



ASX Announcement

15 December 2021

MA Financial Group announces strategic acquisition of Finsure, upgraded earnings guidance and equity raising

Acquisition

- MA Financial Group to acquire 100% of Finsure for \$145.0 million¹
- Finsure is a leading Australian mortgage aggregator with a lending portfolio of \$60.8 billion
- Provides a scalable, technology-enabled platform with a market leading management team focused on the c.\$2 trillion residential mortgage market

Guidance & Equity Raising

- FY21 Underlying EPS growth expected to exceed the upper end of prior 30% to 40% guidance range²
- FY22 Underlying EPS expected to be up 15% to 25% on FY21 result inclusive of Finsure acquisition³
- Acquisition funding to be supported by an underwritten institutional placement to raise approximately \$100 million and a non-underwritten Share Purchase Plan to raise up to \$10 million

MA Financial Group Limited (“MA Financial” or the “Group”; ASX:MAF) announces it has entered into binding agreements with BNK Banking Corporation Limited (“BNK”; ASX:BBC) to purchase BNK’s mortgage aggregation business, Finsure Holding Pty Ltd and its subsidiaries (“Finsure”), for \$145.0 million¹.

¹ The acquisition value of \$145m is on a cash-free, debt-free basis, and excludes c.\$6m of cash on Finsure balance sheet

² The number of shares used in the EPS calculation is the estimated total weighted average number of ordinary shares in FY22 (net of treasury shares)

³ Based on MA FY22 forecast including estimated pro-forma financials for Finsure and MA’s view on completion in late 1Q FY22. The number of shares used in the EPS calculation is the estimated total weighted average number of ordinary shares in FY22 (net of treasury shares) including an estimate of new shares to be issued in relation to the Placement

Overview of Finsure

Finsure is one of Australia's leading mortgage aggregators, operating a technology-enabled, proprietary platform focused on the mortgage market. Finsure's platform allows its network of more than 2,000 mortgage brokers to access an integrated panel of approximately 65 lenders (including all major Australian banks) offering more than 4,800 loan products. It manages a loan book of \$60.8 billion with a run-rate of approximately \$34 billion settlements per annum⁴. In addition to loan product sourcing & evaluation, it provides a range of other mortgage value chain services, such as loan lodgement, marketing, compliance, training & commissions management for its broker network.

Finsure has exhibited significant year on year growth, with its originated loan book increasing 27.9% in the 12 months to September 2021. Continued momentum in the business is expected through FY22 and beyond driven by a strong management team and favourable market dynamics supporting continued growth in the proportion of residential mortgages originated via broker networks and Finsure continuing to increase its market share.

Finsure is led by a high quality, experienced management team with deep sector knowledge, evidenced by the strong performance of its business over the past three years. Finsure's co-founder and CEO, John Kolenda, has a 25+ year track record of building and growing aggregator and residential broker businesses and will continue in his role as CEO of Finsure, driving growth of the business. Finsure's broader senior executive team are also committed to remaining with MA Financial post transaction to continue the business' growth journey.

Strategic rationale for the acquisition

Finsure strengthens MA Financial's Lending business, operating powerful distribution infrastructure in the residential mortgage industry underpinned by a leading technology offering. The platform is strategically valuable. It provides the critical infrastructure for a panel of over 65 lenders to make more than 4,800 loan products available to a network of over 2,000 brokers to assist their customers to find the right loan for them.

The strategic importance of Finsure, as a leading aggregator, is growing as Australian borrowers continue to gravitate towards the use of brokers. Broker market share of mortgages written in Australia has increased from 50.4% in November 2014 to 66.9% at November 2021⁵. This reflects an ongoing market dynamic of customers seeking improved choice, a wider spectrum of options and a trusted adviser to assist them through the complex mortgage process.

The acquisition of Finsure accelerates MA Financial's strategy to develop a scalable, technology-enabled lending platform in Australia's c.\$2 trillion residential mortgage market and strengthens our ability to capitalise

⁴ Based on Finsure's September 2021 quarterly performance, *Finsure Q1 Trading Update*

⁵ MFAA Industry Intelligence reports & Quarterly survey of leading mortgage brokers & aggregators

on the digital evolution of financial services in Australia.

In addition to Finsure's existing value proposition, we believe there are substantial growth opportunities in MA Financial's credit & lending businesses associated with the synergies of integrating the Finsure operating platform. These synergies include the ability to leverage market intelligence and data driven insights to drive new product development and customer solutions.

Overview of transaction

MA Financial and BNK have entered into a Share Sale Agreement ("SSA"), which will see MA Financial acquire 100% of Finsure for \$145.0 million⁶ on a cash and debt free basis, following regulatory approval from APRA. Regulatory approval and completion are expected to occur in late 1Q FY22.

An underwritten institutional placement will be conducted to raise \$100 million at \$7.75 per share. Following settlement of the Placement, MA Financial will have approximately \$217 million in cash or near equivalents⁷ to fund the settlement of Finsure and support future growth initiatives. A non-underwritten Share Purchase Plan will also be offered to MAF investors to raise up to \$10 million.

MA Financial Trading Update – upgrading FY21 guidance and FY22 outlook

The business continues to perform strongly. FY21 Underlying EPS growth is now expected to exceed 40% on FY20 compared with previously provided guidance for 30% to 40% growth on FY20.

Key business highlights include:

- Execution of a strong Corporate Advisory and ECM transaction pipeline including being sole financial advisor to Johns Lyng Group on the acquisition of Reconstruction Experts and joint underwriter to its associated \$230 million equity raising and the successful completion of the \$128 million IPO of Newmark Property REIT
- Assets under Management (AUM) of \$6.8 billion at 30 November 2021
- Net fund inflows into the Group's diversified investment strategies of more than \$1 billion over FY21 to date, well above \$330 million of net inflows over the same period in FY20⁸
- A return to strong trading performance of the Group's hospitality venues since reopening post September quarter COVID-19 related lockdowns
- Continued momentum in growing the Group's listed equities investment strategy, with Assets Under Management now in excess of \$800 million, underpinned by strong portfolio performance

⁶ The acquisition value of \$145m is on a cash-free, debt-free basis, and excludes c.\$6m of cash on Finsure balance sheet

⁷ Pro-forma cash balance reflects impact of \$100m institutional placement less capital raise costs of c.\$3m

⁸ FY20 flows impacted by \$130 million institutional outflow from successful realisation of construction financing loan transactions.

- Cash or equivalents balance of \$120 million (\$217 million pro-forma post equity raising⁷) at 30 November, after successfully converting over \$85 million of asset investments to cash in 2H21

Strong business momentum is expected to continue into FY22. The Group has confidence to provide guidance for FY22 Underlying EPS growth of 15% to 25% above the expected FY21 result. This is inclusive of the financial impacts of the Finsure acquisition, which is expected to be circa 5% accretive to FY22 Underlying EPS⁹.

This outlook is subject to market conditions, deal completion rates and timing, no material regulatory change, no further significant COVID-19 related business disruptions and completion of the Finsure acquisition.

Equity raising

The fully underwritten institutional placement will raise approximately \$100 million (“**Placement**”). MA Financial will also undertake a non-underwritten share purchase plan to raise up to \$10 million (“**Share Purchase Plan**” or “**SPP**”). Proceeds raised under the Placement and SPP will be utilised to partially fund the acquisition of Finsure.

The Placement will involve the issuance of approximately 12.9 million new fully paid MAF shares, representing approximately 8.2% of current issued capital. The Placement shares will be issued at \$7.75 representing an 8.3% discount to MA Financial’s last close price of \$8.45 on 13 December 2021.

The Share Purchase Plan will provide eligible retail shareholders with the opportunity to participate in the SPP at the lower of:

- The Placement issue price; and
- A 2% discount to the 5-day volume weighted average price of MAF shares on the SPP close date.

Eligible shareholders will be invited to subscribe for up to a maximum of \$30,000 of additional shares per eligible shareholder, free of brokerage. The SPP will be capped at \$10 million, with a scale back for over applications. MA Financial may also in its discretion apply a higher cap to the SPP.

The SPP offer period will open on Thursday, 23 December 2021 and close on Friday, 28 January 2022. The SPP is subject to the terms set out in the SPP booklet, which is expected to be lodged with the ASX and sent to eligible retail shareholders following the opening of the SPP offer.

Shares issued under the Placement and the SPP will rank equally with existing ordinary shares on issue.

⁹ Based on MA FY22 estimated pro-forma financials for Finsure and MA’s estimate of completion in late 1Q FY22. Number of shares is the estimated total weighted average number of ordinary shares in FY22 (net of treasury shares) including an estimate of new shares to be issued in relation to the Placement

The Placement is fully underwritten by Ord Minnett Limited and UBS Securities Australia Limited. MA Moelis Australia Advisory Pty Ltd, Ord Minnett Limited and UBS Securities Australia Limited are acting as joint bookrunners and joint lead managers to the equity raising.

MA Financial will remain in trading halt today with normal trading to resume on Thursday 16 December upon announcement of the outcome of the Placement.

Equity raising timetable

Event	Time and date (AEDT)
Record date for SPP	7.00pm, Tuesday, 14 Dec 2021
Announcement of Placement and SPP	Wednesday, 15 Dec 2021
Placement bookbuild	Wednesday, 15 Dec 2021
Announcement of the outcome of the Placement	Thursday, 16 Dec 2021
Trading halt lifted	Thursday, 16 Dec 2021
Settlement of New Shares to be issued under the Placement	Monday, 20 Dec 2021
Issue and allotment of New Shares	Tuesday, 21 Dec 2021
SPP offer opening date and SPP offer booklet is dispatched	Thursday, 23 Dec 2021
SPP offer closing date	Friday, 28 Jan 2022
Announcement of results of SPP	Wednesday, 2 Feb 2022
Issue and allotment of New Shares under the SPP	Friday, 4 Feb 2022
Normal trading of SPP shares and dispatch of holding statements	Monday, 7 Feb 2022

Note: This timetable is indicative and subject to variation. MA Financial reserves the right to alter the timetable as its absolute discretion and without notice, subject to ASX Listing Rules and Corporation Act 2001 (Cth) and other applicable law

Authorised for release by the Board of MA Financial Group Limited

For further information, please contact:

Investors:

Michael Leonard
+61 466 77 093
michael.leonard@mafinancial.com

Media:

Bryce Corbett
+61 410 711 999
bryce@domestiqueconsulting.com.au

Important Notice

This announcement may not be released or distributed in the United States or to US Persons.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer or solicitation would be illegal. The New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (“US Securities Act”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to US persons (as defined in Rule 902(k) under the US Securities Act) (“US Persons”) except pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may only be offered and sold to non-US Persons in offshore transactions in reliance on Regulation S under the US Securities Act. The New Shares to be offered and sold in the SPP may not be offered and sold to any US Person or any person that is acting for the account or benefit of a US Person.

This announcement contains certain “forward-looking statements”. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘expect’, ‘anticipate’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘predict’, ‘plan’, ‘propose’, ‘will’, ‘believe’, ‘forecast’, ‘estimate’, ‘target’, ‘outlook’, ‘guidance’, ‘potential’ and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to estimates, the timing and outcome of the Placement and SPP, the use of proceeds, and the future performance of MA Financial following the Placement and SPP. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

The forward-looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of MA Financial, its directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available MA Financial as at the date of this announcement. To the maximum extent permitted by law, MA Financial and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligations or undertakings to release any update or revisions to the information to reflect any changes in expectations or assumptions.

Nothing contained in this document shall form the basis of any contract or commitment, or constitute investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action taken on the basis of the information.