**
Granted during the year	-	-
Forfeited during the year	(4,459)	(23)
Vested during the year	(1,084,771)	(4,691)
Balance at the end of the year	**971,164**	**4,625**

32.3 Restricted shares

Restricted shares – 2019 and 2020 bonus incentive scheme

As part of the 2019 and 2020 annual bonus incentive scheme, the share-based component of 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 volume weighted average price of the shares in the Company at the end of the 2020 and 2021 financial years respectively. 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 amortising 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
Balance at the beginning of the year	**1,354,739**	**6,748**
Granted during the year	1,762,090	8,416
Forfeited during the year	-	-
Vested during the year	(482,033)	(2,401)
Balance at the end of the year	**2,634,796**	**12,763**

Restricted shares – 2021 bonus incentive scheme

As at 31 December 2021, the Group has estimated the expected 2021 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 2021 was $2.5 million (2020: $4.7 million).

32.4 Loan funded share plan

2020 and 2021 plans

The Group has a LFSP 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. 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.

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32 Share-based payments (continued)

32.4 Loan funded share plan (continued)

Retention awards

Shares granted under the prior year retention awards granted during 2020 and 2021 are subject to a vesting period of four to six years and are subject to a service condition and an 8% per annum total shareholder return performance hurdle.

2021 awards

2021 loan funded shares are awarded under the Long Term Incentive (LTI) plan for certain senior employees including KMP. The LTI awards are granted to ensure alignment with the creation of ongoing shareholder value. Shares granted are subject to a vesting period of five years. 30% of the LTI plan is subject to a service condition and 70% is subject to an EPS performance condition based on average growth in Underlying EPS over the vesting period.

	Number of loan funded shares	Grant date fair value $'000
Balance at the beginning of the year	**3,480,000**	**17,333**
Granted during the year	4,435,184	19,920
Forfeited during the year	-	-
Vested during the year	-	-
Balance at the end of the year	**7,915,184**	**37,253**

All shares issued under the LFSP have been treated as 'in substance options'. The shares issued under the retention LFSP awards have been valued using a Monte-Carlo pricing methodology with key inputs shown below. The resulting value is amortised over the vesting period on a probability adjusted basis. The total expense recorded for the period in respect of the retention LFSP awards was $2.9 million (2020: $0.4 million).

32 Share-based payments (continued)

32.4 Loan funded share plan (continued)

2020 Retention	Tranche 1	Tranche 2	Tranche 3
Vesting period	4 years	5 years	6 years
Share price at grant date	$4.04	$4.04	$4.04
Expected volatility[1]	42.78%	42.78%	42.78%
Risk-free rate	0.67%	0.67%	0.67%
Fair value per security	$0.75	$0.86	$0.94
Performance hurdle (total shareholder return)	8% p.a.	8% p.a.	8% p.a.
Forfeiture assumptions	20%	25%	30%

2021 Retention	Tranche 1	Tranche 2
Vesting period	4 years	5 years
Share price at grant date	$4.34	$4.34
Expected volatility[1]	42.78%	42.78%
Risk-free rate	0.67%	0.67%
Fair value per security	$1.45	$1.51
Performance hurdle (total shareholder return)	8% p.a.	8% p.a.
Forfeiture assumptions	10%	13%

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

The 2021 awards are expected to be granted on or around 9 March 2022 and valued using a 5-day volume weighted average price (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 2021, the Group has estimated the cost of the 2021 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 2021 was $0.9 million (2020: nil). The estimate of the cost of the 2021 awards could change up until the grant date is achieved.

32.5 Share appreciation rights plan

Under the LTI plan, 2021 awards for certain senior executives are in the form of share appreciation rights (SAR). 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. Share appreciation rights granted under the LTI plan are subject to a condition of continuous employment with the Group and have a five year vesting period.

The LTI plan is expected to be granted on or around 9 March 2022 and valued using a 5-day volume weighted average price (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 2021, the Group has estimated the cost of the 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 2021 was $0.4 million (2020: nil).

The estimate of the cost of the plan could change up until the grant date is achieved.

32 Share-based payments (continued)

32.6 Salary sacrifice share plan

As part of the 2020 and 2021 bonus incentive schemes, all permanent full and part-time employees of the Group were invited to participate in the 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 cash bonus award. 17,296 shares were issued under the 2021 arrangement, priced at $4.3389, being the 5-day volume weighted average price of the Company's shares on 8 March 2021. The shares are restricted from being sold by employees until at least 1 July 2022 or when the participant is no longer employed by the Group.

	Number of salary sacrifice shares	Grant date fair value $'000
Balance at the beginning of the year	**22,675**	**91**
Granted during the year	17,296	75
Vested during the year	(23,828)	(97)
Balance at the end of the year	**16,143**	**69**

33 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 10 KMPs in 2021 (2020: 9 KMP).

	31 Dec 2021 $'000	31 Dec 2020 $'000
Short-term and post-employment benefits	6,954	5,118
Share-based payments	1,661	2,034
Long service leave	111	31
Total key management personnel compensation	**8,726**	**7,183**

34 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.

34.1 Loans to related parties

Loans to employees	823	439

The Group has provided two employees with interest-free loans 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, which are measured at amortised cost, are repayable over a maximum term of five years.

34 Related party transactions (continued)

34.2 Transactions with Moelis & Company

Moelis & Company Group LP (Moelis & Company) is a global financial institution with subsidiaries and offices in a number of countries. During the year there were costs credited by Moelis & Company for market data expenses.

	31 Dec 2021 $'000	31 Dec 2020 $'000
Expenses		
Main expenses categories include		
Conferences and Seminars	-	(42)
Information services recovery/(expense)	7	(37)
Net recoveries/(expenses) allocated from Moelis & Company	**7**	**(79)**

34.3 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 2021 amounted to $69,542 and $15,506 respectively (2020: $69,542 and $21,342 respectively).

34.4 Transactions with MA managed funds

The Group is involved in the management of various funds, through it's 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.

34.5 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.

Related party investments

	KMP 31 Dec 2021 $'000	Group 31 Dec 2021 $'000	KMP 31 Dec 2020 $'000	Group 31 Dec 2020 $'000
BE ES I LLC	-	21,469	-	-
MA Aged Care Fund	4,150	-	4,150	-
MA Kincare Fund	400	7,594	400	9,037
MA Senior Secured Credit Fund II	3,658	2,068	3,652	2,353
MKM Capital	-	4,923	-	5,667
Redcape Hotel Group	7,376	84,339	6,374	58,232
	15,584	**120,393**	**14,576**	**75,289**

34 Related party transactions (continued)

34.5 Transactions with associates (continued)

Related party fees

	31 Dec 2021 $'000	31 Dec 2020 $'000
Trustee and management fees	5,836	16,396
Performance fees	6,040	5,836
Interest on loans receivable	-	144
	11,876	**22,376**

Receivables from related parties

Current		
Accounts receivable and fees receivable from related parties	5,590	11,367

35 Parent entity disclosures

As at, and throughout, the reporting year ended 31 December 2021 the parent entity of the Group was MA Financial Group Limited.

	31 Dec 2021 Company $'000	31 Dec 2020 Company $'000
Results of the parent company		
Profit for the year	46,482	15,794
Total comprehensive income for the period	**46,482**	**15,794**
Financial position of the parent entity		
Current assets	331,708	185,409
Non-current assets	37,804	37,579
Total assets	**369,512**	**222,988**
Current liabilities	1,919	6,619
Total liabilities	**1,919**	**6,619**
Net assets	**367,593**	**216,369**
Total equity of the parent entity comprising of:		
Contributed equity	311,178	188,621
Reserves	32,153	27,016
Retained earnings	24,262	732
Total equity	**367,593**	**216,369**

The parent entity had no contingencies at reporting period end other than those already disclosed in the financial statements.

36 Investment in subsidiaries

36.1 Acquisition and disposal of investments in subsidiaries

Acquisitions

On 1 April 2021 the Group acquired 100% of the issued share capital of RetPro Pty Ltd and RetPro Management Pty Ltd (RetPro Group), obtaining control of the RetPro Group. The RetPro Group is engaged in the provision of property management, retail leasing and consultancy as well as strategic advisory services to retail property owners and qualifies as a business as defined in AASB 3 *Business Combinations*.

The initial accounting for the acquisition of the RetPro Group has only been provisionally determined at the end of the reporting period. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the Group receives all the information possible to determine fair value.

36 Investment in subsidiaries (continued)

36.1 Acquisition and disposal of investments in subsidiaries (continued)

Acquisitions (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Fair value $'000
Current assets	
Cash and cash equivalents	7,940
Receivables	3,176
Total current assets	**11,116**
Non-current assets	
Fixed Assets	148
Identifiable intangible assets	6,676
Total non-current assets	**6,824**
Total assets	**17,940**
Liabilities	
Current liabilities	
Trade and other payables	1,335
Income tax payable	1,101
Provisions	1,361
Total current liabilities	**3,797**
Total identifiable assets acquired and liabilities assumed	**14,143**
Goodwill	2,180
Total consideration	**16,323**
Satisfied by:	
Cash	14,627
Contingent consideration arrangement	1,697
Total consideration transferred	**16,324**
Net cash outflow arising on acquisition	
Cash consideration	14,627
Less: cash and cash equivalent balances acquired	7,940
Total net cash outflow arising on acquisition	**6,687**

36 Investment in subsidiaries (continued)

36.1 Acquisition and disposal of investments in subsidiaries (continued)

Acquisitions (continued)

Goodwill

The goodwill of $2.2 million arising from the acquisition consists of:

- the experience and employment of key management;
- expectation of customer property management contract renewal; and
- future contracts

None of the goodwill is expected to be deductible for income tax purposes.

Acquisition related costs

Business acquisition costs of $0.4 million comprising legal fees and due diligence costs were included in the Group's consolidated statement of profit or loss and other comprehensive income.

Contingent consideration arrangement

The contingent consideration to be transferred by the Group is recognised at the acquisition-date fair value.

The contingent consideration arrangement requires the settlement of outstanding matters and is payable 12 months after the acquisition date. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between nil and $1.7 million.

Contribution to the Group's results

The RetPro Group contributed $14.7 million of revenue and $5.6 million to the Group's profit before tax for the period between the date of acquisition and the reporting date.

If the acquisition of the RetPro Group had been completed on the first day of the period, Group revenues for the year ended 31 December 2021 would have been $234.2 million and Group profit before tax would have been $48.4 million.

36 Investment in subsidiaries (continued)

36.2 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 2021	31 Dec 2020
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%
Western Funds Management Pty Ltd	Asset Management	Australia	100%	100%
RetPro Pty Ltd	Asset Management	Australia	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 UK Operations Limited	Asset Management	United Kingdom	100%	100%
MA UK Topco Limited	Asset Management	United Kingdom	100%	100%
MA Credit Investments Pty Ltd	Asset Management	Australia	100%	100%
MA Master Credit Trust	Lending	Australia	100%	100%
MA USD Master Credit Trust	Lending	USA	100%	-
MAF Credit Pty Ltd	Lending	Australia	100%	100%
MA Moelis Australia Securities Pty Ltd (formerly Moelis Australia Securities Pty Ltd)	Corporate Finance	Australia	100%	100%
MA Moelis Australia Advisory Pty Ltd (formerly Moelis Australia Advisory Pty Ltd)	Corporate Finance	Australia	100%	100%
MAFG Operations Pty Ltd (formerly Moelis Australia Operations Pty Ltd)	Administration Entity	Australia	100%	100%
MAFG Finance Pty Ltd	Administration Entity	Australia	100%	100%
MA Credit Portfolio Investments Pty Ltd	Administration Entity	Australia	100%	-

37 Structured entities

A structured entity is an entity that has been designed such that voting or similar rights are not the dominant factor in determining who controls the entity and the relevant activities are directed by means of contractual arrangements.

The Group considers all its fund vehicles to be structured entities. The Group invests its own capital for the purposes of seeding fund vehicles. The Group also engages with structured entities for asset-backed financing. Asset-backed vehicles are used to provide lending for the purchase of assets where the assets are pledged as collateral. The Group also receives management and performance fees for its role as investment manager.

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.

Unconsolidated structured entities

An 'interest' in an unconsolidated structured entity is any form of contractual or non-contractual involvement with a structured entity that exposes the Group to variability of returns from the performance of that structured entity. For the purpose of disclosing interests in unconsolidated structured entities, no disclosure is made if the Group's involvement is not more than a passive interest. On this basis, exposures to unconsolidated structured entities that arise from lending, trading and investing activities are not considered disclosable interests – unless the design of the structured entity allows the Group to participate in decisions about the relevant activities (being those that significantly affect the entity's returns).

The following table presents 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	Lending $'000	Equities $'000	Total $'000
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**
31 December 2020					
Carrying value of assets					
Financial assets held at FVTOCI	6,636	-	-	2,246	8,882
Financial assets held at FVTPL	16,429	-	-	-	16,429
Total carrying value of assets	**23,065**	**-**	**-**	**2,246**	**25,311**
Maximum exposure to loss					
Financial assets held at FVTOCI	6,636	-	-	2,246	8,882
Financial assets held at FVTPL	16,429	-	-	-	16,429
Total maximum exposure to loss	**23,065**	**-**	**-**	**2,246**	**25,311**

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Notes to the consolidated financial statements (continued)

For the year ended 31 December 2021

37 Structured entities (continued)

Unconsolidated 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 $8.9 million (2020: $2.5 million) and gains or losses from revaluing financial assets held at FVTPL from interests held of $1.0 million (2020: ($0.6 million)).

38 Commitments

At 31 December 2021, the Group had undrawn loan commitments of $104.5 million (2020: $30.9 million). Subsequent to 31 December 2021, $1.8 million of this commitment was either cancelled or drawn upon.

At 31 December 2021, 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 2021, $28.0 million (2020: $17.3 million) and $2.0 million (2020: nil) has been invested by the Group in MCT and USD MCT respectively. Refer to further information in note 24(c).

On 15 December 2021, the Group entered into a contract to purchase a hospitality property and business for $71.8 million (including estimated acquisition costs of $3.8 million) and a deposit of $3.4 million was paid. Prior to the completion date in March 2022, the Group is expected to nominate a fund managed by the Group to fulfil the purchase obligations.

39 Subsequent events

On 28 January 2022, the Group closed its Share Purchase Plan (SPP) offer which raised $20.0 million. Successful eligible applicants under the SPP offer were issued new shares on 4 February 2022 at an issue price of $7.75 per share. The new shares commenced trading on the ASX on 7 February 2022.

On 7 February 2022, the Group acquired 100% of Finsure Holding Pty Ltd and its subsidiaries (Finsure), a leading Australian mortgage aggregator, from BNK Banking Corporation Limited (ASX: BBC). Finsure was purchased for a cash consideration of $145.0 million plus a cash adjustment under the Share Sale Agreement of $7.2 million, with estimated acquisition costs of $1.8m. Disclosure of the acquisition in accordance with AASB 3 has not been presented as the initial accounting for the business combination is incomplete at the date of this report.

Directors' declaration

For the year ended 31 December 2021

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 84 to 158 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 2021 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

17 February 2022

Julian Biggins

Director and Joint Chief Executive Officer

Sydney

17 February 2022

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Independent Auditor's Report to the Members 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") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Investment in Redcape MA Asset Management Limited (MAFG) and MAFG managed funds have held investments in Redcape Hotel Group ("Redcape" or "Redcape Group") since July 2017. Redcape Group underwent an initial public offering (IPO) in November 2018, which resulted in a change in investment percentage holding for both MAFG and the various MAFG managed funds to 59%. Redcape has been classified as an investment in associate following the requirements of AASB 128 *Investment in Associates and Joint Ventures.* During the period as a listed entity the share price and market capitalisation for Redcape was below the carrying value of net assets, which is an impairment indicator. Redcape Hotel Group Management Ltd, as responsible entity for Redcape announced on 18 August 2021 a delisting proposal subject to Redcape shareholders approval. The proposal was a buy-back to be funded through $115 million of additional debt and a $132.3 million rights issue at $1.15 per share (the "transaction"). Management considered the difference between the buy-back offer price of $1.15 and the carrying value as at 31 December 2021 of $1.25 per share and concluded that there is no impairment in the carrying value of MAFG's investment in Redcape at 31 December 2021. On completion of the transaction, the Group held a direct and indirect interest through MAFG managed funds in Redcape of 53.2%. Management assessed the key considerations in AASB 10 *Consolidated Financial Statements* for determination of control vs significant influence over Redcape. Management have concluded that	Our procedures included, but were not limited to: • Analysing management's impairment assessment and conclusions made on impairment indicators to assess the carrying value is supported by the Group's share of net assets of Redcape; • Reconciling the Group's share of net assets of Redcape to the Group's investment in Redcape balance; • Recalculating the valuation of the Group's share of net assets of Redcape using the Group's shareholding of Redcape as at year end and applying that to Redcape's net assets as at 31 December 2021; • Assessing the competence, objectivity and independence of the component auditors of Redcape; • Reviewing the workpapers of the component auditor for Redcape and their procedures to conclude on the appropriateness of the carrying value of Redcape's net assets; and • Utilising our internal accounting specialists to evaluate management's key judgements in concluding that the Group's investment in Redcape should not be consolidated by MAFG in accordance with the requirements of the accounting standards, and that correct classification as an equity accounted associate is appropriate. We also assessed the appropriateness of the disclosures in Note 20 to the financial statements.

Deloitte.

MAFG does not control Redcape and that the classification as an equity accounted associate continues to be appropriate.	
Investment Banking Revenue Recognition The revenue generated by the Corporate Advisory Segment within the Group is primarily from investment banking transactions. For the year ended 31 December 2021, the advisory segment generated $68.9 million in revenue. This revenue stream is recognised by reference to the stage of completion of the transaction at the end of the reporting period as disclosed in Note 1(c) and Note 4. Revenue recognition required management judgement in respect of when stages of the transaction were completed and revenue was appropriately recognised.	Our procedures included, but were not limited to: • Evaluating management's relevant controls over the revenue recognition process and testing of design, implementation and operating effectiveness of relevant controls; • Testing on a sample basis, the calculation of the fees recognised to the key milestones as outlined in the client engagement letters; • Reviewing subsequent period documentation to assess whether revenue has been recorded in the correct period; and • Reviewing management reporting, board minutes, market available information and making enquiries of management to support the revenue recognised. We also assessed the appropriateness of the disclosures in Note 1(c) and Note 4 to the financial statements.
Acquisition of Retpro In April 2021, the Group completed the acquisition of retail property manager, RetPro Pty Ltd (Retpro) for $16.3 million as disclosed in Note 36. Management performed a Purchase Price Allocation (PPA) process including the tax implications of the business combination resulting from RetPro joining the MAFG tax consolidated group. Acquisition accounting gives rise to the following key areas of management judgement: • Determination of the acquisition date; • Determination of the fair value of identifiable net assets acquired; and • The fair valuation of consideration transferred.	Our procedures included but were not limited to: • Assessing the purchase and sale agreements, board minutes, and management paper on the transaction for appropriateness of managements key judgements; • Evaluating the PPA performed by management including the assessment of the fair values applied to the assets and liabilities acquired; and • Assessing the competency, independence and objectivity of management's expert engaged to support management's assessment; • Utilising our valuation specialists to assess the assumptions and methodology applied by management and the appointed expert in the identification and valuation of intangible assets, including the determination of appropriate economic lives in accordance with the relevant accounting standards. We also assessed the appropriateness of the disclosures in Note 36 to the financial statements.
Asset finance transaction On 8 February 2021 the Group entered into a credit related structured arrangement with a major Australian bank. The partnership involves the Group acquiring a $24 million loan note, providing a residual economic interest in a portfolio of asset finance loans. Management were required to make key judgements and assumptions in determining the: • Classification of the Group's investment, including consideration of control under AASB 10 *Consolidated Financial Statements*. Management have concluded that the Group does not control the underlying structured entity holding the asset finance loan portfolio; and • Management have determined the recognition and measurement of the loan note investment within the transaction. The carrying value of the loan note is $23.7 million as at 31 December 2021 as disclosed in Note 37.	Our procedures included but were not limited to: • Inspecting the transaction agreements and governing documents of the entities within the transaction structure to gain understanding of the structure and terms of acquisition; • Utilising our internal accounting specialists to evaluate management's key judgements in concluding that the asset finance loans structured entity should not be consolidated by MAFG; and • Utilising our internal accounting specialists to review management's formalised assessment for the classification of the investment at fair value through profit or loss. We also assessed the appropriateness of the disclosures in the Note 37 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 54 to 77 of the Directors' Report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of MA Financial Group Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Nicholas Rozario
Partner
Chartered Accountants
Sydney, 17 February 2022

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Additional information

Additional information

For the year ended 31 December 2021

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 2021 results is 11 March 2022.

Share registry details

The following information is correct as at 12 February 2022.

Registered holder	Number of ordinary shares held	% of ordinary shares
MAGIC TT PTY LTD <ACCOUNT 1>	24,953,607	14.49%
MOELIS & CO INTERNATIONAL HOLDINGS LLC	23,500,000	13.65%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,185,950	10.56%
MAGIC TT 2 PTY LTD <ACCOUNT 2>	14,850,000	8.63%
NATIONAL NOMINEES LIMITED	10,439,118	6.06%
MOELIS AUSTRALIA SHARE PLAN PTY LTD <SHARE PLAN ALLOCATED A/C>	10,146,881	5.89%
CITICORP NOMINEES PTY LIMITED	9,992,854	5.80%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,050,627	4.10%
UBS NOMINEES PTY LTD	4,150,764	2.41%
BNP PARIBAS NOMS PTY LTD <DRP>	3,467,217	2.01%
TOUCHARD PTY LTD <MONAGHAN FAMILY NO 2 A/C>	3,362,948	1.95%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,980,270	1.73%
MOELIS AUSTRALIA SHARE PLAN PTY LTD <MOELIS AUST SHARE PLAN A/C>	1,811,519	1.05%
RICHARD GERMAIN AND NINA GERMAIN <GERMAIN FAMILY A/C>	1,724,677	1.00%
JILL ADORA PTY LTD	1,520,731	0.88%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,102,153	0.64%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	973,547	0.57%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	820,291	0.48%
JEFFREY MICHAEL BROWNE	781,250	0.45%
SENO INVESTMENTS PTY LTD	605,000	0.35%

Distribution of shareholders

Holding	Number of shareholders	Number of ordinary shares	% of ordinary shares
1 – 1,000	1,186	558,759	0.32%
1,001 – 5,000	1,440	3,688,491	2.14%
5,001 – 10,000	544	3,882,721	2.26%
10,001 – 100,000	575	14,559,133	8.46%
100,001 and over	59	149,483,947	86.82%

Additional information (continued)

For the year ended 31 December 2021

Unmarketable parcels

There were 80 shareholders (representing 549 shares) who held less than a marketable parcel.

Substantial shareholders

Name	Number of ordinary shares	% of ordinary shares
MA Financial Group Limited	41,615,126	24.17%
Magic TT Pty Limited, Andrew Pridham	24,953,607	14.49%
Moelis & Company Group LP, Moelis & Company International Holdings LLC, Kenneth Moelis	23,500,000	13.65%
Magic TT 2 Pty Limited, Christopher Wyke	14,850,000	8.63%

Voting rights

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid share held by the member.

Voting escrow shares

As at 12 February 2022, 23,333,333 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 2022	11,666,666
10 April 2023	11,666,667

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 12 February 2022:

Size of holding	Number of holders	Share Options
5,001 – 10,000	7	50,935
10,001 – 100,000	17	645,569
100,001 and over	10	2,178,887
Total share options	**34**	**2,875,391**

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
NIM	Net Interest Margin
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
Julian Biggins
Christopher Wyke

COMPANY SECRETARY
Janna Robertson
Rebecca Ong

REGISTERED OFFICE
Principal place of business
Level 27, Brookfield Place
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Hong Kong

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AUDITOR
Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

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